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This document, which constitutes an Admission Document, has been drawn up in accordance with the AIM Rules and a copy of this document has been delivered for registration to the Registrar of Companies in England and Wales in accordance with regulation 4(2) of the POS Regulations. The Company and the Directors, whose names appear on page 7 of this Document, accept responsibility for the information contained in this Document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application will be made for the Enlarged Ordinary Share Capital of the Company and the Warrants to be admitted to trading on AIM. The Ordinary Shares and the Warrants are not dealt in on any other recognised investment exchange and no application has been made or is being made for the Ordinary Shares or the Warrants to be admitted to any such exchange. It is expected that Admission will become effective and that trading in the Ordinary Shares and the Warrants on AIM will commence on 1 August 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 of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The rules of AIM are less demanding than those of the Official List of the UK Listing Authority. Neither the London Stock Exchange nor the UK Listing Authority has itself examined or approved the contents of this document.

The attention of persons receiving a copy of this document is drawn to the section headed "Risk Factors" set out in Part II of this document.

# SIRIUS EXPLORATION Plc

(Incorporated in England under the Companies Act 1985, Registered No. 4948435)

## Placing of up to 20,000,000 New Ordinary Shares of 0.25p each at 5p per share together with 1 Warrant for every 4 New Ordinary Shares and Admission to Trading on AIM

Nominated Adviser



Broker



### Share capital immediately following Admission (assuming Full Subscription under the Placing)

Authorised Number	£		Issued and fully paid Number	£
80,000,000	200,000	Ordinary Shares of 0.25 p each	60,889,134	152,222.84

Upon Admission, the New Ordinary 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 on the Ordinary Shares after Admission.

Beaumont Cornish Limited, which is authorised and regulated by the Financial Services Authority and which is a member of the London Stock Exchange, is acting as the Company's Nominated Adviser for the purposes of the AIM Rules. Beaumont Cornish Limited is not acting for anyone else and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Beaumont Cornish Limited or for providing advice in relation to the contents of this document or the Placing and the admission of the Ordinary Shares and the Warrants to trading on AIM. In particular, Beaumont Cornish Limited, as nominated adviser to the Company, owes certain responsibilities to the London Stock Exchange which are not owed to the Company or the Directors or to any other person in respect of his decision to acquire Ordinary Shares and/or Warrants in reliance on any part of this document. No liability is accepted by Beaumont Cornish Limited for the accuracy of any information or opinions contained in or for the omission of any material information from this document, for which the Company and its Directors are solely responsible.

S P Angel & Co Limited, which is authorised and regulated by the Financial Services Authority and which is a member of the London Stock Exchange, is acting as the Company's Broker for the purposes of the AIM Rules. S P Angel & Co Limited is not acting for anyone else and will not be responsible to anyone other than the Company for providing the protections afforded to customers of S P Angel & Co Limited or for providing advice in relation to the contents of this document or the Placing and the admission of the Ordinary Shares and the Warrants to trading on AIM.

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## DEFINITIONS

**In this Document, where the context permits, the expressions set out below shall bear the following meanings:**

“Accountants’ Report”	the reports on the financial information relating to the Company by Nexia Audit Limited, the Company’s Auditors and Reporting Accountants;
“Act”	the Companies Act 1985 (as amended);
“Admission”	the admission of the Enlarged Ordinary Share Capital (and the Warrants) to trading on AIM and such admission becoming effective in accordance with the AIM Rules;
“AIM”	AIM, a market designed primarily for emerging or smaller companies, operated by the London Stock Exchange;
“AIM Rules”	the rules of the London Stock Exchange governing admission to and the operation of AIM, as in force prior to 1 July 2005;
“Beaumont Cornish”	Beaumont Cornish Limited, the Company’s Nominated Adviser;
“Beaumont Cornish Warrants”	the warrants granted to Beaumont Cornish entitling it to subscribe for Ordinary Shares in the Company, further details of which are set out in paragraph 10 of Part VII of this document;
“Board” or “Directors”	the directors of the Company, whose names are set out on page 7 of this Document;
“Combined Code”	the Combined Code (Principles of Good Governance and Code of Best Practice) as set out in the Listing Rules of the UK Listing Authority;
“Company” or “Sirius”	Sirius Exploration Plc;
“Competent Person’s Report”	The report by C S A on the Projects as set out in Part V of this document;
“CREST”	the computerised settlement system used to facilitate the transfer of title to shares in uncertificated form operated by CRESTCo;
“CREST Regulations”	The Uncertificated Securities Regulations 2001 (SI 2001/3755);
“CRESTCo”	CRESTCo Limited;
“C S A”	C S A Group Limited, geological consultants;
“Document” or “document”	this Admission Document;
“Enlarged Ordinary Share Capital”	the Ordinary Share capital of the Company following the issue of New Ordinary Shares;
“EU”	The European Union;
“FSA”	the Financial Services Authority Limited, the single statutory regulator under the FSMA;
“Financial Services and Markets Act” or “FSMA”	the Financial Services and Markets Act 2000;
“Full Subscription”	the issue of 20,000,000 New Ordinary Shares
“J V Agreement”	The joint venture agreement dated 3 November 2004 between Phelps Dodge and the Company, further details of which are set out in Part I and in paragraph 8 of Part VII of this document;
“London Stock Exchange”	the London Stock Exchange plc;
“Minimum Subscription”	the issue of 9,000,000 New Ordinary Shares

“New Ordinary Shares”	the new Ordinary Shares to be issued pursuant to the Placing;
“Nominated Adviser Agreement”	the agreement dated 26 July 2005 between Beaumont Cornish, the Company and the Directors relating, <i>inter alia</i> , to the arrangements whereby Beaumont Cornish has agreed to act as the Company’s Nominated Adviser, further details of which are set out in paragraph 7.3 of Part VII of this document;
“NSR”	Net Smelter Return. A proportion of the value of the ore after mining, milling, transportation and extraction costs have been met;
“Official List”	the official list of the UK Listing Authority;
“Options” or “Share Options”	Options to subscribe for Ordinary Shares granted pursuant to the proposed Share Option Scheme;
“Ordinary Share Capital”	the 40,889,134 Ordinary Shares in issue at the date of this document;
“Ordinary Shares”	Ordinary Shares of 0.25p each;
“Phelps Dodge”	Phelps Dodge Exploration Corporation, one of the world’s largest copper producers and one of the leading producers of molybdenum;
“Placing”	the conditional placing by S P Angel of up to 20,000,000 New Ordinary Shares pursuant to the Placing Agreement;
“Placing Agreement”	the conditional agreement dated 26 July 2005 between Beaumont Cornish, S P Angel, the Company and the Directors relating to the Placing and Admission, further details of which are set out in paragraph 7.1 of Part VII of this document;
“Placing Price”	5p per New Ordinary Share;
“POS Regulations”	the Public Offer of Securities Regulations 2005 (as amended) which have been revoked as from 1 July 2005 but, pursuant to transitional arrangements, are still relevant for the purposes of the AIM Rules (as defined herein);
“Projects”	two potentially economic copper porphyry mineral systems located in the highly prospective and productive Banat-Srednegorie porphyry mineralised belt, namely Osogovo and Kadiica;
“Shareholders”	holders of Ordinary Shares;
“Share Option Scheme”	the unapproved share option scheme proposed to be adopted by the Company following Admission referred to in Part I of this document;
“S P Angel”	S P Angel & Co Limited, the Company’s Broker;
“UK” or “United Kingdom”	United Kingdom of Great Britain and Northern Ireland;
“UK Listing Authority”	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000;
“Warrants”	5,000,000 warrants to subscribe for Ordinary Shares at a price of 5p per Ordinary Share, exercisable for twelve months after the date of Admission. The terms and conditions of the Warrants are contained in the Warrant Instrument details of which are described in Part VI of this document.

## ABBREVIATIONS

In this Document, where the context permits, the abbreviations set out below shall bear the following meanings:

“Ag”	Silver
“As”	Arsenic
“Au”	Gold
“Cu”	Copper
“Fe”	Iron
“Mo”	Molybdenum
“Pb”	Lead
“S”	Sulphur
“Sb”	Antimony
“Zn”	Zinc

All references in this document to “£” or “p” are to the lawful currency of the United Kingdom

All references to legislation in this document are to English legislation unless the contrary is indicated.

A Technical Glossary is set out at the end of Competent Person’s Report set out in Part V of this document.

## PLACING STATISTICS

Placing Price per New Ordinary Share	5p
Number of New Ordinary Shares being placed on behalf of the Company*	20,000,000
Number of Ordinary Shares in issue immediately following Admission*	60,889,134
Percentage of the Enlarged Ordinary Share Capital on Admission subject to the Placing*	32.85 per cent.
Market Capitalisation of the Enlarged Ordinary Share Capital at the Placing Price*	£3,044,457
Expected Net Proceeds of the Placing receivable by the Company* ‡	£833,000
Maximum number of Ordinary Shares to be issued on exercise of the Warrants and Beaumont Cornish Warrants*	66,089,134

\* on the basis of Full Subscription

‡ The gross proceeds of the Placing (assuming Full Subscription) receivable by the Company before expenses are £1,000,000. The estimated total expenses of the Placing and Admission payable by the Company are approximately £167,000 (exclusive of VAT).

In the event of the Company raising only the Minimum Subscription (£450,000), certain of the Company's professional advisers have agreed to receive their fees in New Ordinary Shares. As a result, the estimated total expenses of the Placing and Admission payable in cash by the Company in the event of the Minimum Subscription being raised are approximately £60,000 (exclusive of VAT). See paragraph 7 of Part VII of this document.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of the Document	26 July 2005
Admission effective and trading in the Ordinary Shares and the Warrants on AIM commences	1 August 2005
CREST accounts credited by	1 August 2005
Expected date of despatch of definitive share and Warrant certificates	8 August 2005

## DIRECTORS, SECRETARY AND ADVISERS

Directors	Richard O'Dell Poulden <i>Chairman</i> Dr John Patrick Nicholas Badham <i>Managing Director</i> Jonathan Charles Harrison <i>Finance Director</i> Dr Michael Raymond Mainelli <i>Non-executive Director</i> Derek Charles William Stonley <i>Non-executive Director</i>
Secretary & Registered Office	Wendy Faulkner Compass House Lypiatt Road Cheltenham Gloucestershire GL50 2QJ
Nominated Adviser	<b>Beaumont Cornish Limited</b> 10-12 Copthall Avenue London EC2R 7DE
Broker	<b>S P Angel &amp; Co Limited</b> East India House 109-117 Middlesex Street London E1 7JF
Reporting Accountants and Auditors	<b>Nexia Audit Limited</b> 1 Riding House Street London W1A 3AS
Accountants and tax Advisers	<b>Smith &amp; Williamson Limited</b> 1 Riding House Street London W1A 3AS
Solicitors to the Company	<b>Charles Russell LLP</b> Compass House Lypiatt Road Cheltenham Gloucestershire GL50 2QJ
Geological Consultants	<b>C S A Group Limited</b> 7 Dundrum Business Park Windy Arbour Dublin 14 Ireland
Principal Bankers	<b>Royal Bank of Scotland</b> Cheapside Branch 32-34 Cheapside London E1 7JF
Registrars	<b>Neville Registrars Limited</b> Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA
Company Website	<u><a href="http://www.siriusexploration.com">www.siriusexploration.com</a></u>

## SUMMARY

### Introduction

Sirius is a base metals exploration company, which has a joint venture agreement with Phelps Dodge to explore two potentially large copper deposits in Macedonia. The joint venture was established by Sirius contracting to purchase the exploration rights to the two properties from Phelps Dodge in consideration of Sirius agreeing to fund exploration and issuing shares in Sirius equating to approximately 9 per cent. of the Ordinary Share Capital prior to the Placing.

Phelps Dodge is one of the largest and most successful mining companies in the world. It benefits from the deal with Sirius by exploring a wider range of its property portfolio than would otherwise be the case and, if successful, benefits from a gain in the value of its shares in Sirius.

### The Business

Following Admission Sirius intends to expand its exploration property portfolio by adding other properties of a similar quality to the two projects in Macedonia.

### The Projects

Osogovo and Kadiica are located in a well mineralised belt which has produced a number of mines. Historic exploration together with work done by Phelps Dodge over the last two years has established the presence of mineralisation at both sites. This has led to the Phelps Dodge-Sirius exploration programme which is currently underway. The objective of this programme is to prove the level of mineralisation and decide if there is an economic ore body either of a size which Phelps Dodge might wish to exploit or, if smaller, would still provide an attractive return to Sirius.

In the event that Phelps Dodge exploits the property Sirius receives double its exploration expenditure on that project together with a royalty of 1.5 per cent. of the NSR in perpetuity. In the event that Sirius exploits the property Phelps Dodge receives a royalty of 1 per cent. of the NSR in perpetuity.

### The Management

The Chairman, Richard Poulden, trained as a lawyer and has a background in corporate finance and early stage businesses. He has natural resource experience in oil and gas in the Americas and the Middle East.

The Managing Director, Nick Badham was formerly Chief Geologist of RTZ Mining and Exploration Limited and has consulted to and worked for other well known companies. The Finance Director, Jonathan Harrison, has experience of early stage and quoted companies.

Two non-executive directors, Michael Mainelli and Derek Stonley provide a balance respectively of city and financial skills and geological experience with RTZ and BP Minerals.

### Funding

The Company is raising up to £1,000,000 through the issue of up to 20,000,000 New Ordinary Shares at 5p per share together with the issue of 1 Warrant for every 4 New Ordinary Shares. The Warrants are exercisable at 5p at any time during the period of 12 months following the date of Admission.

The Minimum Subscription required to be raised by the Company in order to carry out its exploration programme is £450,000. The Company has received commitments to meet the Minimum Subscription. The Company has received a firm Placing commitment from Amory Poulden, the son of Richard Poulden, the Company's Chairman, to subscribe for 4,000,000 New Ordinary Shares.



## PART I

### Information on the Company

#### INTRODUCTION

The Company was incorporated on 30 October 2003 as a private company. It subsequently re-registered as a public company under the name of Sirius Exploration Plc on 22 March 2005.

Sirius intends to create value for its shareholders initially through the exploration of two recently recognised porphyry copper mineral properties located in Macedonia and subsequently by acquiring other properties with exploration potential.

Sirius has contracted to acquire the exploration rights to these properties in Macedonia, namely Osogovo and Kadiica from Phelps Dodge. Phelps Dodge has already undertaken exploration on these properties and the results of this together with historic data from neighboring mines provides a clearly defined exploration programme for the future.

#### MINING AND EXPLORATION OVERVIEW

##### *Macedonia – Political Background*

Modern Macedonia came into existence as a result of the break up of the former Yugoslavia. It declared independence from Yugoslavia in 1991 and adopted a constitution guaranteeing civil rights and the right to vote. It is now a multi-party State and has now applied to join the EU, with a current target entry date of 2010.

In recent years, the value of mining and quarrying as a percentage of GDP fell to extremely low levels. Macedonia now actively encourages foreign investment in mining and it is expected that exploration and mining will now increase substantially. With this in mind, Macedonia has introduced both workable mining law and security of tenure of exploration and mining claims.

##### *Macedonia – Geological background*

The country is well endowed with nonferrous metals of which lead, zinc, copper and silver are currently being produced. Geologically, Macedonia is well-placed because the Balkan Mountains in the northeast lie within the well known Banat-Srednegorie mineralised belt which extends into Turkish Thrace. Existing mined deposits in the former include Assarel, Elatsite, Medet and Chelopech (which is still in operation). Deposits under active exploration in the latter include Ikiztepe, Derekoy and Sukrupasa. The Osogovo district lead-zinc-silver deposits at Sasa, Toranitza and Golema Reka lie only just across the border from Bulgaria and have only recently been recognised by Phelps Dodge as being the fringes of porphyry copper systems.

## Regional Geological Map showing locations of Osogovo and Kadiica



### *Porphyry copper mineralisation in North Eastern Macedonia*

The recent recognition of attractive exploration targets in Macedonia is due to the historic lack of coherent, modern exploration and also the failure to recognise the effects of widespread surface leaching. Leaching is a process by which primary copper minerals are dissolved at the surface.

It is important to understand that copper does not disappear through leaching. It simply becomes dissolved and percolates downwards to a deeper level. Here it precipitates to form an enriched concentrated zone of secondary mineralisation overprinting and upgrading the primary ore. Thus a high degree of leaching has the potential to create a substantial degree of consequent enrichment beneath. Such secondary enrichment zones have been of fundamental importance to the economics of many large porphyry copper deposits (Escondida, Chile; Morenci, Arizona, USA).

Lead-zinc-silver deposits under active exploitation in this region were recognised by Phelps Dodge as potentially flanking mineralisation of larger copper porphyry systems. (*Canby and others of Phelps Dodge Exploration staff in "Mineral Exploration and Sustainable development, Millpress Rotterdam", pages 1145-48, 2003*). The cluster of silver-lead-zinc deposits (Toranitza, Sasa, Golema Reka) of which the Red Ridge (Osogovo area) is a part, are now confirmed as the fringes of a large porphyry copper – molybdenum system.

### RELATIONSHIP WITH PHELPS DODGE

Sirius first approached Phelps Dodge in relation to these properties early in its search process for viable properties and negotiations culminated in the J V Agreement, as described below.

Phelps Dodge is one of the world's largest mining companies and is based in Phoenix, Arizona. It has mining and exploration activities throughout the world. Its principal copper mines are in the American southwest and include such giants as Morenci, Miami, Chino and Sierrita from each of which there are significant co-products namely, molybdenum, gold and silver. In Latin America it is majority partner in three copper mines and one zinc mine.

Like all major mining companies, Phelps Dodge concentrates on large deposits. It has a substantial portfolio of exploration properties around the world and, in common with other major mining companies, it has focused its exploration expenditure on the most significant properties within its portfolio.

From Phelps Dodge's viewpoint the relationship with Sirius gives it the opportunity to have more of its exploration portfolio – of which the Osogovo and Kadiica properties are examples – explored together with the possibility of a capital gain through its shareholding in Sirius.

### *Sirius/Phelps Dodge Macedonian Joint Venture*

The J V Agreement was signed on 3 November 2004. Under this agreement, Sirius has the opportunity to test two newly discovered complete porphyry copper systems. The Osogovo property, has potential for both a high -grade hypogene, bulk-tonnage target and a smaller tonnage high-grade resource of multiple minerals. The Kadiica property has both a potential supergene enrichment blanket and a deeper high-grade hypogene target. In both cases there is the potential for a very large resource which could be extracted using open pit mining thus making it more likely to be economic to exploit.

The terms of the exploration programme, including the J V Agreement are as follows:

- In exchange for the exploration rights to the Osogovo and Kadiica properties (i) Sirius has issued to Phelps Dodge 3,690,000 Ordinary Shares in Sirius equating to approximately 9 per cent. of the Ordinary Share Capital of the Company; and (ii) Sirius has committed to the payment to Phelps Dodge of \$366,000 in exploration expenditure by no later than 15 April 2006.
- The Directors believe that the results of this exploration programme will provide sufficient additional data for Phelps Dodge and Sirius to decide if either or both prospects contain a target of sufficient size for Phelps Dodge to exploit.
- In the event that a target contains a deposit of suitable size for Phelps Dodge (estimated by the Directors at approximately 2Mmt of copper) and Phelps Dodge exercises its re-purchase rights, then:
  - Phelps Dodge pays Sirius twice Sirius's expenditure on the relevant prospects.
  - Sirius shall have no obligation to fund further exploration or exploitation costs.
  - Sirius is granted a royalty of 1.5 per cent. of the NSR in perpetuity.
- In the event that a target does not contain a deposit of suitable size for Phelps Dodge and Phelps Dodge does not exercise its re-purchase rights then:
  - Sirius owns all exploration rights to that target for the remainder of the concessions.
  - Sirius may explore, exploit or joint venture that target.
  - Phelps Dodge is granted a royalty of 1 per cent. of the NSR in perpetuity.

Further details of the J V Agreement are set out in paragraph 8 of Part VII of this document

### **THE PROJECTS**

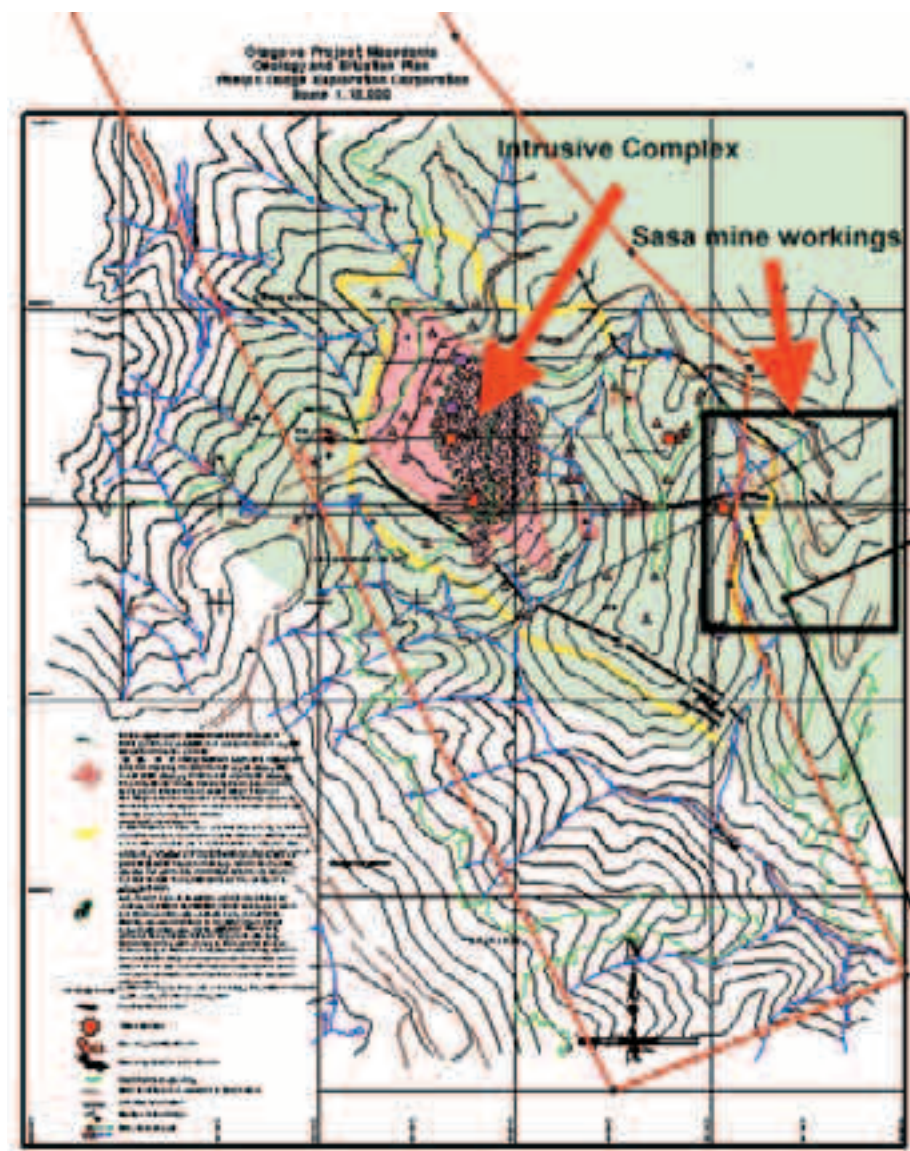
The Osogovo and Kadiica projects, are two potentially economic porphyry copper mineral systems located in the highly prospective and productive Banat-Srednegorie porphyry mineralised belt. These two targets in Macedonia have a wealth of data from previous exploration and from work undertaken by Phelps Dodge. Detailed analysis of the data by Sirius, since entry into the JV Agreement, has refined the exploration programmes. In all cases, the data gathered clearly justifies further exploration programs.



## Osogovo from the South West



Location of Osogovo Intrusive Complex within the Phelps Dodge Concession



## Osogovo

The concession relates to the entire Osogovo (the Red Ridge) porphyry system (*See Figure 2 set out in the Competent Person's Report in Part V of this Document*). Exploration by Phelps Dodge in 2002/3 has shown that there is a porphyry copper system surrounded by lead-zinc-silver mineralisation.

The Phelps Dodge target is adjacent to the old Sasa lead-zinc-silver mine. Mining operations at the Sasa mine and neighbouring Toranitza and Golema Reka mines were suspended in 2002 although the Macedonian Government is intending to put these mines up for sale. The global resource of these mines in 2002 was 137Mmt of 7.3 per cent. lead plus zinc and unquantified silver content. The planned production for these mines for 2003 was 1.2Mmt per annum and the quoted (proven) reserves were 385,000 tonnes of lead and 310,000 tonnes of zinc.

The Red Ridge complex is strongly leached at surface leaving only small traces of copper. Given the increase in copper grades in the deeper levels of the Sasa mine as the target copper deposit was approached, the interpretation that the Sasa deposit was the outlying lead-zinc-silver mineralisation of a higher grade primary porphyry copper centre is highly probable. It is here that Sirius's management hypothesizes that there could be a large tonnage copper deposit of interest to Phelps Dodge. It is this hypothesis which will be tested by the Sirius-Phelps Dodge exploration program.

## Kadiica

The Kadiica area has been known historically for iron mining from large low grade surface deposits called ferricretes.

### Kadiica from the South



Phelps Dodge recognised the significance of the ferricretes as indicating strong leaching whereby, similar to Osogovo, little indication of primary base metal mineralisation remained on the surface.

Phelps Dodge's claim encloses the entire potential porphyry complex. Preliminary exploration indicates that this consists of at least two phases of deposits.

Firstly, an enriched blanket which possibly covers much of the central area of the claim (*See Figure 5 of the Competent Person's Report, set out in Part V of this document*). Exploration by Phelps Dodge has confirmed the existence of this enriched blanket in some areas but not the full extent.

Secondly, below the enriched blanket there may exist a large tonnage potential of primary porphyry copper ore.

It is the combination of the possibility of the enriched blanket and a large tonnage of primary ore at depth, which could provide a suitable total metal content for Phelps Dodge. In this case, this is the hypothesis which will be tested by the Phelps Dodge-Sirius exploration program.

## COMPETITION

There is competition in exploration at two levels. First, there is intense competition amongst exploration companies to secure exploration rights to properties with good potential resources.

Sirius has been successful at this level and has contracted to acquire, in its joint venture with Phelps Dodge, the exploration rights to two targets with potential to host large porphyry type copper (and molybdenum) deposits.

The second level of competition is more complex. In deciding whether to exploit a discovery it must first be established whether it is economic. A number of factors influence this decision: the richness and size of the mineralisation (mineral content relative to waste rock), the ease and cost of extraction (infrastructure, type of deposit) and, finally, commodity prices.

## **TRADING AND PROSPECTS**

### ***Current Trading***

Exploration work is currently underway on both Sirius' projects in Macedonia. This will continue throughout 2005 until the winter season precludes further work on the ground. Exploration in the region usually has to cease in early November.

Analysis of the results from this work will then dictate the continuing exploration of Osogovo and Kadiica.

### ***Continuing Exploration***

Sirius reviewed over thirty properties prior to selecting the two projects with Phelps Dodge. At the date of this document the Company has not entered into any commitments regarding other exploration opportunities. However Sirius is continually looking for further prospects which are of a similar quality to Osogovo and Kadiica and following Admission will continue the identification process for targets which fit the Company's investment and exploration criteria.

### ***World Markets***

Base metal prices have risen substantially in the last 24 months and London Metal Exchange copper stocks are at a 16-year low. A paper presented at the Mineral Economics & Management Society Annual Conference in Washington in April 2005 suggested that the world is currently in a "super cycle" of a prolonged trend rise in real commodity prices. It is suggested that this is being driven by the materials intensive economic growth in China, India and Asia.

This view will lead to an increasing demand for all commodities used in industrial growth. This in turn will lead to a demand for more mines to be brought on stream both on the very large scale targeted by major companies such as Phelps Dodge and also on the medium and smaller scale often not considered a priority by the major mining companies. The Osogovo and Kadiica properties have excellent potential to contain mineralisation to fit either or both deposit scales.

## **THE PLACING AND ADMISSION**

Under the Placing Agreement, S.P. Angel agreed, as agent for the Company, to use its reasonable endeavours to procure placees for up to 20,000,000 New Ordinary Shares at the Placing Price (together with one Warrant for each 4 New Ordinary Shares so placed) to raise a minimum of £450,000 and up to £1 million before expenses for the benefit of the Company. The Placing is conditional, *inter alia*, upon the Minimum Subscription being raised and upon Admission and the Placing Agreement becoming unconditional and not being terminated in accordance with its terms.

The Minimum Subscription required to be raised by the Company in order to carry out its exploration programme is £450,000. The Company has received commitments to meet the Minimum Subscription. The Company has received a firm Placing commitment from Amory Poulden, the son of Richard Poulden, the Company's Chairman, to subscribe for 4,000,000 New Ordinary Shares.



In the event that S P Angel procures additional places for New Ordinary Shares in excess of the Full Subscription S P Angel may, with the consent of Amory Poulden, reduce his Placing commitment to subscribe for 4,000,000 New Ordinary Shares to the extent of such excess.

The New Ordinary Shares, when issued and fully paid, will rank equally in all respects with the existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of this document.

Further details of the Placing Agreement are contained in paragraph 7.1 of Part VII of this document.

Application will be made for the Enlarged Ordinary Share Capital and the Warrants to be admitted to trading on AIM. Trading in the Enlarged Ordinary Share Capital and the Warrants on AIM is expected to commence on 1 August 2005 or such later date (being no later than 8 August 2005) as may be agreed between the Company, Beaumont Cornish and S P Angel.

## **REASONS FOR ADMISSION AND USE OF PLACING PROCEEDS**

The Directors believe that the Company will benefit from the status of being publicly traded and also believe that its standing with potential customers and trading partners will be enhanced. The Directors also believe that establishing a value for the Ordinary Shares will give the Company additional flexibility when negotiating acquisitions and further exploration properties.

The Company is seeking to raise new capital for the Company through the Placing. Assuming Full Subscription under the Placing, the Company will receive approximately £833,000 after payment of all expenses in connection with the Placing and Admission. The net proceeds of the Placing will be used primarily to fund the Company's exploration programmes at the Osogovo and Kadiica Targets, for the recruitment of technical personnel and for general working capital purposes.

In the event of the Company raising only the Minimum Subscription (£450,000), certain of the Company's professional advisers have agreed to receive their fees in New Ordinary Shares. As a result, the estimated total expenses of the Placing and Admission payable in cash by the Company in the event of the Minimum Subscription being raised are approximately £60,000 (exclusive of VAT).

## **MANAGEMENT**

Sirius has an experienced management team. Together they bring a wealth of natural resource knowledge and experience to the Company.

### ***Executive Directors***

#### **Mr. Richard Poulden, Executive Chairman, aged 53**

Following a law degree from Oxford University, Mr Poulden qualified as a Barrister, after which he moved into merchant banking where he worked for Samuel Montagu & Co Limited. Following an MBA at the London Business School, he joined the international management consultancy firm, Arthur D Little, where he worked in their European strategy practice and was co-founder of their Financial Industries Group. He has worked on natural resource projects in South America and the United States in ammonia production and oil and natural gas respectively. He has advised at a corporate finance level, on the securing of natural resource projects in the Middle East and Central Asia. He served in the UK Leadership Team of Electronic Data Systems where he worked on the merger of EDS' global energy practice.

#### **Dr. Nicholas Badham, Managing Director, aged 57**

After graduating from Oxford and obtaining a PhD from the University of Alberta, Canada, Dr Badham established the School of Economic Geology at the University of Southampton in 1973. Subsequently, he left academia to join Selection Trust as area selection and exploration research manager. In this role he transferred to BP Minerals International following their takeover of Selection Trust. He then spent 7 years with RTZ Mining & Exploration Limited, rising to the position of Chief Geologist and as such was responsible for worldwide regional area selection and exploration research. Since 1996, he has run his own exploration consulting business including

amongst his consulting clients Rio Tinto plc,, BHP World Minerals, Noranda Inc, Exxon Minera S.A , Inco Technical Services Limited, Anglo American Corporation, WMC Corporate Services Inc and Phelps Dodge. During this period he was a director of West African Gold Limited and Chief geologist of Azco Mining Limited. He is a Fellow of the Geological Society, a Chartered European Geologist, a Fellow of the Society of Economic Geologists and has written as author or co-author a substantial number of geological papers.

**Jonathan Harrison, Finance Director, aged 59**

Mr Harrison is a chartered accountant with experience in quoted and unquoted companies. Previously he spent 16 years at Intercontinental Hotels Corporation, where he held various positions as Vice President of Finance. In 1989 he joined Boddington Group plc, where he developed and became operations director of the Village Leisure Hotels division, responsible for the operation of six leisure hotels. Between February 1994 and September 1995, while still at the Boddington Group plc, he was finance director of the Country House Retirement Homes Limited business during which time the number of nursing homes nearly doubled to 31 nursing homes.

In March 1997 he led a management buy-in of 25 hotels from Queens Moat Houses plc with Duke Street Capital. Six months later he managed the refinancing of the new group, County Hotels Group plc, through a listed bond offering and, in January 1999, successfully sold the company to Regal Hotel Group plc.

In September 1999 he joined Topnotch Health Clubs plc and in March 2000 oversaw the company's listing on AIM.

***Non-Executive Directors***

**Dr Michael Mainelli, Non-Executive Director, aged 46**

Dr Mainelli is Chairman of Z/Yen, the UK's leading risk/reward group, where he has worked since 1994 on strategy, technology, finance and business development. He started his career as a research scientist in aerospace and computer graphics and then spent seven years as a partner in a leading accountancy firm directing much of their consultancy work in the UK and overseas. Michael's natural resources experience dates back to 1979 where his early research work led to him starting companies in seismology, cartography and oil & gas information for a Swiss firm. In the early 1980's Michael initiated and ran the Swiss firm's multi-million dollar oil industry consortium (Shell, BP, Chevron and Elf Aquitaine were primary partners plus 10 minor partners) to digitise the world which culminated in the development of Geodat and Mundocart, oil industry standard sets of cartographic data at scales from 1:50,000 to 1:1,000,000 and over 60 million geographic features. Dr Mainelli has worked for public, private and not-for-profits companies, led several privatisation projects, was Chief Scientist of the DTI Foresight Challenge award-winning Financial Laboratory, and Corporate Development Director on the board of Europe's largest R&D organisation – the 12,000 strong Defence Evaluation and Research Agency of the UK's Ministry of Defence.

**Derek Charles William Stonley, Non-Executive Director, aged 63.**

Mr Stonley graduated from Cambridge with a BA in Natural Sciences and has over forty years experience in the mining sector. From 1980-1987, Mr Stonley held senior positions at BP Minerals International Limited in exploration in Europe and North America for stratiform copper and lead-zinc, diamonds, gold and copper-gold porphyries. As Consulting Geologist at BP Minerals, he was responsible for the development of methodologies for valuing exploration properties worldwide. Following the sale of BP Minerals to RTZ, Mr Stonley was Senior Geologist and ultimately a Consulting Geologist at Rio Tinto Mining and Exploration Limited, involved in the exploration and assessment of projects in Africa, Russia and Europe for iron ore, diamonds, gold and bauxite. Since 2002 he has been running his independent consultancy, Derek Stonley Consulting, with particular focus in Africa and Europe.

***Senior Management***

**Wendy Faulkner ACIS (Company Secretary)**

Wendy Faulkner qualified as a Company Secretary in 1996. She previously worked in Legal Services for Rio Tinto plc. As well as being involved with acquisitions and disposals, she headed a



business merger project team and has specialised in risk management, health & safety and business re-engineering.

## **CORPORATE GOVERNANCE AND FINANCIAL CONTROL**

The Directors intend, insofar as is possible, given the present constitution of the Board, to comply with the main provisions of the Combined Code. The Directors acknowledge the importance of the guidelines set out in the Combined Code and intend to apply them as appropriate to a company of the size and nature of Sirius.

The Board intends to establish a Remuneration Committee comprising the Non-Executive Directors. The Remuneration Committee, once constituted, will review the performance of the Executive Directors and determine the remuneration of the Executive Directors and the basis of their service agreements with due regard to the interests of shareholders. The Remuneration Committee will also determine the payment of any bonuses to the Executive Directors and the grant of options to employees, including the Executive Directors, under the Company's Share Option Scheme.

The Board also intends to establish an Audit Committee comprising the Non-Executive Directors. The Audit Committee once constituted will meet at least twice a year and will be responsible for ensuring that the financial performance, position and prospects of the Company are properly monitored, controlled and reported on and for meeting the auditors and reviewing their reports relating to accounts and internal controls.

The Directors have also considered the guidance published by the Institute of Chartered Accountants in England and Wales (commonly known as the Turnbull report) concerning the internal control requirements of the Combined Code. The Board will regularly review and manage key business risks in addition to financial risks facing the Company in the operation of its business.

The Company has adopted and will operate a share dealing code for Directors and applicable employees on the same terms as those restrictions on dealing in shares admitted to AIM contained in Rule 21 of the AIM Rules.

## **DIVIDENDS**

The Board expects that, following Admission, cash resources will be retained for the development of the Company's business and will not be distributed for the foreseeable future. The declaration and payment by the Company of any dividends and the amount thereof will depend on the results of the Company's operations, its financial position, cash requirements, prospects, profits available for distribution and other factors deemed to be relevant at the time.

## **RESTRICTIONS ON SHARE DEALINGS AND LOCK-IN ARRANGEMENTS**

Other than the lock-in arrangements, referred to below, that apply to the Ordinary Shares held by the Directors and certain of the Shareholders, there are no restrictions on the free transferability of the Company's shares.

In accordance with the requirements of Rule 7 of the AIM Rules, the Directors have agreed with the Company and Beaumont Cornish that they will not dispose of any interest in the Ordinary Shares of the Company (subject to certain limited exceptions) within the period of 12 months following Admission and for a further period of 12 months except with the consent of Beaumont Cornish and S P Angel with a view to ensuring an orderly market in the Ordinary Shares. The Directors have also agreed that they will not dispose of any Ordinary Shares that they may purchase in the 24 month period following Admission except with the consent of Beaumont Cornish and S P Angel.

In addition, certain substantial shareholders, namely Ashton Nominees Inc. Panther Executive Pension Scheme, Pacific Corporate Management Limited, Easy Business Consulting Limited and St Cloud Capital S.A., have each agreed with the Company and Beaumont Cornish not to dispose of any interest in the Ordinary Shares of the Company (subject to certain limited exceptions) within the period of 12 months following Admission. With the exception of Pacific Corporate Management Limited all such substantial shareholders have also agreed that for a further period of

12 months following the first anniversary of Admission they will not sell any Ordinary Shares except with the consent of Beaumont Cornish and S P Angel with a view to ensuring an orderly market in the Company's Ordinary Shares. Ashton Nominees Inc, Easy Business Consulting Limited and St Cloud Capital S.A. have also agreed not to dispose of any Ordinary Shares that they may purchase in the 24 month period following Admission except with the consent of Beaumont Cornish and S P Angel.

Other than the Directors, Ashton Nominees Inc, St Cloud Capital S.A., Pacific Corporate Management Limited, Panther Executive Pension Scheme, and Easy Business Consulting Limited the Company has no related parties or applicable employees (as defined in the AIM Rules).

In aggregate, there will be lock-in arrangements in place in respect of 35,015,801 Ordinary Shares comprising 57.5 per cent of the Enlarged Ordinary Share Capital of the Company (assuming Full Subscription). Further details of the lock-in arrangements with the Directors and substantial shareholders are set out in the summary of the Lock-in Agreements in paragraph 9 of Part VII of this document.

## **CREST AND ADMISSION**

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The articles of association of the Company permit the holding of Ordinary Shares under the CREST system. Settlement of transactions in the Ordinary Shares and the Warrants following Admission may take place within the CREST system if the relevant shareholders so wish.

CREST is a voluntary system and holders of Ordinary Shares and the Warrants who wish to receive and retain certificates will be able to do so. Persons acquiring New Ordinary Shares and the Warrants under the Placing may, however, elect to receive Ordinary Shares and Warrants in uncertificated form if, but only if, that person is a "system member" (as defined in The Uncertificated Securities Regulations 2001) in relation to CREST.

Application will be made for the Enlarged Ordinary Share Capital and the Warrants to be admitted to AIM and it is anticipated that Admission will become effective and that dealings in the Ordinary Shares and the Warrants will commence on 1 August 2005. It is expected that CREST accounts will be credited on 1 August 2005 and that certificates in respect of the New Ordinary Shares and the Warrants will be despatched on 8 August 2005.

## **SHARE OPTION SCHEME AND BEAUMONT CORNISH WARRANTS**

### **Share Option Scheme**

The Directors believe it is important that directors and employees of the Company are appropriately and properly motivated and rewarded. To this end, the Directors intend that, at an appropriate time after Admission, the Company will establish a suitable unapproved share option scheme (or other incentive schemes) under which eligible persons will be invited to participate at the discretion of the Board. Such incentive schemes will in any event be limited in total to ten per cent of the Company's issued share capital from time to time. The Board intends to grant options under any such share option scheme or schemes in accordance with performance-related criteria to be determined by the Remuneration Committee of the Board subject to compliance as aforesaid.

### **Beaumont Cornish Warrants**

The Company has granted Beaumont Cornish warrants to subscribe for up to 200,000 new Ordinary Shares at the price of 5p per share at any time during the period of 5 years following the date of Admission. No application has been made or is being made for the Beaumont Cornish Warrants to be admitted to trading on AIM or any other recognised investment exchange.

The terms of the Beaumont Cornish Warrants are set out in a warrant instrument, details of which are set out in paragraph 10 of Part VII of this document.

## **TAXATION**

Information regarding United Kingdom taxation for shareholders who are resident in the United Kingdom for tax purposes and who hold Ordinary Shares as investments is set out in Part IV of this document.

**If you are in any doubt as to your tax position, you should contact your professional adviser immediately.**

## **RISK FACTORS**

The Board recognises the risks of investments in the business of exploration and the attention of prospective investors is drawn to the Risk Factors set out in Part II of this document.

**These risks are not easy to quantify and may be beyond any person's control. They could result in a substantial, or even a complete, loss of the value of the Company's investment in the principal interests and projects detailed in this part of the document.**

## **FINANCIAL AND OTHER INFORMATION**

Your attention is drawn to the financial information on the Company which is set out in Part III of this document.

Your attention is also drawn to the information contained the Competent Person's Report in Part V of this document, the terms of the Warrants contained in Part VI of this document and the Additional Information on the Company set out in Part VII of this document.

## **AVAILABILITY OF THE ADMISSION DOCUMENT**

Copies of this document will be available, for collection only, free of charge, from S P Angel, East India House, 109-117 Middlesex Street, London E1 7JF during normal office hours on any weekday (Saturday and public holidays excepted) for a period of not less than one month from the date of Admission. Copies can also be downloaded from the Company's website at [www.siriusexploration.com](http://www.siriusexploration.com).

## PART II

### Risk Factors

An investment in the Company may not be suitable for all recipients of this document. An investment in the Company is only suitable for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss, which might result from such investment. Investors are accordingly advised to consult an investment adviser, who is authorised under FSMA and who or which specialises in investments of this kind before making a decision to purchase Ordinary Shares.

In addition to all other information set out in this document, prospective investors should carefully consider the specific factors set out below in evaluating whether to make an investment in the Company. The specific risks set out below are those that the Board believes to be material, but these risks may not be the only ones faced by the Company. Additional risks, including those that the Board currently does not know of or deems immaterial, may also result in decreased revenues, increased expenses or other events that could result in a decline in the price of the Ordinary Shares.

This document contains forward-looking statements that involve risks and uncertainties. The Company's results could actually differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks faced by the Company, which are described below and elsewhere in this document.

The exploration and development of natural resources is a highly speculative activity that involves a high degree of financial risk. The risk factors which should be taken into account in assessing the Company's activities and 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 effect on the value of any investment in the Company and should be taken into account in assessing the Company's activities.

#### Exploration and mining risks

The business of exploration for minerals involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. The mineral deposits to be assessed by the Company may not contain economically recoverable volumes of precious metals. Should the mineral deposits contain economically recoverable resources then delays in the construction and commissioning of mining projects or other technical difficulties may result in plans for production being delayed or further capital expenditure being required.

The operations of the Company may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including geological and geotechnical factors, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions, environmental hazards, industrial accidents, occupational and health hazards, technical failures and other acts of God. These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. No assurance can be given that the Company will be able to obtain insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

The occurrence of any of these hazards can delay activities of the Company and may result in liability. The Company may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining activities for which it was not responsible.

Mineral exploration is highly speculative in nature, involves many risks and frequently is unsuccessful. There can be no assurance that any mineralisation discovered will result in proven and probable reserves being attributed to the Company. If reserves are developed, it can take a number of years from the initial phases of drilling and identification of mineralisation until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish ore reserves through drilling, to determine metallurgical processes to extract metals from ore and, in the cases of new properties, to construct

mining and processing facilities. As a result of these uncertainties, no assurance can be given that the exploration programmes undertaken by the Company will result in any new commercial mining operations being brought into operation.

### **Competition**

The Company faces no competition for the exploration of its properties at this time but competition exists in the market for subsequent exploitation. The better the reserves which are proven by the Company the more likely that an exploitation partner will be found. Conversely, if the reserves established by Sirius are insufficient to prove that a property is economic, other resources of a similar type elsewhere will attract partners for exploitation instead.

### **Volatility of metal prices and exchange rates**

Historically, metal prices have displayed wide ranges and are affected by numerous factors over which the Company does not have any control. These include world production levels, international economic trends, currency exchange fluctuations, expectations for inflation, speculative activity, consumption patterns and global or regional political events. In the case of gold, purchases and sales of bullion holdings by central banks or other large holders or dealers may also have an impact on the market and price. The aggregate effect of these factors is impossible to predict.

There is also uncertainty as to the possibility of increases in world production both from existing mines and as a result of mines currently closed being reopened in the future if price increases make such projects economic.

Consequently as a result of the above factors, price forecasting can be difficult to predict or imprecise.

Any future Company income from its product sales will be subject to exchange rate fluctuations and could become subject to exchange controls or similar restrictions. Currency conversion may have an adverse effect on income or asset values.

### **Governmental regulations and processing licences**

Governmental approvals, licences and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental offices. The Company must comply with known standards, existing laws and regulations that may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and the interpretation of the laws and regulations implemented by the permitting authority. New laws and regulations, amendments to existing laws and regulations, or more stringent enforcement of existing laws and regulations could have a material adverse impact on the Company's results of operations and financial condition.

The Company's exploration, mining and processing activities are dependent upon the grant of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. There can also be no assurance that they will be renewed or if so, on what terms.

### **Development projects**

Development projects have no operating history upon which to base estimates of future cash operating costs. For development projects, estimates of proven and probable reserves and cash operating costs are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies which derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates, comparable facility and equipment operating costs, anticipated climatic conditions and other factors. As a result, it is possible that actual cash operating costs and economic returns may differ from those currently estimated.

### **Limited operating history**

The Company itself has no prior operating history. However, as demonstrated by their Curricula Vitae, the management have considerable relevant experience in the management of similar businesses, of early stage businesses, project management geology, natural resource exploration and other relevant skills. The Company has no current earnings, since it is at a development stage.

The success of the Company is dependent upon the extent to which it is successful in its exploration program. There can be no assurance that the Company will operate profitably or remain solvent. If the Company's plans prove unsuccessful, the shareholders could lose all or part of their investments.

### **Financing**

The successful extraction of precious or base metals may require very significant capital investment. In addition, delays in the construction and commissioning of any of the Company's mining projects or drilling projects or other technical difficulties may result in projected target dates for related production being delayed and/or further capital expenditure being required. In common with all mining and drilling operations, there is uncertainty, and therefore risk, associated with operating parameters and costs resulting from the scaling up of extraction methods tested in laboratory conditions. The Company's ability to raise further funds (which may be sought partially from Shareholders) will depend on the success of existing and acquired operations. The Company may not be successful in procuring the requisite funds and, if such funding is unavailable, the Company may be required to reduce the scope of its operations or anticipated expansion.

### **Environmental factors**

The Company's operations are subject to environmental regulation (including regular environmental impact assessments and permitting). Such regulation covers a wide variety of matters, including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and worker safety. The Company will 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 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.

### **Political risks**

Although political conditions in Macedonia are considered to be generally stable, the introduction of new legislation or amendments to existing legislation by governments or the application of developments in existing common law in Macedonia, or the interpretation of those laws, could impact adversely on the assets, operations and ultimately the financial performance of the Company.

### **Uninsured risks**

The Company, as a participant in exploration and mining programmes, may become subject to liability for hazards that cannot be insured against or against which it may elect not to be so insured because of high premium costs or other reasons. The Company may incur a liability to third parties (in excess of any insurance cover) arising from pollution or other damage or injury.

### **Dependence on key personnel**

The Company is dependent upon its current executive management team. Whilst it has entered into contractual arrangements with the aim of securing the services of these personnel, the retention of their services cannot be guaranteed. Accordingly, the loss of any key management of the Company may have an adverse effect on the future of the Company's business. The Company competes with numerous other companies and individuals in the search for and acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and contractors.

### **Areas of investment risk**

The Company may need to raise further funding in future to finance its operations and expansion. Whilst these operations should result in a higher value per share this cannot be guaranteed. All investors in the Company will thus experience dilution of the percentage of their equity stake.



The Ordinary Shares and the Warrants will be quoted on AIM rather than on the Official List. An investment in shares or warrants quoted on AIM may carry a higher risk than an investment in shares or warrants quoted on the Official List. AIM has been in existence since June 1995 but its future success and the liquidity in the market for the Company's securities cannot be guaranteed. Investors should be aware that the value of the Ordinary Shares and the Warrants 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 Ordinary Shares and the Warrants may not reflect the underlying value of the Company's net assets. The price at which investors may dispose of their Ordinary Shares and the Warrants in the Company may be influenced by a number of factors, some of which may pertain to the Company, and others of which are extraneous. On any disposal investors may realise less than the original amount invested.

**The risks above do not necessarily comprise all those faced by the Company and are not intended to be presented in any assumed order of priority.**

## PART III

### Accountants' Report on the Company

The following is the full text of a report on Sirius Exploration Plc from Nexia Audit Limited, the Reporting Accountants, to the Directors of Sirius Exploration Plc and the Directors of Beaumont Cornish Limited, the Nominated Adviser



The Directors  
Sirius Exploration Plc  
Compass House  
Lypiatt Road  
Cheltenham  
Gloucestershire  
GL 50 2QJ

The Directors  
Beaumont Cornish Limited  
10-12 Copthall Avenue  
London  
EC2R 7DE

26 July 2005

Dear Sirs

#### **Sirius Exploration Plc ("the Company")**

We report on the financial information set out below, relating to the Company. The financial information has been prepared for inclusion in the Admission Document dated 26 July 2005 relating to the admission of Sirius Exploration Plc's Ordinary Shares and Warrants to trading on AIM.

#### **Basis of preparation**

The financial information in this report, set out on pages 26 to 30, is extracted from the audited financial statements of Sirius Exploration Plc for the period from incorporation on 30 October 2003 to 31 March 2005, without adjustment.

The financial statements for the period ended 31 March 2005 were audited by us and our opinion was not qualified.

The financial information set out below has been drafted in accordance with accounting policies adopted by Sirius Exploration Plc and is presented in accordance with United Kingdom Generally Accepted Accounting Principles.

#### **Responsibility**

The financial statements and information are the responsibility of the Directors of the Company. The Directors of the Company are also responsible for the contents of the AIM Admission Document in which this report is included.

It is our responsibility to compile the financial information set out in our report, to form an opinion on the financial information and to report our opinion to you.

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 opinion 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. The evidence included that recorded by us relating to the audit of financial statements for the period ended 31 March 2005 underlying the financial information. Our work also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, 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 AIM Admission Document dated 26 July 2005, a true and fair view of the state of affairs of Sirius Exploration Plc as at the date stated and of its losses and cash flows for the period then ended.

**Consent**

We consent to the inclusion in the AIM Admission Document of this report and accept responsibility for this report for the purposes of paragraph 45(8)(b) of Schedule 1 to the Public Offers of Securities Regulations 1995.

## Profit and loss account for the period ended 31 March 2005

		<i>Period ended 31 March 2005</i>
	<i>Notes</i>	<i>£</i>
<b>Turnover</b>		—
Administrative expenses		(272,766)
<b>Operating loss</b>	2	(272,766)
Interest receivable	3	234
<b>Loss on ordinary activities before taxation</b>		(272,532)
Tax on loss on ordinary activities	5	—
<b>Loss for the financial period</b>	10	<u>(272,532)</u>

All of the Company's operations are classed as continuing. There were no gains or losses in the period other than those included in the above profit and loss account.

## Balance sheet as at 31 March 2005

		<i>2005</i>
	<i>Notes</i>	<i>£</i>
<b>Fixed assets</b>		
Intangible fixed assets	6	<u>147,600</u>
<b>Current assets</b>		
Debtors	7	32,555
Cash at bank		<u>22,226</u>
		54,781
<b>Creditors: amounts falling due within one year</b>	8	<u>(4,211)</u>
<b>Net current assets</b>		<u>50,570</u>
<b>Net assets</b>		<u>198,170</u>
<b>Share capital and reserves</b>		
Called up share capital	9	102,223
Share premium account	10	368,479
Profit and loss account	10	<u>(272,532)</u>
<b>Shareholders' funds</b>	11	<u>198,170</u>

## Cash flow statement for the period ended 31 March 2005

		<i>Period ended 31 March 2005</i>
	<i>Notes</i>	<i>£</i>
<b>Net cash outflow from operating activities</b>	12	(276,110)
<b>Returns on investments and servicing of finance</b>		
Interest received		<u>234</u>
<b>Net cash outflow before financing</b>		(275,876)
<b>Financing</b>		
Issue of ordinary share capital		<u>298,102</u>
<b>Increase in cash in the period</b>	13	<u>22,226</u>

## Notes to the financial information for the period ended 31 March 2005

### 1. Accounting policies

The following accounting policies have been applied consistently in dealing with items considered material in relation to the financial information, unless otherwise stated. The financial information has been prepared in accordance with applicable United Kingdom Generally Accepted Accounting Principles. The more important accounting policies adopted are described below.

#### Basis of preparation

The financial information has been prepared under the historical cost convention and on a going concern basis.

#### Intangible assets

Costs 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.

#### Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all evidence available, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### Foreign currencies

Transactions in foreign currencies are recorded at the rates of exchange at the dates of the transactions or, if hedged, at the forward contract rates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rates.

### 2. Operating loss is stated after charging:

	<i>Period ended</i>
	<i>31 March</i>
	<i>2005</i>
	£
Auditors' remuneration	<u>4,000</u>

### 3. Interest receivable

	£
Bank interest	<u>234</u>

#### 4. Staff costs (including directors)

There were no staff costs, including director's emoluments, incurred during the period.

There were no employees during the period.

#### 5. Tax on loss on ordinary activities

	£
Corporation tax payable based on the loss for the period at 30 per cent.	—

#### Tax reconciliation

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	£
Loss on ordinary activities before tax	(272,532)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30 per cent.	(81,760)
<i>Taxation effects of:</i>	
Expenses not deductible for tax purposes	4,226
Trading losses not utilised	77,534

The Company has an unrecognised deferred tax asset of £77,534 relating to trading losses not utilised. The deferred tax asset has not been recognised in the accounts due to the uncertainty surrounding its recoverability. The deferred tax asset can be recovered against suitable future trading profits.

#### 6. Intangible fixed assets

	<i>Exploration costs</i>
	£
<b>Cost</b>	
At 30 October 2003	—
Additions	147,600
At 31 March 2005	147,600

#### 7. Debtors

	2005
	£
Unpaid share capital	25,000
Other debtors	7,555
	32,555

#### 8. Creditors: amounts falling due within one year

	£
Other creditors	4,211

#### 9. Called up share capital

	£
<b>Authorised</b>	
80,000,000 ordinary shares of 0.25p each	200,000
<b>Allotted and called up</b>	
40,889,136 ordinary shares of 0.25p each	102,223

On 30 October 2003 the Company issued two ordinary shares at par for a total consideration of £2.

On 17 November 2004 the Company redesignated its share capital from ordinary shares of £1 each into ordinary shares of 1p each and at the same time increased its authorised share capital from £100 to £200,000 by the creation of an additional 19,990,000 ordinary shares.

On 29 November 2004 the Company issued 5,010,000 ordinary shares at par for a consideration of £50,100.

On 21 January 2005 the Company issued 885,000 ordinary shares for a total consideration of £141,600.

On 23 March 2005 the Company issued 4,133,334 ordinary shares for a total consideration of £248,000.

On 24 March 2005 the Company redesignated its share capital from ordinary shares of 1p each into ordinary shares of 0.25p each.

On 30 March 2005 the Company issued 150,000 ordinary shares for a total consideration of £6,000.

On 31 March 2005 the Company issued a further 625,000 ordinary shares for a total consideration of £25,000.

#### 10. Reserves

	<i>Share premium account</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£
At 30 October 2003	—	—	—
Loss for the financial period	—	(272,532)	(272,532)
Share capital issued during the period	<u>368,479</u>	<u>—</u>	<u>368,479</u>
At 31 March 2005	<u>368,479</u>	<u>(272,532)</u>	<u>95,947</u>

#### 11. Reconciliation of movements in shareholders' funds

	£
Loss for the financial period	(272,532)
Share capital issued during the period	<u>470,702</u>
Net addition to shareholders' funds	198,170
Opening shareholders' funds	<u>—</u>
Closing shareholders' funds	<u>198,170</u>

#### 12. Reconciliation of operating loss to net cash outflow from operating activities

	2005 £
Operating loss	(272,766)
Increase in debtors	(7,555)
Increase in creditors	<u>4,211</u>
Net cash outflow from operating activities	<u>(276,110)</u>

#### 13. Analysis of net funds

	<i>At 30 October 2003</i>	<i>Cash flow</i>	<i>At 31 March 2005</i>
	£	£	£
Cash at bank	<u>—</u>	<u>22,226</u>	<u>22,226</u>

#### **14. Contingent liabilities**

As at 31 March 2005 there were no contingent liabilities.

#### **15. Capital commitments**

The Company has committed to an exploration programme with its joint venture partner Phelps Dodge Exploration Corporation. Expenditure of \$366,000 is payable by 16 April 2006.

#### **16. Related party transactions**

During the period ended 31 March 2005, the Company was charged £100,000 by Nick Badham, a director of the Company, for consulting services.

During the period ended 31 March 2005 the Company was charged £30,000 by Easy Business Consulting Limited, in which Jonathan Harrison, a director of the Company, has an interest, for consultancy services.

During the period ended 31 March 2005 the Company was charged £118,000 by Pacific Corporate Management Limited for various management services. Richard Poulden, a director of the Company, is an employee of Pacific Corporate Management Limited.

#### **17. Post balance sheet disclosure**

On 26 July 2005, the Company granted warrants to Beaumont Cornish Limited to subscribe for 200,000 ordinary shares on the date of the Company's admission to AIM. The exercise price is 5p and they may be exercised at any time during the period of 5 years from the date of Admission.

Yours faithfully

#### **Nexia Audit Limited**

Chartered accountants  
Registered Auditors  
1 Riding House Street  
London W1A 3AS

26 July 2005

## **PART IV**

### **Taxation**

#### **TAX**

The statements below are general in character and are intended only as a general guide to certain aspects of current tax law and UK Inland Revenue Practice. The statements assume that the Ordinary Shares are held as an investment not as an asset of a financial trade and that any dividends are not foreign income dividends. Prospective subscribers for or purchasers of Ordinary Shares who are in any doubt about their tax position and, in particular, those who are subject to taxation in a jurisdiction other than the UK, are strongly advised to consult their own professional adviser.

#### **TAX ON DIVIDENDS**

A dividend paid to a non-corporate shareholder is treated as being paid with a tax credit equal to one ninth of the net dividend. Thus there will be a tax credit of 10 per cent. on the gross dividend, that gross dividend being equal to the sum of the net dividend and the accompanying tax credit. Individual shareholders whose income is within the starting or basic rate bands will be liable for tax at 10 per cent. on their gross dividend income and the tax credit will therefore satisfy their income tax liability on UK dividends. Individual shareholders who are liable to income tax at the higher rate will be liable for tax at 32.5 per cent. on their gross dividend. After taking account of the 10 per cent. credit, this will represent additional tax of 25 per cent. of the net dividend received.

Tax credits on dividends are no longer reclaimable by shareholders save that tax credits on shares held in a capital PEP or ISA may continue to be reclaimed in respect of dividends paid prior to 6 April 2004.

Subject to certain exceptions for certain insurance companies and companies which hold shares as trading stock, a UK resident corporate shareholder who receives a dividend paid by the Company will not be taxed on the dividend. Pension providers and most UK corporate shareholders are not entitled to repayment of tax credits by the Inland Revenue. However certain charities and other bodies entitled to special exemptions can continue to claim tax credits, or a portion thereof, in respect of dividends paid prior to 6 April 2004.

Persons who are not resident in the UK should consult their own tax advisers on whether or not they can benefit from all or part of any tax credit and what relief or credit may be claimed in the jurisdiction in which they are resident.

#### **TAXATION ON CHARGEABLE GAINS**

If a shareholder disposes of any Ordinary Shares he or she may, depending on the shareholder's particular circumstances, incur a liability to taxation on chargeable gains. Individuals, personal representatives and trustees, may be entitled to taper relief, which will serve to reduce the chargeable gain. Companies are not entitled to taper relief, but are due indexation allowance, which may also reduce the chargeable gain.

**This is only a condensed summary of the tax reliefs available to Investors and should not be construed as constituting advice which a potential investor should obtain from his, or her, own investment or taxation adviser before applying for Ordinary Shares. The figures in this section are examples only. They are not, and should not, and should be construed as, forecasts of the likely performance of the investment described in this Document.**

## PART V

### Competent Person's Report on the Projects



CSA Report No. 3359/05

Date: 26 July 2005

Sirius Exploration Plc

#### COMPETENT PERSON'S REPORT ON COPPER PORPHYRY PROPERTIES IN MACEDONIA

E. Slowey PGeo EurGeol  
July 2005

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Viv Byrne  
*Managing Director*



The Directors  
 Sirius Exploration Plc  
 Acton Offices  
 Acton Hall  
 Halmore  
 Gloucestershire GL13 9HJ  
 United Kingdom

and

Beaumont Cornish Limited  
 10-12 Copthall Avenue  
 London EC2R 7DE

26 July 2005

## COMPETENT PERSON'S REPORT

### Background

The CSA Group ('CSA') has prepared this Competent Person's Report ('The CSA Report') at the request of Sirius Exploration Plc ('Sirius' or 'the Company') in connection with the Company's application for its shares and Warrants to be admitted to trading on AIM, a market for emerging and smaller companies operated by the London Stock Exchange. We acknowledge that the CSA Report will be included in its entirety in an admission document to be published in connection with the Company's AIM application.

The CSA Report has been prepared to provide an independent assessment of two exploration properties being explored in northeast Macedonia in joint venture with Phelps Dodge Exploration Corporation, USA ('Phelps Dodge').

### Qualifications of Consultants

The CSA Group was established in 1984 and comprises a team of over 40 geoscience and engineering professionals, with offices in the U.K., Ireland and Australia. This core team is supplemented by a network of international associates, together providing technical, due diligence, independent expert and project management services to the international mining industry. CSA has previously completed Independent Reports and Valuations for listings on the London, Dublin, Vancouver, Copenhagen, Luxembourg and Australian Stock Exchanges.

The CSA Report was prepared by Mr. E. (Ed) Slowey BSc, PGeo (No.023), EurGeol (No. 057). Mr Slowey is a Senior Geologist responsible for project management within the CSA Group, including Independent Review, Valuation and Due Diligence, and has over 30 years experience in mining and exploration, covering base metals, precious metals and diamonds, in Europe, Africa, Asia and North America.

Other than for the purposes of completing The CSA Report described in this document, neither CSA nor any CSA staff involved in its preparation have any commercial interest in Sirius or any associated companies. Neither CSA nor any CSA staff will receive any interest in Sirius or any associated companies as a result of undertaking The CSA Report. CSA will be paid normal professional rates for completing The CSA Report for Sirius.



### **Basis of Report**

The CSA Report is based on:

- technical data, documents, reports and information supplied by Sirius and Phelps Dodge, including copies of the joint venture agreement between the two companies, copies of the exploration permit documents, exploration sampling and drilling data;
- published papers on the geology and mineral deposits of the region;
- a site visit to Macedonia and review meetings conducted by CSA in March 2005;
- reports and data in the public domain;
- previous CSA experience with exploration and mining projects in the Balkans region.

Subject to normal due diligence, CSA has relied on the accuracy of reports and data supplied by Sirius and Phelps Dodge in the preparation of The CSA Report. The exploration permits issued to Phelps Dodge covering the two properties at Osogovo and Kadiica were viewed by CSA, although full legal verification of documents was not undertaken.

## Competent Person's Report on Copper Porphyry Properties in Macedonia

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## COMPETENT PERSON'S REPORT ON COPPER PORPHYRY PROPERTIES IN MACEDONIA

### 1. INTRODUCTION

At the request of the directors of Sirius, CSA has prepared the following Competent Person's report on two project areas, Osogovo and Kadiica, lying approximately 50km apart in northeastern Macedonia. The project areas are currently covered by Exploration Permits issued to Phelps Dodge and are now the subject of a joint venture agreement between Phelps Dodge and Sirius. Under the terms of the joint venture agreement Sirius will acquire an interest in the two properties by funding an exploration and evaluation programme. In compiling this report CSA staff have visited the Macedonian project sites, have examined reports and data supplied by Sirius and Phelps Dodge and held meetings with relevant personnel in Macedonia and the U.K.

The data provided by Sirius and Phelps Dodge contain an accumulation of information on the properties derived both from their own work and also from historic work undertaken by the Yugoslav government.

### 2. TOPOGRAPHY, CLIMATE AND INFRASTRUCTURE

Macedonia is a landlocked country of some 25,000km<sup>2</sup> in size, situated in southern Europe, bordering Kosovo and Serbia to the north, Bulgaria to the east, Greece to the south and Albania to the west. The country is relatively mountaineous, with a lower-lying central plateau area surrounded by mountain and valley terrain, peaking at 2,764m in the Dinaric Alps to the west. The central part of Macedonia possesses a transitory climate between continental and Mediterranean, with cool, sometimes wet winters and relatively hot summers, while the more mountaineous areas are snow-covered for part of the winter, becoming quite warm in summer. The central and valley areas are extensively cultivated, while the highland areas are generally forest covered. The Osogovo and Kadiica permit areas are located in mountaineous regions in the north and east of Macedonia, near the Bulgarian border. Temperatures can vary from -20°C in winter to +35°C in summer, with higher ground generally snow-covered from November to April.

The country has a well developed road network, with paved roads linking the Osogovo and Kadiica areas with the capital, Skopje and with Bulgaria. A rail line runs from the Bulgarian capital, Sofia, to within 8km of the Osogovo site and plans are reported for an extension of this line into Macedonia. Grid electricity is available throughout the region, which is also fully covered by fixed line and mobile telephone coverage.

### 3. BACKGROUND AND MINING HISTORY

Macedonia has a long history of mining, commencing in the Middle Ages or earlier, and including exploitation in Roman times. A diverse range of commodities has been mined, including copper, nickel, chromium, lead, zinc, silver and gold. More recently, mining has taken place at the Sasa, Toranitza and Kratovo-Zletovo lead-zinc-silver mines in northeastern Macedonia, the Buchim copper-gold porphyry deposit in the east of the country and the Kavadarci nickel mine in the south.

Mining at these deposits was adversely impacted in more recent times by the break-up of Yugoslavia, the Balkans war, the transition to a market economy and low commodity prices.

Macedonia declared independence from Yugoslavia in 1991, leading to the peaceful withdrawal of the Yugoslav army in 1992. Following the NATO invasion of Kosovo in 1999, a spillover of ethnic tensions in northern and northeastern Macedonia in 2001 led to conflict between the majority ethnic Macedonian population and the ethnic Albanian minority. Subsequent intervention by NATO and the European Union led to the signing of the Ohrid Framework Agreement that formed the basis for a peaceful resolution of the issues. Macedonia is now a parliamentary democracy and the current government is a coalition inclusive of the two main ethnic groups. The country is aiming for admission to the European Union by 2010.

The previous metalliferous mining operations in Macedonia are being prepared for privatisation and the projects have been put out to tender by the Energy and Mineral Resources Department of the Ministry of Economy. Currently the only operating metal mine is the copper-gold porphyry operation at Buchim, which is reported to produce 4Mt/year at an average grade of 0.3% Cu, 0.3g/t Au.

A number of international mining and exploration companies are currently or recently active in mineral exploration in Macedonia. These include Phelps Dodge (US), Rio Tinto (UK) and European Minerals Corporation (UK).

#### 4. MINERALS LEGISLATION

The Government of Macedonia passed a new Law for Mineral Resources on 24th March 1999, which was partially amended in May 2002. The amendments are understood not to impact on the Phelps Dodge exploration permits, which pre-date the amendment act.

Under the new Law, all minerals in Macedonia are the property of the state and exploration or extraction of any mineral can only be carried out within the terms of permits issued by the government for that purpose. The regulation of the minerals sector is controlled by the Energy and Mineral Resources Department of the Ministry of Economy. Exploration and mining can be undertaken by a local company or a foreign company registered in Macedonia.

Two types of permit are recognised – an Exploration Permit and an Exploitation Permit. Among the terms set out are:

##### Exploration Permit

- Issued for metalliferous minerals for areas up to 100km<sup>2</sup> (150km<sup>2</sup> prior to 2002 Amendment).
- Permits issued for a single period of eight years – non renewable.
- Permit area must be progressively reduced during the period of the permit – by 50% after year one and by a further 15% of the remaining area annually.
- Government consent is required for the transfer of the rights to another party.
- The Exploration Permit holder has the right to obtain an Exploitation Permit for a discovered deposit, subject to terms and conditions.
- Fees payable are subject to an agreement on terms of permit issue between the government and the exploration company.

##### Exploitation Permit

- Automatically available to holders of exploration permits in the event of a discovery.
- Granted for a period of 30 years, with possible extension for a further 30 year period.
- Mining terms and conditions are determined by an agreement between the government and the permit holder, which will include technical and financial terms and conditions.

#### 5. SIRIUS/PHELPS DODGE AGREEMENT AND PERMIT HISTORY

CSA has viewed copies of the Exploration Permit documents issued by the Macedonian Ministry of Economy and has viewed a copy of the Agreement between Phelps Dodge and Sirius. A summary of the more relevant elements of these documents is given below, however it should be noted that CSA has not undertaken legal due diligence on these documents.

Two Exporation Permits were issued to Phelps Dodge by the Ministry of Economy of the Republic of Macedonia covering all metallic elements within the Osogovo permit area (124km<sup>2</sup>) and the Kadiica permit area (95 km<sup>2</sup>) in northeastern Macedonia, near the Bulgarian border. The Osogovo

permit was issued on 16th October 2001 and covers the Osogovo intrusive porphyry stock, adjoining the Exploitation Permit areas for the Sasa and Toranitza lead-zinc deposits. The Kadiica permit, issued on 1st August 2001, is centred on the Kadiica-Bukovik intrusive porphyry. The permits are valid for eight years from the date of issue. CSA understands that Phelps Dodge submitted an outline exploration programme as part of its permit application, but no minimum work commitments or expenditures were required. An annual fee is payable to the government for the permits, amounting to 4,000 danars/km<sup>2</sup> (approx. US\$85/km<sup>2</sup>). These have been paid up to date by Phelps Dodge.

The permits mainly cover state-owned forestry land, but some limited private land holdings are located within the permit areas.

Since the issue of the permits, Phelps Dodge has carried out an exploration programme for porphyry copper deposits on both properties, including limited drilling programmes. Brief annual reports are required by the Ministry of Economy summarising work completed on the two areas. It is understood that such reports have been submitted up to date and that the minimal environmental restoration required as a result of exploration work undertaken to date has been carried out satisfactorily.

Being a major world copper producer, Phelps Dodge has as an objective a substantial minimum target size of 2Mt of contained copper in any deposit that it develops. Focusing of expenditure by Phelps Dodge on a limited number of targets worldwide has led to the decision to sell the two properties on to Sirius, with provision for a buy-back if subsequent exploration by Sirius proves up a 2Mt+ copper deposit in either area.

On 3rd November 2004, Phelps Dodge signed an agreement with Sirius which provides for the assignment to Sirius of the rights in the two properties, subject to certain conditions. These conditions include:

- Sirius will fund an initial exploration programme on the two properties totalling not less than US\$366,000.
- Sirius will issue to Phelps Dodge shares in Sirius equal to 9% of the issued capital.
- Phelps Dodge will retain a 1% net smelter return royalty entitlement on any future metal production.
- Phelps Dodge will retain a repurchase right on payment to Sirius of double the minimum exploration programme commitment, with Sirius then having a 1.5% net smelter return royalty entitlement on any future production from the properties.
- A 'Transaction Deadline' of April 15, 2006 has been set, following which Phelps Dodge will have 24 months to exercise its repurchase right, however such a decision may be brought forward by agreement between the parties following completion of Sirius' first exploration programme phase in 2005. Phelps Dodge will initially act as operator on the properties, with any amendments to the initial exploration programme to be agreed by both parties. Phelps Dodge has undertaken to maintain the exploration permits in good standing during its period as operator.
- If Phelps Dodge fails to exercise its repurchase right within 24 months of the Transaction Deadline, then with the consent of the government Sirius will assume full rights to, and control of, the exploration properties, subject only to Phelps Dodge 1% net smelter return entitlement.

## 6. REGIONAL GEOLOGICAL SETTING

The regional geology of Macedonia can be divided into a series of geotectonic zones, with a general north-northwest trend, which are related to the Alpine orogeny and the collision of the European and African continental plates. The four such zones recognised in Macedonia are (from northeast to southwest):

1. *Serbo-Macedonian Massif*
2. *Vardar Zone*
3. *Pelagonian Massif*
4. *Western Macedonian Zone*

1. *Serbo-Macedonian Massif*

This zone comprises metamorphic rocks of Precambrian, Cambrian and Palaeozoic ages, within which lower and upper complexes have been recognised. The lower complex consists of rocks subjected to amphibolite facies metamorphism, consisting of mica-gneiss, mica schist, amphibolite, quartzite, marble and migmatite. The upper complex consists primarily of volcano-sedimentary rocks, metamorphosed to greenschist facies and consisting of chlorite shales, chlorite-amphibolite, chlorite-sericite and quartz-shales.

The metamorphic rocks were intruded by granitoid complexes during several geological epochs, controlled by regional structure. Of most relevance to the Sirius targets are the calc-alkaline volcano-intrusive complexes formed during the Neogene period of the Tertiary system (14-32Ma) which are located at both the Osogovo and Kadiica target areas. The Serbo-Macedonian zone also hosts the Sasa and Toranitza lead-zinc deposits.

2. *Vardar Zone*

The basement of the Vardar Zone is composed of Jurassic ophiolites, comprising gabbro-peridotite complexes, along with volcano-sedimentary rocks. These are overlain by widespread Upper Cretaceous flysch. The Vardar Zone is separated from the Serbo-Macedonian Massif in the east and the Pelagonian Zone in the west by regional, deep-seated structures along which calc-alkaline volcano-intrusive complexes were emplaced during Neogene or later periods.

This zone hosts the Buchim copper-gold porphyry deposit and the Kratovo-Zletovo lead-zinc deposits.

3. *Pelagonian Massif*

This Precambrian massif comprises basal gneiss and mica schist, overlain by a mixed series of metasediments (gneiss, schist, quartzite, marble and dolomite), intruded in places by granitoids and pegmatites of indeterminate age.



#### 4. Western Macedonian Zone

The lowest unit of this zone comprises Lower Palaeozoic volcano-sedimentary spilite-keratophyre, overlain by Palaeozoic phyllite and limestone, intruded by quartz porphyries.

Figure 1 – Geological setting of Macedonia



#### 7. RELEVANT MINES AND MINERAL DEPOSITS

On a regional scale, the Carpatho-Balkan region is a significant copper producer (150,000t/year copper metal produced) from porphyry-type deposits in four geological belts, ranging in age from late Cretaceous to Tertiary. Late Cretaceous porphyries are the most important and occur in a belt developed intermittently from Romania, through Serbia to Bulgaria. Palaeogene to Neogene porphyries host the Recsk deposit in Hungary, as well as a number of Romanian deposits and the relatively gold-enriched deposits in Serbia, Macedonia and Greece, including Bu\*im and Skouries (Greece).

Deposit	Location	Age	Estimated Mineral Resource
Moldova Noua	Romania	Late Cretaceous	500Mt @ 0.35% Cu
Majdanpek	Serbia	Late Cretaceous	1,000Mt @ 0.6% Cu
Bor	Serbia	Late Cretaceous	450Mt @ 0.6% Cu
Lipa	Serbia	Late Cretaceous	No published resource
Veliki Krivelj	Serbia	Late Cretaceous	750Mt @ 0.44% Cu
Elatsite	Bulgaria	Late Cretaceous	260Mt @ 0.37% Cu
Medet	Bulgaria	Late Cretaceous	241Mt @ 0.42% Cu
Assarel	Bulgaria	Late Cretaceous	360Mt @ 0.44% Cu
Vlaikov Vruh	Bulgaria	Late Cretaceous	No published resources
Rosia Poieni	Romania	Neogene	350Mt @ 0.36% Cu
Deva	Romania	Neogene	No published resources
Buchim	Macedonia	Palaeogene-Neogene	150Mt @ 0.3% Cu, 0.35g/t Au
Skouries	Greece	Palaeogene-Neogene	129Mt @ 0.55% Cu, 0.9g/t Au
Recsk	Hungary	Palaeogene	700Mt @ 0.66% Cu

Table 1 – Porphyry-type copper deposits in the eastern Europe/Balkan region



Of particular interest is the Buchim deposit. It occurs within the Vardar Zone in Macedonia and is located some 70km south of the Osogovo target and just 30km southwest of Kadiica. The deposit was discovered in 1955 and started production in 1979. It is a porphyry copper-gold deposit hosted in Precambrian gneisses, intruded by Tertiary (Neogene) plutonic rocks and associated volcanics, notably latites and andesites. The volcanics are dated at 24-27Ma, while the mineralisation is slightly younger, at 23Ma. Mineralisation, comprising chalcopyrite, pyrite, bornite, covellite, chalcocite, native copper and native gold, occurs as stockworks of sulphide stringers and veinlets, as well as sulphide disseminations. Potassic alteration, sericitisation and silicification are associated with the emplacement of the mineralisation. Supergene alteration is recognisable as limonitisation and the occurrence of chalcocite and covellite. The Buchim deposit comprises four discrete orebodies, apparently controlled by the intersection of cross-cutting fault zones, with the largest forming a 500m wide inverted cone extending to over 250m in depth. Supergene enrichment is particularly associated with one of the smaller orebodies.

Mine production by open pit methods was reported in 2003 as 4Mt/year, grading 0.3% Cu, 0.3g/t Au.

The Skouries copper-gold porphyry deposit is located in northern Greece, lying along an extension of the Serbo-Macedonian Massif, and is very similar in style to Buchim. A bankable feasibility study, completed in 1998 for TVX Gold, defined ore reserves of 129Mt grading 0.55% Cu, 0.9g/t Au. The production plan envisages open pitting, followed by underground mining through sub-level caving and block caving methods.

The Macedonian part of the Osogovo district hosts a major cluster of lead-zinc-silver deposits at the Toranitza, Sasa, and Golema Reka mines, globally estimated to contain some 137Mt of 7.3% Pb+Zn, plus Ag. These skarn-type polymetallic deposits occur within the contact metamorphic aureole of the Tertiary Osogovo sub-volcanic intrusives, which are being targeted by Sirius for their porphyry copper potential. The host rocks comprise gneisses, marbles and quartz-graphite schists of Lower Palaeozoic age.

The Sasa deposit was discovered in 1954 and went into production by underground methods in 1966. Mining continued uninterrupted until 2002 when closure was forced by lack of re-investment, the requirement to extend mining to deeper ore lenses, and low metal prices. The mine and processing plant are currently on care and maintenance. The Macedonian government plans to put the mine out to tender as part of the process of privatization. Total ore production is estimated at 20Mt, grading c. 10% Zn+Pb and 30-35g/t Ag.

The Toranitza deposit was discovered in 1974 and was brought into production in 1988, since when approximately 2Mt of ore have been mined, ranging in grade from 7-10% Zn+Pb and 20-25g/t Ag. Current resources are estimated as 8.8Mt grading 3.33% Zn, 4.35% Pb at a 5% Zn+Pb cut-off grade. The Toranitza mine is also currently on care and maintenance, having been closed in 2001.

## 8. PROJECT DESCRIPTION

### 8.1 Osogovo

#### 8.1.1 Geology

The rocks of the Osogovo area form part of Serbo-Macedonian Massif. The following geological formations have been recognised (in order of decreasing age):

- *Precambrian metamorphic rocks*
- *Riphean-Cambrian metamorphic rocks*
- *Early Palaeozoic metamorphic rocks*
- *Late Palaeozoic rocks*
- *Palaeozoic granites*
- *Tertiary igneous rocks*

### *Precambrian metamorphic rocks*

These rocks form the basement of the permit area. Lithologies seen include gneiss and mica-schists with layers of quartzites and lenses or layers of amphibolites and metabasalts.

*Gneiss.* These rocks are present in the valley of the Kamenicka Reka (river), where they are in tectonic contact with mica-schists on one side and Riphean-Cambrian rocks on the other. They are very hard and massive rocks, sometimes showing lenticular features, with fresh, yellow to white-yellowish colour.

*Mica-schist.* These rocks are developed around Duracka Reka, often in contact with lenticular gneiss and concordant with Riphean-Cambrian rocks. Lenses of lenticular gneiss, amphibolite and metabasalts frequently occur within the mica-schists.

*Amphibolite.* These granular, green rocks appear as interlayers within the foliation of the gneiss and mica-schist rocks.

### *Riphean-Cambrian rocks*

*Albite-epidote-chlorite schist.* These rocks, together with epidote-chlorite-sericite schists form the package of greenschist rocks, related to the geosynclinal part of the basement. Lenses of amphibole-epidote schist, metadolerite and metagabbro occur.

*Amphibolite and metadolerites.* Amphibolites are characterised by schistose or massive texture and green colouration. Metadolerites occur as elongated lenses of varying size with massive texture. The contact with other rocks is sharp and of a tectonic nature.

### *Lower Palaeozoic rocks*

The early Palaeozoic rock package in the Osogovo region varies locally in thickness from a few metres to several hundred metres and generally dip to the southwest at  $\sim 35^\circ$ .

*Quartz-graphite schist.* This belt of rocks occurs in a narrow, northwesterly striking zone about 25km long. Schists of this series occur as a transgressive layer over gneiss-mica-schists and greenschist series, but most contacts seen are tectonic. Also included in this series are chloritic and sericitic schists with marble lenses.

*Marbles.* These occur as bands or lenses up to several hundred metres in strike extent and up to 30m thick.

### *Upper Palaeozoic igneous rocks*

*Granitoids.* These rocks cut older, Precambrian and Riphean-Cambrian rocks and often contain xenoliths of older schists, along with gabbro-dolerites displaying foliation similar to the foliation of the granitoids. Along the contacts, granitoids develop intense schistosity and mylonitisation related to dynamic metamorphism. Two granitic phases are recognised, the first coarse-grained and the second finer grained.

### *Tertiary igneous rocks*

In the permit area, Tertiary rocks are represented by rhyolite, quartz-latite, andesite-trachyandesite etc., occurring as dykes, necks, sills and veins. Igneous rocks cut Precambrian, Riphean-Cambrian and Palaeozoic metamorphic and igneous rocks. These igneous rocks formed at hypabyssal and subvolcanic level, and have intermediate to acid composition.

*Rhyolite.* This rock type is widespread in the southeastern part of the area and forms irregular bodies, sills, dykes and stocks. Their contacts with other rocks are marked by alteration and mineralisation. Hydrothermal alteration is very intense and is represented by kaolinisation, propylitisation, chloritisation and epidotisation.

*Quartz-latite.* These rocks are hard and massive, with porphyry texture and are light grey to dark-grey in colour. They are the most common igneous rocks in the area, occurring in the form of thick dykes.

Hydrothermal alteration comprises argillitisation, propylitisation, chloritisation and epidotisation. Polymetallic mineralisation, such as seen at Sasa and Toranitza, occurs in the contact areas with metasediments.

*Andesite-trachyandesites.* These rocks are light-grey in colour and porphyritic in style and are widespread on the western edge of Sasa-Toranitza volcanic zone.

### 8.1.2 Mineralisation

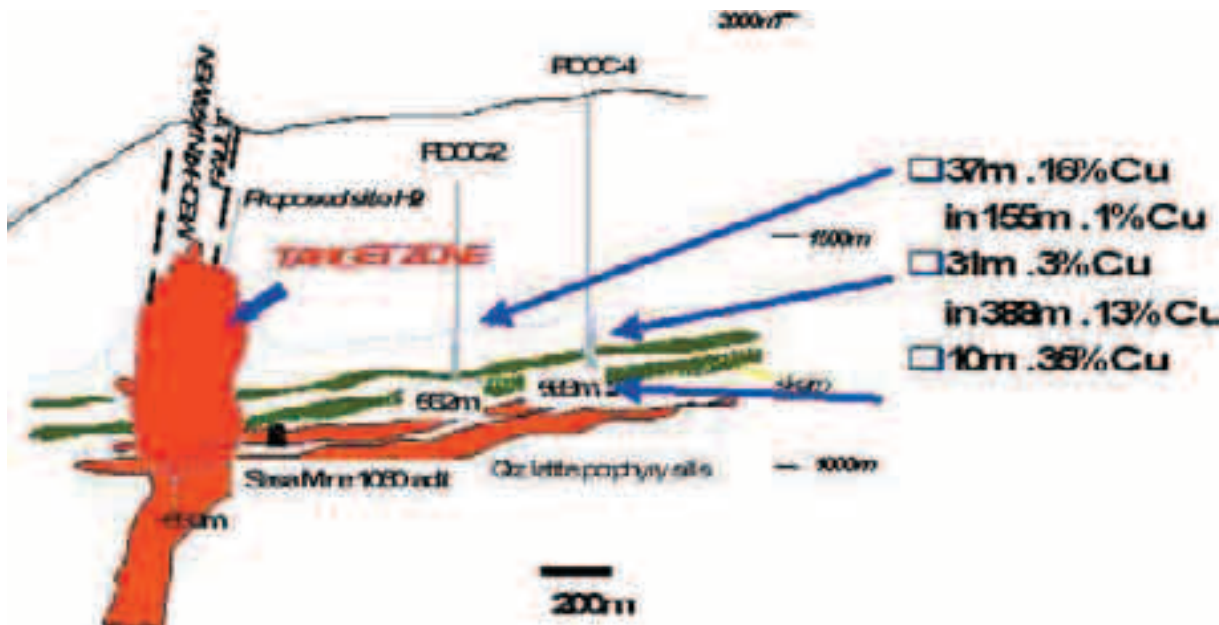
The major Pb-Zn metal deposits of eastern Macedonia and adjacent Bulgaria are shown by recent work to be directly linked to low grade Tertiary Cu-(Mo) and Cu-(Au) porphyry systems. Supergene leaching largely prevented historic recognition of the porphyry systems, and varies from weak or moderate (Osogovo), to strong (Kadiica-Bukovik). Efficiency of supergene leaching and enrichment corresponds to the degree of overprint of porphyry stockworks by high sulphidation alteration, initial sulphide content, extent of post-mineral fracturing and brecciation, and local topographic relief.

The porphyry system identified at Osogovo (figures 2 & 3) is centred on multi-phase Tertiary porphyritic stocks of quartz monzonite to granodiorite composition and their intrusion breccias. Stockwork geometry and intensity varies considerably. High sulphidation alteration occurs peripheral to, and directly overprints, the porphyry-type stockworks. Intra-mineral hydrothermal breccia is also seen.

Fig 2: Red Ridge Porphyry System, Osogovo



Fig 3: Osogovo Longitudinal Section showing principal target zone



The Sasa-Toranitzza lead-zinc deposits are located on the eastern flank of an intermediate intrusive complex and its related porphyry Cu-Mo system at Osogovo, likely of late Oligocene to early Miocene age, by analogy with similar intrusions in adjacent Bulgaria. In addition to zinc, lead and silver, the ore at the two deposits is reported to contain ~0.16% Cu and <0.1ppm Au.

A rhomboid, northwest-elongate stockwork alteration zone, with a footprint of approximately 4km<sup>2</sup>, immediately west of the Sasa and Toranitzza orebodies, is developed in gneiss and in Tertiary igneous rocks at the Osogovo intrusive complex. Igneous rocks at Osogovo comprise intensely altered, coarse quartz latites to quartz monzonites, gneiss-intrusion breccias, and fine-grained aphyric igneous rocks of uncertain original composition.

Hydrothermal alteration consists of (largely oxidized) pyrite-chalcopyrite-molybdenite-quartz veinlets within weakly to intensely quartz-sericite altered matrix. Below the redox boundary, pervasive alteration in the Osogovo intrusive complex comprises quartz-sericite-pyrite at relatively shallow levels, with traces of secondary biotite at depth; in adjacent gneisses, alteration consists of quartz-sericite-(K feldspar)-pyrite-chlorite, +/- magnetite. Limited petrographic work identifies alunite and diaspora from surface samples at Osogovo, potentially of hypogene origin.

Intra-mineral hydrothermal breccia within the Osogovo intrusive complex contains early stockworked intrusion breccia clasts cemented by later quartz-pyrite-(molybdenite). Veinlet stockworks are generally multidirectional, but show north-northwest "sheeting" in the vicinity of the Mechkin Kamen fault. Veinlet densities locally exceed 40 per metre and do not correlate clearly with hypogene Cu grade, but their intensity roughly corresponds with proximity to intrusions and to the Mechkin Kamen fault. Sulphide content of stockwork alteration is about 3.5% in metamorphic rocks and 4.5% in, and adjacent to, the Osogovo intrusive complex.

Oxidation and leaching, extending as much as 130m below surface, generated a leached cap containing jarosite-goethite-hematite. Weak supergene enrichment, containing up to 0.16% Cu, extends from the base of the redox boundary to as much as 270m below the current surface, and comprises thin coatings of chalcocite and covellite on pyrite and as partial replacements of chalcopyrite. The weak supergene blanket shows a two-fold enrichment over inferred initial hypogene grades.



Limited drilling down-dip of the Sasa and Toranitza skarn Pb-Zn bodies appears to indicate zoning to pyrite-Cu-(Mo) skarns within an expanding, low-grade Cu-(Mo) stockwork. In this context it is worth noting that many porphyry copper deposits have Pb-Zn-Ag-rich aureoles, such as recorded at the giant Bingham Canyon deposit in Utah, USA. Pb-Zn mineralisation can occur as veins, skarns or massive replacements, such as at Moldova Noua in Romania, where lead-zinc veins are recorded, and at the Bor and Majdanpek deposits in Serbia, where skarn and massive replacement Pb-Zn mineralisation occurs. At Majdanpek drilling has outlined a deposit of c.4Mt @ 8% Pb + Zn.

#### *8.1.3 Historical Exploration*

The initial exploration of the Osogovo area was undertaken during the years of the First World War by German geologists. During the period between the two world wars, further exploration was carried out, while in 1954-57 the igneous rocks and many of the mineral occurrences in the area were first described and detailed exploration was undertaken by Geoloski Zavod-Skopje, Geoloski Zavod-Belgrade and Mine Geological Services. This work concentrated almost exclusively on the polymetallic mineralisation at Sasa. Mining commenced at Sasa in 1966 and subsequently at Toranitza in 1988.

A ground magnetic survey was carried out over the Sasa-Osogovo-Toranitza area in 1971-72 by the Belgrade Geological Survey, which appears to show a weak magnetic low over the main intrusion, perhaps related to fracturing and brecciation within the intrusive.

Although no exploration targeted at the porphyry copper potential was carried out at Osogovo prior to the commencement of the Phelps Dodge exploration programme in 2001, a particularly interesting hole was drilled as part of the investigation of the northwest extension of the Sasa orebody by the Yugoslav government. Hole DH-7 was drilled in 1974 to 458.1m depth. It was sited near Mechkin Kamen mountain, less than 100m from the Phelps Dodge permit boundary. The hole was angled steeply to the southeast, aimed at intersecting the down-dip extension of the Sasa mineralised sequence. It passed through strongly developed stockwork mineralisation within metasediments from drillhole collar to approximately 200m depth, with 5-10% pyrite recorded. Beneath this zone stockwork was more patchily developed, however within stockworked down-dip extensions to the Sasa ore horizon several intersections of note were reported (see Table 2). These included:

- a 16.4m zone assaying 1.7% Cu, 20g/t Ag, including a section of 6.1m assaying 3.5% Cu.
- Several sub-intervals within a deeper 12.1m zone assaying up to 0.27% Cu, 8.08% Pb, 4.32% Zn

No core remains from this hole, but it is understood that sample pulps continue to be stored at the Sasa chemical laboratory.

#### *8.1.4 Exploration by Phelps Dodge*

Phelps Dodge carried out a programme of geological mapping and prospecting over the Osogovo permit area in 2001-02, focussing on the red Ridge intrusive and breccias and on Mechkin Kamen mountain. Stockwork densities were recorded in order to help delimit the stockwork zone and identify the core of the zone. Samples were collected for rock geochemical analysis and for microscopic study. Based on this work, the extent and intensity of the Osogovo intrusive breccia and stockwork zones were established, as outlined in Section 8.1.2 of this report above.

Phelps Dodge then investigated the porphyry copper target at Osogovo by completing four diamond drill holes in 2002. The first hole, PDOC-1, was collared within the quartz-latite to quartz-monzonite intrusive breccia at Red Ridge and drilled at 80° to the west. The hole was weakly mineralised to the final depth of 220.1m, with traces of chalcocite, covellite and chalcopyrite logged. It is interpreted that the hole did not penetrate deep enough to intersect the primary mineralised zone, if present. Hole PDOC-3 drilled the same intrusive breccia about 350m to the south-southeast of PDOC-1. This vertical hole also intersected weakly mineralised stockwork-type mineralisation before being stopped at 220.5m depth.

PDOC-2 was sited just over 100m southwest of DH-7 (referred to above) , angled at 80° to the southwest. A shallow supergene zone of weak chalcocite-covellite copper sulphides was noted, followed by a moderate to strongly developed quartz-sulphide stockwork within the metamorphosed country rocks, containing 1-3% pyrite, as well as minor copper and molybdenum mineralisation. Further down the hole, from 323.0 to 360.0m, a 37m zone of weakly stockworked country rock assayed 0.16% Cu. The hole finished at 582.0m. An east-west fault is interpreted between this hole and DH-7, which may explain the differences noted between the two holes in tenor and grade of mineralisation.

The final hole, PDOC-4, was located near the peak of Mechkin Kamen mountain. It was drilled vertically to a final depth of 668.0m. The hole passed through an extensive zone of generally moderately altered and stockworked country rock, mainly gneisses, to 533m depth. A thin leached cap at the top of the hole was followed by a weak supergene enrichment zone with chalcocite and covellite mineralisation to approximately 100m depth. From 280m depth, the stockwork becomes more pronounced and from there to the bottom of the hole low order pyrite, chalcopyrite and molybdenite mineralisation is seen, assaying generally ~0.1% Cu, ~0.05% Mo, but with a number of substantial intervals of higher grades – see Table 2 below.

Drillhole No.	From (m)	To (m)	Interval (m)	Cu%	Pb%	Zn%
PDOC-4	470.0	501.5	31.5	0.32	—	—
	540.0	550.4	10.4	0.37	—	—
	594.4	646.8	52.4	0.26	—	—
PDOC-2	323.0	360.0	37.0	0.16	—	—
DH-7*	233.3	249.7	16.4	1.70	—	—
incl.	236.9	243.0	3.1	3.50		
	307.2	309.5	2.3	0.27	8.08	4.32
	312.7	314.3	1.6	0.20	2.21	1.59
	317.6	319.3	1.7	0.15	23.94	1.44

\* Drilled by Sasa Mines adjacent to Osogovo permit

*Table 2 – Selected drill intersections from the Osogovo area*

## 8.2 Kadiica

### 8.2.1 Geology

The geological setting of the Kadiica area is basically similar to that of the Osogovo area, but there are a number of features specific to this target. The following geological formations have been mapped:

- *Riphean-Cambrian metamorphic rocks,*
- *Palaeozoic metamorphic rocks and granitoids,*
- *Permian-Triassic sedimentary rocks,*
- *Tertiary sedimentary and intrusive rocks, and*
- *Pliocene-Quaternary alluvial sediments.*

#### *Riphean-Cambrian metamorphic rocks*

This suite is represented by metamorphosed volcanics and sediments, in the form of metadolerite and greenschist of low crystallinity and schistose texture, as well as migmatites of gabbroic composition.

*Quartz-sericite-chlorite schists.* These grey to dark green rocks are well developed in eastern parts of the Bukovik and Pehcevska Reka sub-areas. They have well developed schistosity with intense pyritization developed along that schistosity. Very often they are intersected by metagabbro-dolerites and Tertiary volcanic rocks.

*Epidote-chlorite-amphibolite schists.* These rocks occupy a large part of the permit area and are similar in occurrence to the quartz-chlorite-amphibolite schists, also being extensively pyritized.

*Metagabbro-dolerites.* These rocks are the result of Riphean-Cambrian magmatic activity and are cross-cut by Tertiary magmatic rocks. These rocks have been subjected to intense metamorphism and tectonic deformation. Within structural zones there is strong development of pyrite and other sulphide minerals.

#### *Early Palaeozoic rocks*

*Granitoid rocks:* These rocks are present in northern and central parts of the permit area. Most of the granitoides in area intersect Riphean-Cambrian green series. They are often heterogeneous in nature due to magmatic differentiation during cooling, resulting in the development of porphyritic granite, aplitic granite, aplite veins and granodiorite. Schistose leucocratic granite also occurs as banded gneiss.

*Gabbro-amphibolite:* These occur as large, fine grained dark green or green-grey masses cutting Cambrian greenschists and granitic rocks. Boundaries with the country rock are sharp and the rock is generally fresh in appearance.

#### *Permian – Triassic sedimentary rocks*

*Permian sediments:* Permian multi-coloured sands and sandy clays lie transgressively over metagabbro-dolerites and granodiorites.

*Lower Triassic:* Rocks of this age comprise two stages of red quartz sandstones and conglomerates.

*Middle Triassic:* Middle Triassic sediments consist of thin development of limestones of variable colour. They are concordant with lower Triassic, but sometimes these rocks tectonically overlie younger granites or Palaeogene sediments.

#### *Tertiary sedimentary rocks*

These are represented by Upper Eocene sediments, comprising grey conglomerates, flysch sediments and limestones.

*Grey conglomerate facies:* They are basal part of the Upper Eocene, which consists of heterogeneous conglomerates and breccia, with thin layers of sands and clays.

*Flysch facies:* This consists of several layers of coarse to medium grained yellow sands, with rare layers of aleurolite clays and micro-conglomerates.

*Limestones:* A sequence of purple impure limestones directly overlie the Flysch series in the Kadiica area.

#### *Tertiary igneous rocks*

In the Kadiica area Upper Eocene volcanic rocks of quartz-latitude composition occur, forming the volcanic dome of Bukovik, and the dykes of Kadiica. In these areas volcanic rocks cut Cambrian rocks of the greenschist complex.

In the area of Bukovik, volcanic breccia occurs. The volcanic rocks of Bukovik were strongly hydrothermally altered and primary rocks can be seen as relicts at just a few locations. The most common forms of hydrothermal alteration in this area are silicification and propylitisation, sericitisation, alunitisation and pyritisation.

Copper mineralisation occurs preferentially in the Eocene volcanics and the adjoining country rocks.

#### *Pliocene/Quaternary alluvial sediments*

Pliocene sediments in this region comprise clays, sands and gravels lying transgressively over older formations.

Quaternary sediments occur extensively as sands, gravels and clays. Of particular interest is the occurrence of transported and re-cemented quartz-latite breccias or ferricretes, sometimes with strongly goethitic clay cement. These are particularly noteworthy on the western slopes of Bukovik mountain where they have been investigated in the past by drilling and adit development as a potential iron resource.

#### 8.2.2 Mineralisation

The extensive (9km<sup>2</sup>) hydrothermal alteration zone at Kadiica-Bukovik is hosted in a dacitic flow-dome complex, its related intrusion breccia, and granodiorite porphyry plugs and dykes of probable early Neogene age, developed in Cambrian greenschists, meta-diorite and meta-gabbro (figures 4 & 5).

**Fig 4: The Kadiica Complex within Phelps Dodge concession (outlined in red)**

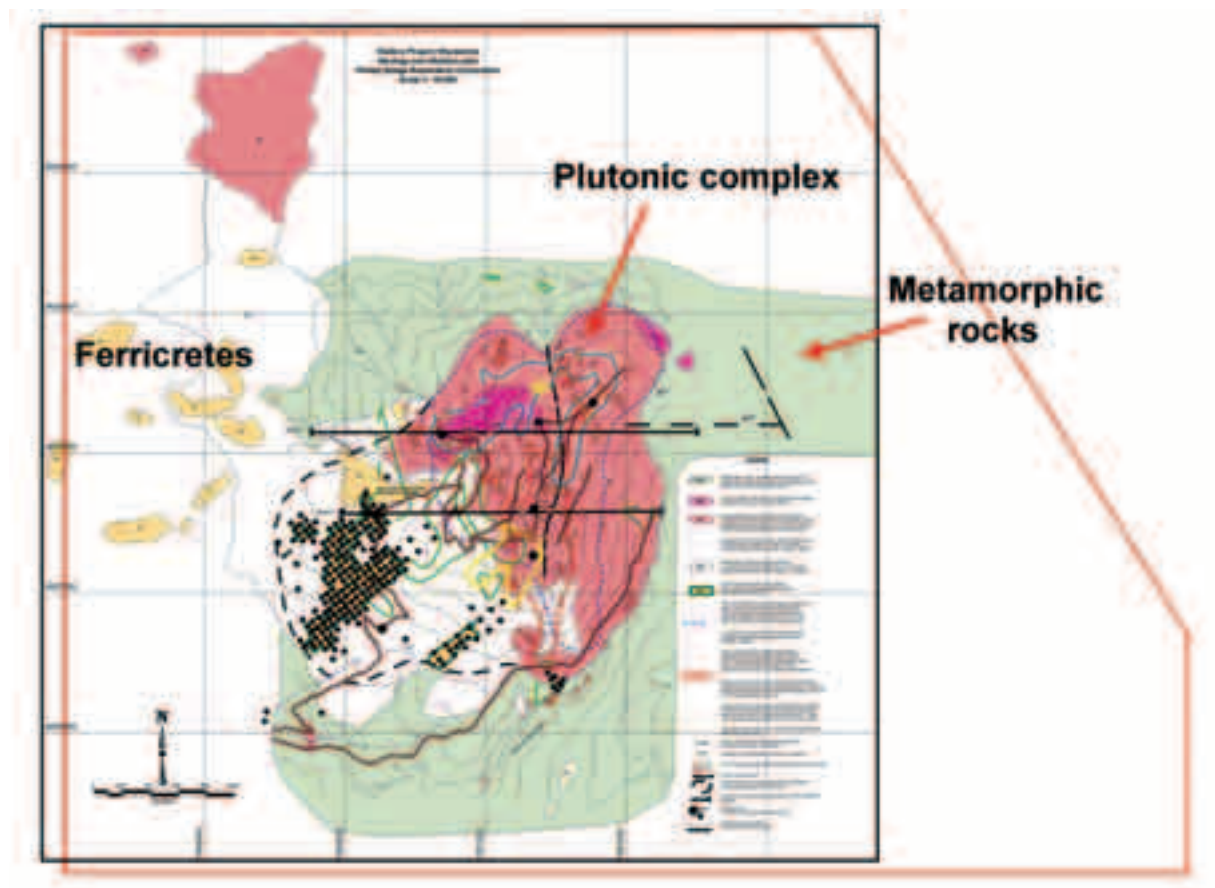
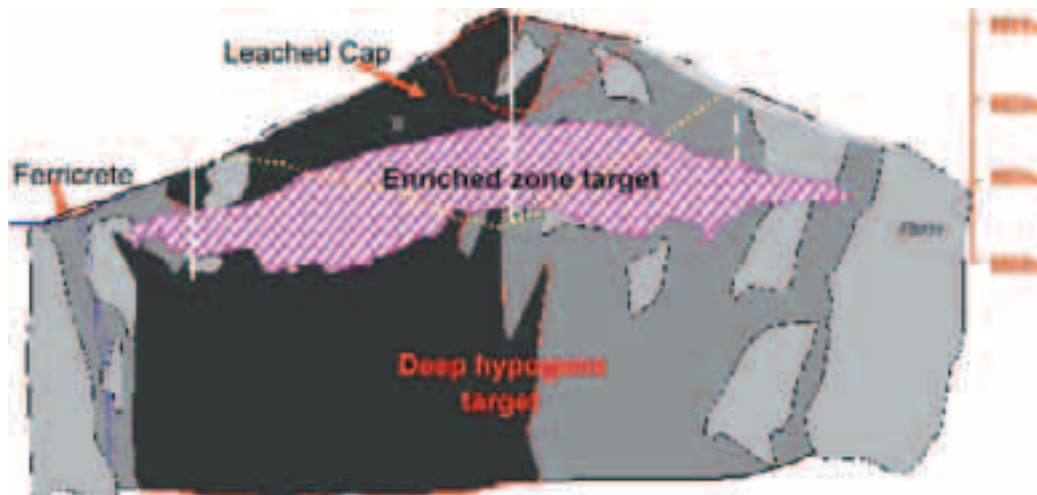




Fig 5: Cross section of Kadiica from the South



The shape of the altered zone reflects a northeast-striking structure evident by the alignment of granodiorite porphyries, and an inferred north-south oriented fault zone, which controls minor dykes and, in part, controls overprinting hypogene acid sulphate alteration, brecciation, and weak Pb-As-(Ag-Au) mineralisation. Stockwork alteration, containing 5-12% sulphide and quartz-(pyrite), pyrite-(quartz), and pyrite-magnetite-quartz veinlets with minor chalcopyrite and molybdenite, has fracture densities locally exceeding 40 per metre. Stockworks are most intense in, and on the southeast flanks of, the largest granodiorite porphyry. Metamorphic-hosted stockworks are characterised by magnetite + pyrite >> quartz, and are slightly enriched in Cu relative to their dacite- or granodiorite-hosted counterparts. K-felspar flooding and veining occurs locally, starting at about 180m depth beneath shallower assemblages of vuggy silica, quartz-alunite, and quartz-phyllsilicate altered rocks. The transition between the high-sulphidation and K-silicate alteration has not been documented in detail. High-sulphidation alteration consists of pervasive quartz (locally as vuggy silica) +/- alunite, pyrophyllite, diaspore, kaolinite and andalusite, and is pervasive above about 1550m elevation, in places clearly overprinting earlier quartz stockwork.

Brecciation occurs both in a volumetrically minor stage with quartz(-sulphide) cement, and a more extensive goethite-jarosite-cemented phase containing stockwork veined and silicified clasts in a groundmass of iron oxides and rock flour. The latter is interpreted as a late-stage “dry” event, involving rocks with high initial sulphide content. Supergene oxidation of this permeable, high-sulphide, and low-pH assemblage resulted in development of iron oxide-rock flour breccia cement unrelated to hydrothermal processes.

Kadiica shows classic, if asymmetric, porphyry geochemical zoning, probably related to progressive cooling and deposition of metals outward from, and downward upon, a single porphyry centre. A roughly bi-lobate north and northeast-elongated zone of high Cu-Mo roughly coincides with the largest granodiorite porphyry body and the zone of stronger stockwork veining in the northern portion of the altered zone. An overlapping Pb-As-(Ag-Au) zone is developed south of the Cu-Mo zone along the trace of the inferred north-south fault, peripheral to the granodiorite body and most intense stockwork veining.

The discrete Cu-Mo and Pb-As-(Ag-Au) zones partially transgress alteration boundaries. Deep oxidation and leaching obscures primary sulphide mineralogy, particularly that of Pb, As and Ag, and has extensively redistributed Cu to form a chalcocite-(covellite) enrichment blanket varying from 10 to 120m thick, containing 0.1% to >1% Cu.

An overlying leached cap up to 140m thick contains goethite+jarosite >> hematite. Supergene processes generated extensive ferricretes at Kadiica-Bukovik, evaluated historically as potential iron ore. Ferricretes, composed of altered volcanic and minor metamorphic clasts cemented by goethite and minor hematite, contain anomalous Cu and are developed in Quaternary gravels on

the west and southwest slopes of Bukovik. The iron within the ferricretes is thought to have been derived from primary iron sulphides higher on the mountain, which were oxidised, leached and re-deposited down-slope. The acid generated during this process could also have acted to promote supergene copper enrichment within the stockwork zone.

Peripheral hydrothermal mineralisation is confined to minor quartz-galena-sphalerite-pyrite veinlets with elevated Au and Ag, which occur in unaltered metamorphic rocks outside the southern margin of the stockwork zone. Peripheral parts of the stockwork zone comprise disseminated and veinlet pyrite-epidote-(magnetite), and contain  $Zn > Cu + Mo$ .

### 8.2.3 Historical Exploration

Geological mapping was undertaken in the Kadiica area in several phases over a long period of time, from 1840 to 1960.

In 1963 an aeromagnetic survey was flown over the eastern part of Macedonia which gave anomalous results for the magnetic field of the Bukovik area. The main source for the anomalies discovered are most likely the presence of rocks with generally high magnetic susceptibility in the area, but part of the anomalous signature is believed to relate to low-order magnetite mineralisation associated with the Kadiica-Bukovik porphyry system.

In 1965 limited exploration was carried out on relatively minor occurrences of lead and zinc in the area.

Between 1967 and 1975 the ferricrete deposits on the southwestern slopes of Bukovik mountain were investigated in detail by the State. An extensive shallow grid drilling programme was undertaken on the main targets, and this was supplemented by underground investigation, involving driving a number of adits, followed by geological mapping and sampling. Arising from this work, an in-situ resource was established in the C1 category, in accordance with the State estimation methodology, totalling approximately 8Mt @ 32% Fe. Metallurgical test work was also undertaken.

In 1984-1985 detailed geological exploration for copper was undertaken by the State in the locality of Bukovik and Kadiica. This included geological mapping, soil sampling and limited induced polarisation geophysical surveying. No follow-up drilling was carried out. Copies of data from this programme are held by Phelps Dodge and were examined by CSA.

### 8.2.4 Exploration by Phelps Dodge

As at Osogovo, Phelps Dodge in 2001-02 undertook detailed geological mapping and rock sampling at the Kadiica intrusive complex and surrounding area. In addition, a programme of stream sediment sampling and soil sampling was completed.

The stream sediment programme concentrated on the slopes and fringes of the main Bukovik-Kadiica mountain. A total of 40 samples was collected at approximately 500m intervals along the drainage network. The samples were dried and sieved in Bulgaria before being despatched to the American Assay Laboratories facility in Nevada for assay for a range of elements. Extensive copper (max. 324ppm) and more limited gold (max. 332ppb) anomalies were detected on the south and west of the mountain, with some molybdenum and zinc support.

A 100m x 50m soil sampling grid was also completed over the central part of the intrusive complex. Restricted anomalies were located for copper (max. 380ppm), gold (max. 267ppm) and for molybdenum, arsenic and lead. Rock grab sampling in the same area identified several samples with low order copper mineralisation, including a breccia boxwork exposure with visible hematite-chalcocite, and one sample with anomalous gold (105ppb).

The ferricrete deposits on the southern and western slopes of the mountain were also sampled to follow up earlier reports of visual identification of supergene copper minerals. 160 rock grab samples were collected and, while anomalous copper was detected, up to 880ppm Cu, no copper sulphide or oxide mineralisation was identified.

Phelps Dodge drilled eight vertical holes in 2002 to test for a large, open pittable, porphyry copper deposit at Kadiica. A hole through the ferricrete deposit failed to intersect any copper mineralisation, but a number of holes drilled through the main breccia stockwork zone did make copper intersections of interest.

Hole PDKC-1, sited within the main mapped breccia zone, near the hematite-chalcocite breccia boxwork, was drilled to a depth of 219.6m. It passed through a 110.3m leached cap into a mixed oxide/sulphide zone with low grade chalcocite-covellite mineralisation. From 132.4m to 153.4m the hole intersected a laminated and silicified dacite porphyry, stockworked in places, with more strongly developed pyrite, chalcocite and covellite. This 21.0m section assayed 0.77% Cu and occurred within a wider zone of 52.3m assaying 0.40% Cu (Table 3).

Hole PDKC-2 was sited approximately 600m to the north of the first hole, within the quartz-porphyry stockwork, but outside the mapped breccia zone. The hole, which was drilled to a final depth of 260.1m, passed through the leached cap to a depth of 139.0m, then through a mixed oxide/sulphide zone with minor chalcocite and covellite, into a less weathered supergene sulphide (primarily pyrite, chalcocite, covellite) stockwork zone comprising dacite breccia and tuffs/metasediments. From 144.0m to 260.1m, a 116.1m interval assayed 0.27% Cu, within which a 20.1m section assayed 0.44% Cu. The hole bottomed in stockwork with low order pyrite, molybdenite, chalcocite and covellite mineralisation and may not have tested the primary hypogene sulphide target.

Holes PDKC 4, 5, 7 and 8 were drilled respectively 850m northwest, 550m west, 850m north-northeast and 300m south of PDKC-1. All of these holes passed through leached zones near surface and into moderately to weakly stockworked intrusives or metasediments, generally containing low-order pyrite-chalcocite-covellite mineralisation in a defined supergene blanket. Some holes did not bottom out of the supergene zone. PDKC-5 also intersected gold traces, with assays up to 112ppb Au.

Drillhole No.	From (m)	To (m)	Interval (m)	Cu%
PDKC-1	110.3	162.5	52.3	0.40
Incl.	132.4	153.4	21.0	0.77
PDKC-2	144.0	260.1	116.1	0.27
Incl.	188.2	203.3	15.1	0.50
PDKC-8	105.0	130.0	25.0	0.16

*Table 3 – Selected intersections from the Kadiica drilling programme showing the degree of enrichment of the supergene blanket*

## 9. PHELPS DODGE DRILL CORE SAMPLING/ASSAYING METHODOLOGY

In general, diamond drill holes completed by Phelps Dodge at Osogovo and Kadiica were drilled at HQ diameter, with reduction to NQ diameter where conditions required it. All core for assay was split by diamond saw, generally in 5-10m intervals, and one half was returned to the core trays. The other half was transported to a sample preparation facility at the Bučim copper mine laboratory, where they were crushed and milled under the supervision of Phelps Dodge staff. Each sample was split in three, one part being sent to American Assay Laboratories (AAL), Inc. in Sparks, Nevada, USA, the second part was assayed at the Bučim assay laboratory and the third part was retained by Phelps Dodge for future sampling requirements. Blanks and duplicate samples were inserted to test the consistency of the laboratory assays.

At AAL multielement analysis of samples was undertaken by ICP methodology, with fire assay for gold only. At the Bučim laboratory check analyses were undertaken for copper only by Atomic Absorption Spectrometry.

The Phelps Dodge drill core was inspected during the CSA site visit to Macedonia and remains stored in good condition.

## 10. EXPLORATION PROGRAMME PROPOSED BY SIRIUS

Only limited exploration has been carried out to date by Phelps Dodge, however this suggests potential for the discovery of substantial hypogene, supergene and skarn-hosted copper deposits at both Osogovo and Kadiica. This is evident from the extensive zones of weakly mineralised stockwork development and the significant copper intersections encountered to date within widely spaced drill holes.

Sirius will target potentially open pittable copper resources and higher grade zones that can be economically exploited by underground bulk mining methods.

Several targets of significant interest have been identified on the two project areas.

### 10.1 Exploration Targets

The main exploration targets proposed for testing at Osogovo and Kadiica are:

- Hypogene porphyry copper mineralisation within the Osogovo complex.
- Copper (+lead-zinc) mineralisation within the skarn adjacent to the margin of the Red Ridge intrusion/stockwork complex at Osogovo, down-dip of the Sasa mine.
- Hypogene porphyry copper in the Kadiica stockwork zone.
- Supergene copper enrichment zone intersected in PDKC-2 and other holes at Kadiica.

### 10.2 Exploration Plan

Sirius proposes a programme that will fully test the above targets, primarily through diamond drilling, with some additional work to help define drilling targets, where required.

At Osogovo, a single line of ground magnetics will be considered in order to identify faulting and guide drilling for the main hypogene target. It is then planned to drill at least two holes to test the targets highlighted to date, including one 700-800m hole to test the potential for hypogene sulphides at depth.

At Kadiica, a detailed magnetic survey will be undertaken in order to outline the extent of the intrusive breccia and to assist in mapping the hydrothermal alteration envelope around the intrusive. The results of this survey will be used to re-define targets and guide subsequent drilling, with particular emphasis on the undrilled area north and east of hole PDKC-2. A total of approximately 1,200m of drilling is anticipated in the initial phase.

Follow-on programmes will be guided by the success of the first programme phase.

## 11. ENVIRONMENTAL CONSIDERATIONS

Both project areas are located in prominent mountain ranges which are largely covered by state-owned forests. During exploration to date, Phelps Dodge is understood to have encountered no significant environmental problems. The exploration work undertaken has been relatively low-key, with the main environmental impact being the requirement for preparation of dirt tracks for drill access and the extraction from local streams of small quantities of water for drilling. Any issues relating to dirt track preparation and associated tree felling has been agreed directly with the state forestry organisation. Exploration to be undertaken by Sirius during the currently planned phase one programme at Osogovo and Kadiica is also expected to have a similarly minor environmental impact. Under the terms of the Law for Mineral Resources, March 1999 (Article 26), all geological exploration programmes are required to include provision for protection of the environment.

With a view to possible future mining operations, it should be borne in mind that Osogovo is already a significant mining area, due to the operation of the Sasa and Toranitza lead-zinc mines. Neither is currently operating and there is high unemployment in the area as a result. The local population would therefore be very supportive of any new mining development that promised to improve employment prospects in the region.

Part of any new mining development at Osogovo would require a careful baseline survey to avoid any liability for the environmental impact of the pre-existing mining operations in the area. A new mining operation at either Osogovo or Kadiica would require the completion of a full environmental impact study and compliance with the requirements of various Macedonian state authorities.

## 12. SUMMARY AND CONCLUSIONS

- Phelps Dodge holds two exploration permits in northeast Macedonia covering targets with the potential to host large porphyry-type copper (+ molybdenum) deposits.
- Focusing of expenditure by Phelps Dodge on a limited number of targets worldwide has led to the decision to joint venture the two properties with Sirius, with provision for a buy-back if subsequent exploration by Sirius proves up a 2Mt+ copper deposit in either area.
- The two targets, at Osogovo and Kadiica, are related to Tertiary intrusive complexes forming part of the Serbo-Macedonian Massif. Other large-scale copper porphyry deposits occur within similar rocks in the region, in Hungary, Romania, Bulgaria and Greece.
- Within Macedonia, the Bušim open pit porphyry copper mine, located just 30km southwest of Kadiica, is reported to produce 4Mt of ore per year, grading 0.3% Cu, 0.3g/t Au.
- Adjoining the Osogovo target, the Sasa/Toranitza zinc-lead-silver skarn deposits have been mined by underground methods until recent times. The mineralised skarns are associated with the same porphyritic intrusive complex that represents the source of the stockwork copper mineralisation being targeted by Sirius.
- Exploration by Phelps Dodge in both target areas has confirmed the presence of significant Tertiary (Neocene) multi-phase intrusive porphyries with associated brecciation & extensive stockwork development in country rocks.
- Drilling by Phelps Dodge has shown stockworks to be host to Cu (+Mo) mineralisation, similar in style to other major porphyry deposits in the region and further afield.
- At Osogovo two targets have been recognised – hypogene porphyry copper mineralisation within the Osogovo complex and copper (+lead-zinc) mineralisation within the skarn adjacent to the margin of the Red Ridge intrusion/stockwork complex at Osogovo, down-dip of the Sasa mine. Nearby drilling has intersected 16.4m @1.7% Cu within this target zone.
- At Kadiica, exploration will be aimed at delineating the zone of brecciation and at mapping the hydrothermal alteration around the intrusive. Follow-up drilling will focus on the hypogene and supergene copper potential, indicated by recent drill intersections within the supergene zone – up to 21.0m @ 0.77% Cu and 15.1m @ 0.50% Cu in holes 600m apart.

In the opinion of CSA the target concept and exploration programme proposed by Sirius is merited, with considerable evidence of the potential for the discovery of economic copper (+/- molybdenum) deposits in Macedonia. This opinion is backed by the occurrence of substantial copper (+/- gold) deposits in the region and evidence from the exploration programmes undertaken to date.



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#### **Kadiica supergene copper blanket**

*The following technical note is prepared at the request of the directors of Sirius Exploration as a supplement to the Competent Person's Report completed recently by The CSA Group on Macedonian mineral exploration projects at Osogovo and Kadiica. This note is intended for use by*

<i>Hole No.</i>	<i>From (m)</i>	<i>To (m)</i>	<i>Interval (m)</i>	<i>Cu %</i>
PDKC-1	110.3	162.5	52.3	0.40
incl.	132.4	153.4	21.0	0.77
PDKC-2	144.0	260.1	116.1	0.27
Incl.	188.2	203.3	15.1	0.50
PDKC-7	137.5	147.5	10.0	0.16
PDKC-8	105.0	130.0	25.0	0.16

As stated above, the spacing between holes is large, however there is no reason to suspect that the supergene zone is not continuous between the holes drilled and, indeed, it is reasonable to assume that the mineralisation will extend some distance beyond the current holes. A north-south fault is interpreted to the east of the drilled area and this may influence the relatively thinner and lower-grade interval seen in hole PDKC-7.

Taking a reasonably conservative extension of 100m beyond the four main drillholes, an average interval width of 50.9m and a specific gravity of 2.75, the following potential tonnage of supergene mineralisation could be present at Kadiica:

$$1,100\text{m} \times 400\text{m} \times 50.9\text{m} \times 2.75 = \sim 62\text{Mt.}$$

There is ample scope for significant additions to this tonnage in virtually all directions – in particular, the highest grade zone in hole PDKC-1 is unconstrained to the east, subject to any impact related to the north-south fault inferred in that direction. A resource of up to 100Mt (or more) is not considered an unreasonable target.

In order to prove up such a resource to bankable level, a substantial programme of drilling will be required to define the boundaries of the supergene blanket and to delineate within this a resource of economic tonnage and grade.



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Project Manager  
CSA Group Ltd.

## TECHNICAL GLOSSARY

adit	A horizontal or sub horizontal tunnel in the side of a hill used to access ore.
aeromagnetic survey	A survey of the earth's magnetic field carried out from a helicopter or aeroplane.
albite schist	A coarse grained metamorphic rock with albite feldspar.
aleurolite alluvial	Descriptive of sediments which have been deposited by rivers or streams.
Alpine orogeny	Descriptive of a major period of tectonism that occurred in phases through Cretaceous to mid-Tertiary.
alunite	An aluminium/potassium sulphate mineral found in volcanic rocks subject to alteration by solutions containing sulphuric acid.
alunite amphibole	A group of inosilicate minerals, similar to pyroxene.
amphibolite	Metamorphosed basic rock, typically black or dark green in colour, composed predominantly of amphibole minerals such as hornblende or actinolite.
andalusite	An aluminium silicate mineral ( $\text{Al}_2\text{SiO}_5$ ) found in aluminium-rich rocks metamorphosed at low pressure and high temperature, for example in contact metamorphic aureoles.
andesite	A volcanic rock occurring in both modern island arcs and ancient volcanic belts with 52 per cent. to 66 per cent. silica.
aphyric	Finely crystalline – lacking in phenocrysts.
aplite	A fine-grained acid igneous rock with a characteristic texture.
argillisation	An alteration process resulting in the formation of a fine, clay-like rock.
aureole	Area of alteration around an igneous intrusive body.
basalt	A fine-grained volcanic rock with low silica content.
bi-lobate	Containing two branches or lobes.
biotite	A brown-coloured iron rich mica.
bornite	A copper-iron sulphide mineral, $\text{Cu}_5\text{FeS}_4$ , often found in copper ores.
boxwork	Intersecting sets of veins or fractures that give the rock a box-like appearance.
breccia	Rock fragmented into angular components.
calc-alkaline	Igneous rocks in which the dominant feldspar mineral is calcium-rich.
Cambrian	Referring to the period in Earth's history between 544 and 510 million years ago.
chalcocite	A copper sulphide mineral, $\text{Cu}_2\text{S}$ , found in zones of secondary enrichment of copper ores.
chalcopyrite	A copper-iron sulphide mineral, $\text{CuFeS}_2$ , often found in copper ores.
chlorite	Dark green, platy, hydrous silicate mineral related to mica.
chloritisation	The hydrothermal alteration of ferro-magnesian minerals to chlorite.
clast	Fragment of pre-existing rock within a younger rock.
conglomerate	Sedimentary rock formed by the cementing together of water-rounded pebbles.

copper porphyry	A copper-bearing mineral deposit associated with porphyritic intrusives, usually of disseminated or stockwork style.
covellite	A copper sulphide mineral, CuS, found in zones of secondary enrichment of copper ores.
Cretaceous	A geologic age occurring from 135 to 65 million years ago.
dacite	Fine grained to glassy acid volcanic rock.
diamond drilling	Drilling method which obtains a cylindrical core of rock by drilling with an annular bit set with diamonds.
diaspore	Aluminium mineral occurring as a late hydrothermal alteration product of other aluminous minerals.
diorite	A coarse-grained plutonic intermediate igneous rock consisting of intermediate plagioclase feldspar and ferromagnesian minerals.
dolerite	A dark coloured fine- to medium-grained mafic intrusive rock composed of plagioclase feldspar and pyroxene.
dolomite	Calcium-magnesium carbonate mineral, (CaMg)CO <sub>3</sub> , or a rock composed largely of the mineral dolomite.
dyke	A tabular intrusive rock cross-cutting the host strata at a high angle.
Eocene	An epoch of the Tertiary period between the Palaeocene and Oligocene epochs.
epidote	A green silicate mineral usually occurring in metamorphosed rocks.
epidotisation	Hydrothermal alteration leading to the formation of epidote.
facies	The aspects of a rock unit reflecting the conditions of its origin.
feldspar	A group of silicate minerals (potassium feldspar, KAlSi <sub>3</sub> O <sub>8</sub> ; albite, NaAlSi <sub>3</sub> O <sub>8</sub> ; anorthite, CaAl <sub>2</sub> Si <sub>2</sub> O <sub>8</sub> ), which are the main components of acid, intermediate and basic igneous rocks.
ferricrete	A hard, cemented, iron-rich horizon often developed within lateritic soils.
flour	Very finely ground or comminuted rock material.
foliation	A planar arrangement of textural or structural features in any type of rock.
flysch	Marine sediments derived from Alpine uplift and erosion.
g/t	Grams per tonne (same as ppm – parts per million).
gabbro	A coarse grained mafic intrusive rock composed of pyroxene and plagioclase, similar in composition to dolerite.
galena	Lead sulphide mineral, PbS.
gneiss	Metamorphic rock, often of granitic origin.
goethite	A hydrated iron oxide mineral that is the principal component of limonite.
granitic	A field term for a coarse grained rock visually resembling granite.
granitoid	A field term for a coarse grained felsic rock resembling granite.
granodiorite	A coarse-grained acid igneous rock, of similar appearance to granite, but with less silica and more ferro-magnesian minerals.

greenschist	Low to moderate temperature metamorphic mineral assemblage which typically includes green minerals e.g. chlorite.
hematite	A mineral composed of ferric iron oxide.
heterogeneous	Composed of various different materials.
HQ/NQ	Referring to diameter of drill core.
hydrothermal	Descriptive of hot magmatic emanations rich in water.
hypabyssal	A term applied to intrusive igneous rocks that have crystallised under conditions intermediate between plutonic and volcanic.
hypogene	Mineral deposits formed by ascending solutions.
I.C.P. analysis	An analytical method that provides total elemental analysis of materials in aqueous solution.
igneous	Applied to rocks that have solidified from a molten state.
intrusive	A body of igneous rock that invades older rocks.
jarosite	A potassium/iron sulphate mineral typically formed as crusts or coatings on ferruginous ores.
Jurassic	Period of Earth's history from 140 to 210 million years ago
kaolinite	A clay mineral resulting from the breakdown of feldspars in a granitic body.
kaolinisation	A hydrothermal process resulting in the production of the clay mineral kaolin from feldspars in a granitic body.
keratophyre	Spilitic lavas of acidic composition.
latite	A volcanic rock intermediate in character between trachyte and andesite.
leaching	The dissolving, by a liquid solvent, of soluble material from its mixture with an insoluble solid; dissolving soluble minerals or metals out of the ore.
lenticular	A geologic body which is thick in the middle and thin towards the edge.
leucocratic	A light coloured rock.
limonite	A general term for a group of orange or brown, amorphous, naturally occurring hydrous iron-oxide minerals.
lithology	A synonym for rock-type.
Ma	Million years ago
magmatic	Of molten or semi-molten igneous rock.
magnetic survey	A geophysical technique which measures variations in the Earth's magnetic field caused by variations in rock type or geological structures.
magnetite	A magnetic iron oxide, $\text{Fe}_3\text{O}_4$ .
marble	A crystalline metamorphic rock composed largely of carbonate minerals.
metamorphic	Of rocks that have been subjected to heat and pressure at depth in the Earth's crust.
metamorphic aureole	The zone around an igneous mass within which metamorphic changes, mainly thermal effects, have occurred.
metasediment	A metamorphosed sediment.
mica	A platy, flexible mineral which is a common constituent of igneous and metamorphic rocks.

migmatite	Rock formed by partial melting of a pre-existing rock.
Miocene	The epoch of the Tertiary period between the Oligocene and the Pliocene epochs.
molybdenite	A molybdenum ore mineral, $\text{MoS}_2$ .
monzonite	A coarse-grained igneous rock ranging from acid to basic containing approximately equal amounts of alkali and calc-alkali felspar minerals.
Mt	million tonnes
mylonitization	Alteration of rock to a fine-grained strongly foliated rock formed by intense brecciation during dynamic metamorphism.
Neogene	The name given to the Miocene and Pliocene periods of the Tertiary, when grouped together.
Oligocene	An epoch of the Tertiary period between the Eocene and Miocene epochs.
ophiolite	Basic and ultrabasic lavas and minor intrusions associated with the infilling of a geosyncline.
Palaeogene	The name given to the Eocene and Oligocene periods of the Tertiary when grouped together.
Palaeozoic	Epoch of Earth's history from 300 to 600 million years ago.
pegmatite	Very coarse-grained igneous rock which commonly occurs as dykes in granite intrusions.
peridotite	A class of ultrabasic rocks consisting predominantly of olivine with or without other ferromagnesian minerals.
Permian	Period of Earth's history from 225 to 280 million years ago.
petrography	The study of rocks under a microscope.
phyllite	A metamorphic rock similar to, but coarser grained than, slate and with a silky sheen on cleavage surface.
phyllosilicates	Sheet silicate minerals, including micas.
Pliocene	A geological age from 5.2 to 1.6 million years ago.
plutonic	Describing a large body of igneous rock formed beneath the earth's surface.
polymetallic	Containing several metals.
porphyry	A rock with conspicuous crystals in a fine-grained groundmass.
potassic	Descriptive of alteration of rocks through the introduction of potassium.
ppb	Parts per billion (1000 million).
ppm	Parts per million (the same as grams per tonne g/t).
Precambrian	Referring to the period in Earth's history before 570 million years ago.
propylitisation	The hydrothermal alteration of a fine-grained igneous rock, especially andesite, to a mass of secondary minerals, such as quartz, carbonate, epidote, chlorite and sericite.
pyrite	Iron sulphide mineral, $\text{FeS}_2$ .
pyrophyllite	A fibrous or lamellar aluminium silicate mineral, similar to talc.
quartz	A mineral composed of silicon dioxide, $\text{SiO}_2$ .



quartzite	A silica rich metamorphic rock formed from sandstone.
Quaternary	The period in the Earth's history between 1.8 million years age and the present, including the glacial and postglacial periods.
redox	Oxidation/reduction reaction occurring in the weathering zone along the water table.
rhyolite	Fine grained extrusive acid igneous rock.
Riphean	A sub-stage of the Precambrian, from 1400 to 800 million years ago.
sandstone	A sedimentary rock composed essentially of sand-sized quartz grains.
schist	A metamorphic rock with a platy or foliated texture.
schistose	A rock texture consisting of a layered arrangement of platy minerals.
sericite	A fine grained white micaceous mineral with a composition similar to muscovite, often the product of alteration processes.
shale	A fine-grained laminated sediment.
sheeting	Referring to the occurrence of a series of parallel veins.
silica	Silicon dioxide, of which the mineral quartz is one form.
sill	A tabular sheet of intrusive rock which is parallel to the planar structure in the surrounding rock.
skarn	Metamorphosed rock resulting from the hydrothermal interaction of hot silicate magmas and cooler lime bearing sedimentary rocks.
sphalerite	Zinc sulphide mineral, ZnS.
spilite	Basaltic rock type, often formed as pillow lavas on the ocean floor.
stockwork	A large-scale ramifying series of fissures filled with mineralized material.
stringer	A narrow vein or irregular filament of mineral traversing rock mass of different composition.
subvolcanic	A term applied to intrusive igneous rocks that have crystallised just below volcanic level.
sulphide	A metallic compound of sulphur.
supergene	Descriptive of a mineral deposit, weathering or alteration formed by descending solutions.
tectonic	Of, pertaining to, or designating the rock structure and external forms resulting from the deformation of the earth's crust.
Tertiary	Period of Earth's history from 65 to 2.8 million years ago.
trachyte	An extrusive volcanic rock of intermediate composition.
trachyandesite	A volcanic rock intermediate in character between trachyte and andesite.
Triassic	A geologic age occurring from 225 to 195 million years ago.
tuff	A fine-grained fragmental rock formed from deposits of volcanic detritus.
veinlet	A small mineral-filled fracture or fault in a rock.
vuggy	A rock containing cavities with a lining of crystalline minerals
xenolith	Inclusions of rock fragments that are foreign to the igneous rock in which they occur.

## PART VI

### Terms of the Warrants

The Warrants are constituted by and are subject to a Warrant Instrument. The terms and conditions of any warrant certificate issued pursuant to the Warrant Instrument are set out below, together with certain definitions from the Warrant Instrument.

“Business Day”	means a day (excluding a Saturday, Sunday or a public holiday) on which the clearing banks are open for normal business in the City of London;
“Certificate”	means a certificate in the form set out in Schedule 1 to the Instrument;
“Certificated Warrant”	means any Warrant which, as at the relevant date is held in certificated form;
“Conditions”	means the terms and conditions of the warrants as set out in Schedule 2 to the Instrument;
“Directors”	means the board of directors of the Company for the time being;
“Final Exercise Date”	means 3pm on the date which is the first anniversary of the date of Admission;
“Instrument”	means the warrant instrument constituting the Warrants;
“Notice of Exercise”	means as defined in Condition 1.2 below;
“Ordinary Share(s)”	means ordinary share(s) of 0.25 pence each in the capital of the Company;
“Register”	means the register of persons for the time being entitled to the benefit of the Warrants to be maintained pursuant to the provisions of Condition 10.1 below;
“Subscription Period”	means the period from Admission to the Final Exercise Date;
“Subscription Price”	means 5 pence per Ordinary Share;
“Subscription Rights”	means the right to subscribe for Ordinary Shares conferred by the Warrants;
“Uncertificated Warrant”	means any Warrant which, as at the relevant date, is not held in certificated form;
“Warrantholder”	means a registered holder for the time being of Warrants; and
“Warrants”	means the warrants constituted by the Instrument.

## TERMS AND CONDITIONS OF THE WARRANTS

### 1. Subscription Rights and Procedures

1.1 A Warrantholder shall have Subscription Rights to subscribe for the number of Ordinary Shares set out in the Certificate by making payment in cash for all or such number of Ordinary Shares as it shall specify and for which its holding of Warrants shall entitle it so to subscribe at the Subscription Price (subject to adjustments as provided in Condition 2 below) at any time within the Subscription Period. The Subscription Rights will not be exercisable in respect of a fraction of a share. The Subscription Price shall be payable in full on exercise of the Warrant on any day prior to the Final Exercise Date provided always that if the same shall not be a Business Day then the Final Exercise Date shall be the next Business Day to occur.

1.2 In order to exercise its Subscription Rights in whole or in part a Warrantholder must:

1.2.1 in the case of Certificated Warrants, lodge at the registrars for the time being of the Company its Certificate, having completed the notice of exercise thereon and specifying the number of Ordinary Shares in respect of which the Subscription Rights are exercised or if no number of Ordinary Shares is inserted but the notice is otherwise duly complete, the notice will be deemed to relate to the number of Ordinary Shares which the amount paid to the Company by such Warrantholder will entitle the Warrantholder(s) to subscribe (“Notice of Exercise”) in the form of the draft set out in Schedule 1 to the Instrument, accompanied by a remittance for the aggregate Subscription Price for the Ordinary Shares in respect of which the Subscription Rights are exercised (by transferring to the bank account notified to it by the Company) provided that any one Notice of Exercise must relate to at least 500 Warrants or, if less, the outstanding amount of the Warrants held by the Warrantholder. Once lodged, a Notice of Exercise shall be irrevocable save with the consent of the directors of the Company. The Warrantholder must also comply with any statutory requirements for the time being applicable. A Notice of Exercise which is completed and lodged otherwise than in accordance with this Condition shall be of no effect.

1.2.2 in the case of Uncertificated Warrants, arrange for the payment to the Company of the aggregate Subscription Price in respect of which Subscription Rights are exercised (by transfer to the bank account notified to it by the Company) and send to the Company or such person as the Company may require (including, without limitation), the Registrars or any sponsoring system-participant acting on behalf of the Company or the Registrars) a properly authenticated dematerialised instruction:

- (i) in the form from time to time prescribed by the Directors and having the effect determined by the Directors from time to time; and
- (ii) which is addressed to the Company, is attributable to the system-member who is the registered holder of the Warrants and identifies (in accordance with the form prescribed by the Directors as aforesaid) the Warrants in respect of which the subscription rights are to be exercised;

provided always that:

- (iii) the Directors may in their discretion permit the holder of any Uncertificated Warrants to exercise his subscription rights by some other means (including if the Company or any sponsoring system participant acting on behalf of the Company is unable at any time and for any reason to receive properly authenticated dematerialised instructions);
- (iv) the Directors may in their discretion require, in addition to the receipt of a properly authenticated dematerialised instruction as referred to above, the holder of any Uncertificated Warrants to complete and deliver to the Company (or its Registrars) on or within 14 days prior to the relevant Subscription Date (as defined below) a notice in such form as may from time to time be prescribed by the Directors;

- (v) the Directors may in their discretion determine when any such properly authenticated dematerialised instruction and/or other instruction or notification is to be treated as received by the Company or by such other person as it may require for these purposes; and
- (vi) for the avoidance of doubt, the form of the properly authenticated dematerialised instruction as referred to above may be such as to divest the holder of the Warrants concerned of the power to transfer such Warrants to another person.

All notices, instructions and any other steps required by this Condition 1.2.2 shall be subject always to the facilities and requirements of the relevant system concerned.

- 1.3 Ordinary Shares issued pursuant to the exercise of Subscription Rights will be allotted not later than 14 days after the lodging of the relevant Notice of Exercise (in the case of Certificated Warrants) or the properly authenticated dematerialised instruction referred to in Condition 1.2.2 above (in the case of Uncertificated Warrants) and payment of the aggregate Subscription Price (the "Subscription Date") and certificates in respect of such Ordinary Shares will be issued free of charge not later than 14 days after the Subscription Date to the Warrantholder in whose name the Warrants are registered at the Subscription Date. In the event of a partial exercise of the Subscription Rights comprised in the Warrants the Company shall, in the case of Certificated Warrants, at the time of issue of share certificates issue free of charge a fresh Certificate in the name of the Warrantholder for any balance of his Subscription Rights remaining exercisable.
- 1.4 Ordinary Shares allotted pursuant to the exercise of the Subscription Rights will rank for all dividends or other distributions declared after the date of allotment of such shares but not before such date and otherwise pari passu in all respects with the Ordinary Shares in issue on the date of such exercise.
- 1.5 Any Subscription Rights not exercised prior to 3.00 p.m. on the Final Exercise Date shall lapse.

## **2. Adjustment of Subscription Rights**

- 2.1 The Subscription Rights will be subject to adjustment as follows:

- (a) upon any allotment of fully paid Ordinary Shares by way of capitalisation of profits or reserves (other than Ordinary Shares paid up out of distributable reserves and issued in lieu of a cash dividend) or a bonus issue to holders of the Ordinary Shares on the register on a date prior to the Final Exercise Date, the number and/or nominal value of Ordinary Shares to be subscribed for on any subsequent exercise of the Subscription Rights will be increased and/or the Subscription Price reduced in due proportion with effect from the record date of such capitalisation or bonus issue;
- (b) if prior to the Final Exercise Date the Company should sub-divide or consolidate its ordinary share capital then the number and/or nominal value of Ordinary Shares to be subscribed for on any subsequent exercise of the Subscription Rights and/or the Subscription Price shall be reduced or increased (as appropriate) in due proportion with effect from the record date for such sub-division or consolidation.

- 2.2 Upon the occurrence of an event referred to in Condition 2.1 above, the Company shall request the auditors of the Company from time to time acting as experts to determine such adjustment to the number and/or nominal value of Ordinary Shares to be subscribed on exercise of the Subscription Rights and/or the Subscription Price as is fair and reasonable in accordance with Condition 2.1 above and within 14 days thereafter the Company shall give notice of such adjustments to the Warrantholders together with, in the case of holders of Certificated Warrants, a new warrant certificate in respect of any additional Ordinary Shares for which that Warrantholder is entitled to subscribe (if any) in consequence of such adjustments. The amount of any such adjustments as certified by the auditors shall, in the absence of manifest error, be final and binding on the Company and the Warrantholders.

- 2.3 Notwithstanding anything to the contrary contained in this instrument, no adjustment shall be made pursuant to this Condition 2 which would result in the issue by the Company of a fraction of an Ordinary Share and no adjustments shall be made pursuant to this Condition 2 if, as a consequence, the Subscription Price would be less than the nominal value of an Ordinary Share.
- 2.4 Warrantholders will be given notice in writing of all adjustments. No adjustment will be made to the Subscription Price if such adjustment would be less than one per cent of the Subscription Price then in force and on any adjustment by reason of consolidation or division the adjusted Subscription Price will be rounded down to the nearest one penny. Any adjustment not so made and any amount by which the Subscription Price is rounded down will be carried forward and taken into account in any subsequent adjustment.

### **3. Stock Exchange Dealings**

Provided that at the time of issue of Ordinary Shares pursuant to the exercise of Warrants, the Ordinary Shares (or any of them) are quoted on the Official List of the United Kingdom Listing Authority or are traded on AIM or permission has been granted for dealings therein on any other recognised investment exchange in any part of the world, the Company will not later than 7 days after the issue of such Ordinary Shares apply to such body for permission to deal in or for quotation of Ordinary Shares pursuant to the exercise of the Warrants (as the case may be) and shall use its best endeavours to secure such permission or quotation.

### **4. Winding Up**

If an order is made or an effective resolution is passed on or before the Final Exercise Date for the voluntary winding up of the Company (except for the purpose of reconstruction or amalgamation, in which case the Company will procure that each Warrantholder is granted by the reconstructed or amalgamated company a substituted warrant of a value equivalent to the value of his Warrants immediately prior to such reconstruction or amalgamation in substitution, as the Warrantholder(s) acknowledge(s) for and to the exclusion of his Warrants) each Warrantholder will be entitled for the purpose of ascertaining his rights in the winding up to be treated as if he had immediately before the date of the passing of the resolution fully exercised his rights to acquire Ordinary Shares pursuant to his Warrants and in that event he shall be entitled to receive out of the assets available in the liquidation *pari passu* with the holders of the Ordinary Shares such a sum as he would have received had he been the holder of all such Ordinary Shares to which he would have become entitled by virtue of such exercise after deducting a sum equal to the aggregate Subscription Price which would have been payable in respect of such exercise. The rights of the Warrantholders under this Condition 4 shall be calculated by the auditors of the Company for the time being whose determination shall (save in the case of manifest error) bind the Company and the Warrantholders. Subject to this condition the Warrants shall lapse on liquidation of the Company.

### **5. Variation of Rights**

- 5.1 All or any of the rights for the time being attached to the Warrants may from time to time (whether or not the Company is being wound up) be altered or abrogated with the consent in writing of the Company and with either the consent in writing of any or all Warrantholders entitled to subscribe for not less than 75 per cent. of the Ordinary Shares which are subject to outstanding Warrants or with the sanction of an Extraordinary Resolution of the Warrantholders. All the provisions of the Articles of Association of the Company as to general meetings of the Company shall *mutatis mutandis* apply to any separate meeting of the Warrantholders as though the Warrants were a class of shares forming part of the capital of Company and as if such provisions were expressly set out in *extenso* herein but so that:
- 5.1.1 the necessary quorum shall be the Warrantholders (present in person or by proxy) entitled to subscribe for one-third in nominal amount of the Ordinary Shares subject to outstanding Warrants;
- 5.1.2 every Warrantholder present in person at any such meeting shall be entitled on a show of hands to one vote and on a poll every Warrantholder present in person or by proxy at any such meeting shall be entitled to one vote for every Ordinary Share for which he is entitled to subscribe pursuant to the Warrants;

- 5.1.3 any Warrantholder or Warrantholders holding 10 per cent or more of the aggregate outstanding Warrants present in person or by proxy may demand or join in demanding a poll;
  - 5.1.4 if at any adjourned meeting a quorum as above defined is not present those holders of outstanding Warrants who are then present in person or by proxy shall be a quorum.
- 5.2 “Extraordinary Resolution” for the purposes of this Condition 5 means a resolution proposed at a meeting of the Warrantholders duly convened and held and passed by a majority consisting of not less than 75 per cent of the votes cast, whether on a show of hands or on a poll.
- 6 Death or Bankruptcy**
- 6.1 The executors or administrators of a deceased Warrantholder (not being one of two or more joint Warrantholders) and in the case of the death of one or more of several joint Warrantholders the survivor or survivors of such joint Warrantholders shall be the only persons recognised by the Company as having any title to or interest in the Warrants of such deceased Warrantholder.
  - 6.2 Any person becoming entitled to Warrants in consequence of death or bankruptcy of a holder of such Warrants or of any other event giving rise to the transmission of such Warrants by operation of law may upon producing such evidence of his entitlement as the Company shall think sufficient be registered himself as the holder of such Warrants.
  - 6.3 Any person becoming entitled to Warrants in consequence of death or bankruptcy of a Warrantholder shall be entitled to receive and may give a good discharge of any monies payable in respect thereof but shall not be entitled to receive notices of or to attend or vote at meetings of the Warrantholders or (save as aforesaid) to any of the rights or privileges of a Warrantholder until he shall have become a holder of the Warrants.
- 7 Lost or Destroyed Certificates**
- 7.1 If any Certificate is worn out or defaced then upon production of such certificate to the Directors of the Company they may cancel the same and may issue a new certificate in lieu thereof. If any such certificate be lost or destroyed then upon proof thereof to the reasonable satisfaction of the Directors (or in default of proof, on such indemnity as the directors of the Company may deem adequate, being given) a new Certificate in lieu thereof may be given to the persons entitled to such lost or destroyed Certificate free of charge (save as regards any payment pursuant to any such indemnity).
  - 7.2 An entry as to the issue of the new Certificate and indemnity (if any) shall be made in the Register.
- 8 Notices**
- 8.1 Any notice or other document (including a Certificate) may be given personally or sent to any Warrantholder by sending the same by post in a pre-paid envelope addressed to such Warrantholder to his registered address in the United Kingdom or (if he has no registered address within the United Kingdom) to the address (if any) in the United Kingdom supplied by him to the Company for the giving of notice to it.
  - 8.2 In the case of joint holders a notice given to the Warrantholder whose name stands first in the Register in respect of such Warrants shall be sufficient notice to all joint holders.
  - 8.3 Notice may be given to the persons entitled to any Warrant in consequence of the death or bankruptcy of any Warrantholder by sending the same by post in a pre-paid envelope addressed to them or the representative or trustee of such holder at the address (if any) in the United Kingdom supplied for the purpose by such person or (until such address is supplied) by giving notice in the manner in which it could have been given if the death or bankruptcy had not occurred.



- 8.4 Any notice required to be given to the Company hereunder may be given either personally or by sending it by post to the registered office of the Company.
- 8.5 Any notice given or document sent by post shall be deemed to be served or received at the expiration of twenty-four hours or, where second class mail is employed, forty-eight hours after the time when it is posted. In proving such service or receipt it shall be sufficient to prove that the envelope containing the notice or document was properly addressed, stamped and posted.
- 8.6 Any Warrantholder described in the Register by an address not within the United Kingdom who shall from time to time give to the Company an address within the United Kingdom at which any notice may be served upon him shall be entitled to have notice served on him at such address. Save as aforesaid no Warrantholder other than the Warrantholder described in the Register by an address within the United Kingdom shall be entitled to receive any notice.
- 8.7 Any person who by operation of law, transmission or other means whatsoever shall become entitled to any Warrant shall be bound by every notice in respect of such Warrant which prior to his name and address being entered on the Register shall be duly given to the person from whom he derives his title to such Warrant.

## 9. Other Provisions

So long as any Subscription Rights remain exercisable:

- 9.1 The Company shall not:
- 9.1.1 (other than Ordinary Shares paid out of distributable reserves and issued in lieu of a cash dividend) issue securities by way of capitalisation of profits or reserves except fully paid Ordinary Shares issued to the holders of its Ordinary Shares; or
  - 9.1.2 during (or, as at a record date falling within) the period of six weeks ending on the Final Exercise Date make any offer or invitation to holders of Ordinary Shares for subscription or purchase by way of right (unless the Warrantholders are entitled to participate in any such offers on the same terms as any other participant as if they were holders of Ordinary Shares having exercised the Subscription Rights in full and as if the Ordinary Shares issued pursuant to such exercise had been issued immediately prior to the date or record date of the relevant issue or offer as may be made by a third party).
- 9.2 The Company shall not prior to the Final Exercise Date in any way modify the rights attached to its existing Ordinary Shares as a class, or create any new class of shares except for shares which carry, as compared with the existing Ordinary Shares, no greater rights as regards voting, dividend or capital provided that nothing herein shall restrict the right of the Company to increase or to consolidate or sub-divide its share capital.
- 9.3 The Company shall not issue any Ordinary Shares credited as fully paid by way of capitalisation of profits or reserves nor make any offer to holders of Ordinary Shares for subscription or purchase by way of right if as a result the Company would on any subsequent exercise of the Subscription Rights be obliged to issue Ordinary Shares at a discount.
- 9.4 (Save as set out in Condition 9.1 above, the Company shall not (except with the sanction of an Extraordinary Resolution of the Warrantholders or except by the redemption of redeemable shares) reduce its share capital or (except as authorised by sections 130-134 (inclusive) or section 170 of the Act) any share premium account or capital redemption reserve fund **PROVIDED THAT** nothing herein shall prevent the Company from purchasing any of its shares for the time being in issue on such terms as it may think expedient nor require the sanction of an Extraordinary Resolution of the Warrantholders for any such purchase.
- 9.5 The Company shall keep available for issue sufficient authorised but unissued share capital to satisfy in full all Subscription Rights remaining exercisable.

- 9.6 If at any time whilst the Subscription Rights remain capable of being exercised an offer or invitation is made to all holders of Ordinary Shares (or all such shareholders other than the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror) to acquire the whole or any part of the issued Ordinary Shares and the Company becomes aware that as a result of such offer or invitation the right to cast a majority of votes which may ordinarily be cast at a general meeting of the Company has become vested in the offeror and/or such persons or companies as aforesaid, the Company shall, so far as it is able, procure that a like offer or invitation is made or extended at the same time to each Warrantholder as if the Warrants had been exercised in full and as if the Ordinary Shares issued pursuant to such exercise had been issued immediately prior to the record date for such an offer or invitation.
- 9.7 The Company shall send to the Warrantholders a copy of every document sent to the holders of its Ordinary Shares at the same time as it is sent to such holders.

## **10. Transfer**

- 10.1 The Company shall maintain a register of Warrants and the persons entitled thereto and the provisions of Condition 10.2 below shall apply in relation to the transfer thereof.
- 10.2 The Company shall be entitled to treat each Warrantholder as the absolute owner of a Warrant and, accordingly, shall not, except as required by law or a Court of competent jurisdiction, be bound to recognise any equitable or other claim to or interest in a Warrant on the part of any other person, whether or not it shall have express or other notice of such a claim.
- 10.3 Every Warrantholder will be recognised by the Company as entitled to the Warrants free from any equity, set-off or cross claim on the part of the Company against the original or any intermediate holder of the Warrants.
- 10.4 Uncertificated Warrants may be transferred by means of a relevant system.
- 10.5 Certificated Warrants may be transferred by an instrument of transfer in any usual or common form or in any other form which may be approved by the Directors. The instrument of transfer of a Certificated Warrant shall be executed by or on behalf of the transferor but need not be executed by or on behalf of the transferee. The Directors may decline to recognise any instrument of transfer of a Certificated Warrant unless the instrument is delivered to the registered office of the Company accompanied by the Certificate for the Warrant to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The Directors may waive production of any Certificate upon production to them of satisfactory evidence of the loss or destruction of the Certificate together with such indemnity as they may require. When a Warrantholder transfers part only of his holding of Certificated Warrants, the old certificate will be cancelled and a fresh Certificate for the balance of such holding issued without charge.
- 10.6 No fee shall be charged for any registration of a transfer of a warrant or for the registration of any other documents which in the opinion of the Directors require registration.
- 10.7 The registration of a transfer shall be conclusive evidence of the approval by the Directors of such transfer.

## **11. Right to purchase Warrants**

- 11.1 The Company and its subsidiaries shall have the right to purchase Warrants:
- 11.1.1 on any market on or pursuant to which the Warrants are listed or traded; or
- 11.1.2 by tender available to all Warrant holders alike at any price or by private treaty provided that such price shall not be more than 5 per cent. in excess of the average market price for the Warrants. For these purposes market price shall mean the average of the middle market quotations published in the AIM appendix of the Stock Exchange Daily Official List or the Stock Exchange Daily Official List, as appropriate, for one issued Ordinary Share for the five consecutive dealing days ending on the dealing day immediately preceding the date of the announcement of the terms of the relevant offer.

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

## **12. Uncertificated Securities Regulations**

12.1 Nothing herein shall impose any obligation on the Company to procure that the Warrants are capable of being held in uncertificated form. However, if at any time there are Uncertificated Warrants or an application has been made by the Company and not withdrawn for Warrants to be held in uncertificated form to the operator of a relevant system, then no provision of these terms and conditions shall apply or have effect to the extent that it is in any respect inconsistent with (i) the holding of the Warrants in uncertificated form, (ii) the transfer of title to the Warrants by means of a relevant system, or (iii) the Regulations.

12.2 Subject to the generality of Condition 12.1 above, the register of Warrantholders shall be maintained at all times in the United Kingdom, the Warrants may be changed from uncertificated to certificated form and from certificated to uncertificated form in accordance with and subject as provided in the Regulations and, for the avoidance of doubt, reference to a Warrantholder refers to a holder of the Warrants in either certificated or uncertificated form.

12.3 Notwithstanding paragraph 12.4 below, and for the avoidance of doubt, the terms, conditions and Subscription Rights applicable to the Uncertificated Warrants from time to time shall remain so applicable notwithstanding that they are not endorsed on any Warrant certificate and the Company shall, on the request of any holder of Uncertificated Warrants, provide that holder with a copy of Schedule 2 to the Instrument (containing the terms and conditions attaching to the Warrants) but so that joint holders of such Warrants shall be entitled to receive one copy only of the Schedule 2 in respect of the Warrants held by them, which copy shall be delivered to that one of the joint holders whose name stands first in the register of holders of Warrants in respect of that holding.

12.4 In these terms and conditions:

- (i) unless the context otherwise requires, words or expressions defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755) (“the Regulations”) bear the same meanings as in the Regulations;
- (ii) a reference to Ordinary Shares or Warrants being in “uncertificated form” means Ordinary Shares or Warrants the title to which is recorded in the relevant register as being held in such form and which by virtue of the Regulations may be transferred by means of a relevant system, and a reference to Ordinary Shares or Warrants in “certificated form” means Ordinary Shares or Warrants the title to which is not so recorded and which may not be so transferred; and
- (iii) whether any Warrant is in certificated form or uncertificated form on any date shall be determined by reference to the register of holders of Warrants as at the close of business on the relevant date or such other time as the Directors may (subject to the facilities and requirements of the relevant system concerned) in their absolute discretion determine.

## PART VII

### Additional Information

#### 1. The Company

- 1.1 The Company was incorporated in England on 30 October 2003 under the Companies Act 1985 (“the Act”) with registered number 4948435 as a private company limited by shares with the name Charco 395 Limited.

The Company was re-registered as a public company under the name “Sirius Exploration Plc” on 22 March 2005.

- 1.2 The liability of the members of the Company is limited.
- 1.3 The Company’s registered office is at Compass House, Lypiatt Road, Cheltenham, Gloucestershire GL50 2QJ.
- 1.4 The business of the Company is mineral exploration and exploitation.

#### 2. Share Capital

- 2.1 The existing authorised and issued fully paid up share capital of the Company as at the date of this document is set out below:

##### Ordinary Shares of 0.25p each

<i>Authorised</i>	<i>£</i>	<i>Issued</i>	<i>£</i>
80,000,000	200,000	40,889,136	102,222.83

- 2.2 The authorised and issued fully paid up share capital of the Company as it is expected to be following completion of the Placing (assuming Full Subscription under the Placing) and on Admission is set out below:

##### Ordinary Shares of 0.25p each

<i>Authorised</i>	<i>£</i>	<i>Issued</i>	<i>£</i>
80,000,000	200,000	60,889,134	152,222.84

- 2.3 The Company was incorporated with an authorised share capital of £100 divided into 100 ordinary shares of £1.00 each. By a written resolution dated 17 November 2004, the ordinary shares in issue and the authorised but unissued shares in the capital of the Company were sub-divided into 10,000 ordinary shares of 1p each. By a written resolution dated 17 November 2004 the authorised share capital of the Company was increased from £100 to £200,000 by the creation of an additional 19,990,000 ordinary shares of 1p each.
- 2.4 By a written resolution dated 23 March 2005 passed as an ordinary resolution, the issued and unauthorised but unissued ordinary shares in the capital of the Company were sub-divided into 80,000,000 Ordinary Shares.
- 2.5 Pursuant to the Company’s Articles of Association the Directors are generally authorised for the purposes of section 80 of the Act to allot Ordinary Shares or to grant options to subscribe for Ordinary Shares, up to the amount of the authorised but unissued share capital of the Company for the period until the Company’s Annual General Meeting in 2006. Pursuant to the Company’s Articles of Association the provisions of section 89(1) of the Act are disapplied for the same period.
- 2.6 Pursuant to a warrant instrument dated 26 July 2005 the Company has issued Beaumont Cornish warrants to subscribe for Ordinary Shares. The Beaumont Cornish Warrants entitle Beaumont Cornish, to subscribe for 200,000 Ordinary Shares at the subscription price of 5p during the period commencing from the date of Admission and ending on the fifth anniversary of that date. The Ordinary Shares arising on the exercise of the Beaumont Cornish Warrants will rank equally in all respects with the then existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after allotment, but will not rank for dividends or other distributions declared, made or paid by reference to a record date preceding the date of exercise of the subscription rights.

- 2.7 Further details of the terms of the Beaumont Cornish Warrants are set out in paragraph 10 below.
- 2.8 Save as disclosed in this paragraph 2, there has been no increase or reduction in the authorised or issue share capital of the Company since the date of incorporation.
- 2.9 The Directors have no present intention of allotting any relevant securities save as disclosed in this document.
- 2.10 Save as mentioned in this paragraph 2 and in paragraph 10 below and save for the Warrants to be issued pursuant to the Placing:
  - 2.10.1 no unissued share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option;
  - 2.10.2 no share capital or loan capital of the Company has been issued for cash or other consideration since the incorporation of the Company and no such issue is proposed.
- 2.11 The Ordinary Shares now in issue are, and the New Ordinary Shares to be issued pursuant to the Placing will be, in registered form. Title to the Ordinary Shares in issue or to be issued may be transferred by means of a relevant system such as the CREST system.
- 2.12 The existing Ordinary Shares of 0.25p each are in certificated form.

### **3. Subsidiaries and investments**

- 3.1 The Company has no subsidiaries, other than Sirius Macedonia Limited which was incorporated in England under number 4948463. This company has not traded and has no liabilities.

### **4. Memorandum and Articles of Association**

#### **4.1 Memorandum of Association**

*The Memorandum of Association of the Company provides that the Company's principal object is, inter alia, to carry on business as a general commercial company and to do all such things as are incidental or conducive to the carrying on of any trade or business by it. The objects of the Company are set out in full in Clause 4 of its Memorandum of Association, which is available for inspection as specified in paragraph 16 below.*

#### **4.2 Articles of Association**

The Articles of Association of the Company ("the Articles") which were adopted by a special resolution of the Company passed on 3 December 2004 contain, *inter alia*, provisions to the following effect:

##### **4.2.1 Voting Rights**

Subject to disenfranchisement in the event of:

- (i) non-payment of calls or other monies due and payable in respect of Ordinary Shares; or
- (ii) non-compliance with a statutory notice requiring disclosure as to beneficial ownership of Ordinary Shares.

##### **4.2.2 Dividends**

Subject to the Statutes (as defined in the Articles), the Company at a general meeting may declare dividends to be paid to shareholders according to their rights and interests in the profits available for distribution, but no dividend shall be declared in excess of the amount recommended by the Board. Except insofar as the rights attaching to, or the terms of issue of, any Ordinary Share otherwise provide, all dividends shall be declared according to the amounts paid-up or credited as paid-up on the shares and apportioned and paid pro rata according to the amounts paid-up or credited as paid-up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may from time to time pay to the shareholders such interim dividends as appear to the Board to be justified by the position of the Company. Any dividend unclaimed after a period of 12 years from the date it became due for payment shall be forfeited and shall revert to the Company.



#### 4.2.3 Distribution of assets on liquidation

On a winding-up, the liquidator may, with the sanction of an extraordinary resolution of the Company and subject to and in accordance with the Statutes, divide among the shareholders in specie or kind the whole or any part of the assets of the Company, subject to the rights of any shares which may be issued with special rights or privileges.

#### 4.2.4 Transferability of Ordinary Shares

- (i) All transfers of Ordinary Shares which are in certificated form may be effected by transfer in writing in any usual or common form or in any other form acceptable to the Board. The instrument of transfer shall be executed by or on behalf of the transferor and (except in the case of fully-paid shares) by or on behalf of the transferee. All transfers of Ordinary Shares which are in un-certificated form may be effected by means of a relevant system (as defined in the Articles).

The Ordinary Shares now in issue and the New Ordinary Shares will be, in registered form. Title to the Ordinary Shares in issue or to be issued may be transferred by means of a relevant system such as the CREST System.

- (ii) The Directors may, in the case of shares in certificated form, in their absolute discretion and without assigning any reason therefore refuse to register any transfer of shares (not being fully-paid shares), provided that any such refusal does not prevent dealings in partly paid shares from taking place on an open and proper basis. In addition, the Directors may refuse to register a transfer of shares (whether fully-paid or not) in favour of more than four persons jointly or made to or by an infant or patient within the meaning of the Mental Health Act 1983.
- (iii) The Directors may decline to recognise any instrument of transfer relating to shares in certificated form unless the instrument of transfer is duly stamped, is in respect of only one class of share and is lodged at the Transfer Office accompanied by the relevant share certificate(s) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.
- (iv) There are no other restrictions on the transfer of shares and no pre-emption rights in respect of them.

#### 4.2.5 Variation of rights

Subject to the Statutes, the special rights attached to any class of shares for the time being issued may from time to time (whether or not the Company is being wound-up) be altered or abrogated with the written consent of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the issued shares of that class at which a quorum of two or more persons holding or representing by proxy not less than one-third of the issued shares of that class (or in the case of an adjourned meeting such quorum as is specified by the Articles) is present. The special rights conferred upon the holders of any shares or class of share shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be altered by the creation or issue of further shares ranking *pari passu* therewith or the purchase by the Company of any of its own shares.

#### 4.2.6 Changes in capital

- (i) Subject to the provisions of the Statutes and to any special rights conferred on the holders of any shares or class of shares, the Company may issue redeemable shares. Subject to the provisions of the Statutes and to any special rights previously conferred on the holders of any existing shares, any share may be



issued with such special rights or such restrictions as the Company may determine by ordinary resolution. The Company may by ordinary resolution increase its share capital, consolidate and divide its share capital into shares of a larger amount, sub-divide its share capital into shares of a smaller amount (subject to the provisions of the Statutes) and cancel any shares which have not been taken or agreed to be taken by any person and diminish the amount of its authorised share capital by the amount of the shares so cancelled.

- (ii) Subject to the provisions of the Statutes, the Company may reduce share capital, any capital redemption reserve and any share premium account in any manner. The Company may also, subject to the requirements of the Statutes, purchase its own shares.

#### **4.2.7 Untraced Shareholders**

- (i) Subject to the Statutes, the Company may sell any shares of a member or person entitled thereto who is untraceable, if during a period of 12 years, at least three dividends in respect of the shares in question have become payable and the cheques or warrants for all amounts payable to such member or person in respect of his shares have remained uncashed or mandated dividend payments have failed and the Company has received no indication of the existence of such member or person. The net proceeds of sale shall belong to the Company but the member or person who had been entitled to the shares shall become a creditor of the Company in respect of those proceeds.
- (ii) If on two consecutive occasions notices or other communications (including dividend payments) have been sent through the post to any holder of shares to his registered or other specified address but returned undelivered or mandated dividend payments have failed, or following one such occasion and enquiries by the Company fail to establish a new address or account, the Company may cease to send such notices or other such communications or mandated payments until the person entitled thereto otherwise requires.

#### **4.2.8 Non-UK Shareholders**

There are no limitations in the Memorandum or Articles on the rights of non-UK shareholders to hold, or exercise voting rights attaching to, Ordinary Shares. However, no shareholder is entitled to receive notices from the Company (whether electronically or otherwise), including notices of general meetings, unless he has given an address in the UK to the Company to which such notices may be sent.

#### **4.2.9 Sanctions on Shareholders**

A holder of Ordinary Shares loses his rights to vote in respect of Ordinary Shares if and for so long as he or any other person appearing to be interested in those shares fails to comply with a request by the Company under the Act requiring him to give particulars of any interest in those Ordinary Shares within 14 days. In the case of shareholdings representing 0.25 per cent. or more, in nominal amount, of the share capital of the company then in issue, or any class thereof, the sanctions which may be applied by the Company include not only disenfranchisement but also the withholding of the right to receive payment of dividends and other monies payable on, and restrictions on transfers of, the Ordinary Shares concerned.

#### **4.2.10 Borrowing Powers**

The Articles provide that the aggregate principal amount from time to time remaining un-discharged of all moneys borrowed by the Company (exclusive of intra-group borrowings) shall not, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to an amount equal to four times the aggregate of the issued share capital and reserves of the Company adjusted in the manner set out in the Articles.

#### 4.2.11 Directors

##### (i) *Directors fees*

The Directors (other than those holding executive office with the Company or any subsidiary of the Company) shall be paid by way of fees for their services at such rate and in such proportion as the Board may resolve, a sum not exceeding an aggregate of £100,000 per annum or such larger amount as the Company may by ordinary resolution determine or, in the case of such Directors who are resident outside the UK, such extra remuneration as the Board may determine. Any Director who holds executive office or who performs duties outside the ordinary duties of a Director, may be paid such remuneration or extra remuneration by way of salary, commission or otherwise as the Board may determine.

The Directors shall also be paid all expenses properly incurred by them in attending meetings of the Company or of the Board or otherwise in connection with the business of the Company.

##### (ii) *Directors' Interests*

A Director who is in any way, whether directly or indirectly, interested in any contract or proposed contract with the Company shall declare the nature of his interest in accordance with the Statutes.

A Director shall not vote, and shall not be counted in a quorum, in respect of any contract, arrangement or proposal in which he has an interest which (together with any interest of any person connected with him) is to his knowledge a material interest (otherwise than by virtue of shares or debentures or other securities of or otherwise through the Company), except that this prohibition shall not apply to:

- (a) The giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiaries;
- (b) The giving of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (c) Any contract or arrangement by a Director to participate in the underwriting or sub-underwriting of any offer of shares, debentures or other securities of the Company or any of its subsidiaries for subscription, purchase or exchange;
- (d) Any contract or arrangement concerning any other 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 either any class of the equity share capital, or the voting rights, in such company. For the purpose of this paragraph, there shall be disregarded any shares held by a Director as bare or custodian trustee and in which he has no beneficial interest, any shares comprised in a trust in which the Director's interest is in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director is interested only as a unit holder;
- (e) Any arrangement for the benefit of employees of the Company or any of its subsidiaries which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;

- (f) Any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for or for the benefit of inter alia any Directors of the Company

and the Company may in general meeting at any time suspend or relax any such prohibitions or ratify any transaction not duly authorised by reason of a contravention of a prohibition.

(iii) *Directors' Interests in Transactions*

Subject to the provisions of the Statutes, and provided that he had disclosed to the Board the nature and extent of any material interest of his, a Director notwithstanding his office may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested, may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested and shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit. Any Director may act by himself or by his firm in any professional capacity (other than auditor) and he or his firm shall be entitled to remuneration as if he were not a Director.

(iv) *Retirement Age*

The provisions of Section 293 of the Act as to the retirement of Directors on reaching 70 apply to the Company.

(v) *Qualification Shares*

The Directors are not required to hold qualification shares.

(vi) *Executive Office*

The Board may from time to time appoint one or more Directors to be the holder of any executive office for such period and on such terms as it decides.

(vii) *Indemnity*

Subject to the provisions of and so far as may be consistent with the Statutes, every Director, auditor, Secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution and/or discharge of his duties and/or the exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office.

## 5. Directors' and Other Interests

### 5.1 Directors' interests in issued Ordinary Shares

The interests of the Directors in the issued share capital of the Company as at the date of this document and immediately following Admission and the Placing (assuming full subscription under the Placing) and which are required to be notified to the Company under the provisions of section 324 or 328 of the Act or which are required to be entered in the register of 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 the Directors are, and will be, as follows:

	At the date of this document			Following Admission (assuming Full Subscription under the Placing)		
	Number of Ordinary Shares (Beneficial)	Percentage of issued Ordinary Share capital (Non- Beneficial)	Percentage	Number of Ordinary Shares (Beneficial)	Percentage of Enlarged Ordinary Share Capital (Non- Beneficial)	Percentage
Director						
Richard Poulten*	8,312,900	12,040,000	49.77%	8,312,900	12,040,000	33.43%
Dr Nicholas Badham	6,667,067	—	16.30%	6,667,067	—	10.95%
Jonathan Harrison**	2,500,000	—	6.11%	2,500,000	—	4.11%
Dr Michael Mainelli	—	—	—	—	—	—
Derek Stonley	—	—	—	—	—	—

\* See paragraph 5.3 below.

\*\* See paragraph 5.3 below.

5.2 Save as set out in paragraphs 5.1 above, 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.

5.3 Save as disclosed in paragraph 5.1 above, and other than the placees and additional placees whose names appear on page 14 of this document, the Company is only aware of the following persons who, at the date of this document and immediately following the Admission and the Placing, are interested or will be interested, whether directly or indirectly, jointly or severally, in 3 per cent. or more of the issued share capital of the Company or could exercise control over the Company:

	At the date of this document		Following Admission (assuming Full Subscription under the Placing)	
	Number of Ordinary Shares	Percentage of issued Ordinary Share Capital	Number of Ordinary Shares	Percentage of Enlarged Ordinary Share Capital
St Cloud Capital S.A.*	4,000,000	9.78%	4,000,000	6.57%
Ashton Nominees Inc*	8,040,000	19.68%	8,040,000	13.20%
Pacific Corporate Management Limited*	5,495,834	13.44%	5,495,834	9.03%
Easy Business Consulting Limited**	2,000,000	4.89%	2,000,000	3.28%
Panther Executive Pension Scheme*	8,000,000	19.56%	8,000,000	13.14%
Phelps Dodge Exploration Corporation	3,690,000	9.02%	3,690,000	6.06%

\* Ashton Nominees Inc holds 8,040,000 Ordinary Shares. The beneficial owner of these shares is the Malvern Trust, a discretionary trust under which Mr Richard Poulten's family are potential beneficiaries. St Cloud Capital SA holds 4,000,000 Ordinary Shares. The beneficial owner of these shares is the Malvern Trust, a discretionary trust under which Mr Richard Poulten's family are potential beneficiaries.

\* As disclosed in the accounts of the Company, Pacific Corporate Management Limited is a consulting company which has charged the Company for management services. Mr Poulten is employed by Pacific Corporate Management Limited and no interest held by Pacific Corporate Management Limited is included in Mr Poulten's non-beneficial interest.

\* Panther Executive Pension Scheme is a pension scheme of which Mr Poulten is the beneficiary.

\*\* Easy Business Consulting Limited holds 2,000,000 Ordinary Shares. Mr Jonathan Harrison is a director and shareholder of this company.

- 5.4 Save as disclosed above, the Directors are not aware of any person who, directly or indirectly, is interested in three percent or more of the Company's issued share capital or of any person who, directly or indirectly, jointly or severally, exercises, or could exercise, control over the Company.
- 5.5 Save as disclosed on page 14 and in this Part VII of this document, of the Directors nor any member of their immediate family or any person connected with him owns, controls or is beneficially or non-beneficially interested directly or indirectly in any shares or option to subscribe for, or any securities convertible into shares of the Company.
- 5.6 Save for the above, 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 Company taken as a whole and which was entered into by any member of the Company 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.
- 5.7 No Director or any member of a Director's family has a related financial product referenced to the Ordinary Shares.
- 5.8 The current directorships and partnerships and directorships and partnerships held during the five years preceding the date of this document, other than the Company of each of the Directors are as follows:

**Richard Poulden**

*Current Directorships*

Quantum Group Holdings plc  
The Quantum Organisation Limited  
The Quantum Organization Pty Ltd  
Arial Aviation Services Limited  
Panther Investments Limited  
Sirius Macedonia Limited

*Past Directorships*

Eyebright plc  
The I Surgery Limited  
Eyebright Hessewood Limited  
Eyebright Didsbury Limited  
Monnow Medical Limited  
Rock Resources Inc  
Rock Minerals International plc

**Dr Nicholas Badham**

*Current Directorships*

Helipebs Limited  
Nyanza Goldfields Limited

*Past Directorships*

West African Gold Limited  
Rock Minerals International Plc

**Jonathan Harrison**

*Current Directorships*

Easy Business Consulting Limited  
Seventy Thirty Limited

*Past Directorships*

UK Explorer Limited  
Topnotch Health Clubs Plc  
Top Notch Health Limited  
Helios Leisure Limited  
Espre Leisure Limited  
County Hotels Plc  
County Hotels Limited  
De Facto 625 Limited  
Country House Care for the Elderly Limited  
Country House Management Services Limited  
Country House Retirement Homes Limited  
Pendean Convalescent Home Limited

**Dr Michael Mainelli***Current Directorships*

Z/Yen Adventures Limited  
 Z/Yen Communications Limited  
 Z/Yen Group Limited  
 Z/Yen Holdings Limited  
 Z/Yen Limited  
 Z/Yen Mutual Managers Limited  
 Z/Yen Partners Limited  
 Z/Yen Risk/Reward Limited  
 Z/Yen Ventures Limited  
 Financial Laboratory Limited  
 Financial Laboratory Club Limited

*Past Directorships*

Eyebright plc  
 Jaffe Associates  
 Weathersure Limited  
 Milet Publishing Limited  
 The Strategic Planning Society

**Derek Stonley***Past Directorships*

—

*Past Directorships*

—

Richard Poulnden was a director of Dellfield Digital Limited at the time of its receivership in 1988. The company was dissolved in 2000.

Richard Poulnden was a director and Michael Mainelli a non-executive director of Eyebright Plc when it was placed into administration by a resolution of the directors on 17 December 2004.

5.9 Save as disclosed above none of the Directors has:

- 5.9.1 any unspent convictions in relation to indictable offences;
- 5.9.2 had a bankruptcy order made against him or made an individual voluntary arrangement;
- 5.9.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary arrangement, administration, company 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;
- 5.9.4 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;
- 5.9.5 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;
- 5.9.6 been publicly criticised by any statutory or regulatory authority (including recognized professional bodies);
- 5.9.7 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. Directors Service Agreements, letters of Appointment and other arrangements**

The following agreements, which are all conditional on admission becoming effective, have been entered into by the Directors:

- 6.1 On 1 March 2005, the Company entered into a service agreement with Richard Poulnden as a Director and Executive Chairman of the Company for an annual fee of £60,000. The agreement also provides for Richard Poulnden to participate in the Company's discretionary bonus scheme and provides for termination by either party giving to the other 12 months written notice.



- 6.2 On 1 March 2005, the Company entered into a service agreement with Dr Nicholas Badham under which he was appointed Managing Director at an annual salary of £60,000. The agreement also provides for Dr Nicholas Badham to participate in the Company's discretionary bonus scheme and provides for termination by either party giving to the other 12 months written notice.
- 6.3 On 1 January 2005, the Company entered into a consultancy agreement with Easy Business Consulting Limited under which the services of Jonathan Harrison are provided as Finance Director at an annual fee of £30,000. The agreement provides for termination by either party giving to the other 12 months written notice. Jonathan Harrison is entitled to participate in the Company's discretionary bonus scheme.
- 6.4 On 4 May 2005 Dr Michael Mainelli was appointed as a Non-Executive Director of the Company under the terms of a letter of appointment with the Company. Under the terms of His appointment Dr Michael Mainelli will be paid £10,000 per annum. The agreement provides for termination thereafter by either party giving to the other 6 months notice.
- 6.5 On 4 May 2005 Derek Stonley was appointed as a Non-Executive Director of the Company under the terms of a letter of appointment with the Company. Under the terms of his appointment Derek Stonley will be paid £10,000 per annum. The agreement provides for termination thereafter by either party giving to the other 6 months notice.
- 6.6 In the event that only the Minimum Subscription is raised, the Directors have agreed that their salaries will be reduced as follows: Richard Poulden and Nicholas Badham: £50,000 per annum, Jonathan Harrison: £25,000 per annum, Michael Mainelli and Derek Stonley: £8,333 per annum.
- 6.7 Save as set out in paragraphs 6.1 to 6.5 above, there are no existing or proposed service agreements between the Directors and the Company.
- 6.8 The aggregate remuneration (including consultancy fees paid for the services of the Directors) paid to the Directors Richard Poulden, Dr Nicholas Badham and Jonathan Harrison (inclusive of pension contributions and benefits in kind) in respect of the 17 month period ended 31 March 2005 was approximately £230,000. It is estimated that, based on the minimum subscription, approximately £115,000 will be payable to the Directors by way of fees (inclusive of pension contributions and benefits in kind) for the current financial year.

## 7. Material Contracts

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

- 7.1 A Placing Agreement dated 26 July 2005 between the Company (1), the Directors (2) S P Angel (3) and Beaumont Cornish (4), pursuant to which *inter alia* S P Angel conditionally agreed subject to Admission to use reasonable endeavours, as agent for the Company, to procure subscribers for the New Ordinary Shares at the Placing Price. Under the Placing Agreement, S P Angel is entitled to a commission of 4 per cent. on the value of the New Ordinary Shares taken up by placees procured by S P Angel at the Placing Price and a further commission of 1 per cent. on the value of all the New Ordinary Shares taken up at the Placing Price. Beaumont Cornish is entitled to a commission of 4 per cent. on the value of New Ordinary Shares taken up by placees procured by Beaumont Cornish at the Placing Price. The Company has agreed to pay all other costs and expenses of and incidental to the Placing.

The Placing Agreement contains warranties given by the Company and the Directors in favour of S P Angel and Beaumont Cornish as well as indemnities by the Company. The Placing Agreement also contains provisions entitling Beaumont Cornish and S P Angel to terminate the Placing Agreement prior to Admission becoming effective in certain circumstances.

The Placing Agreement also contains undertakings from Richard Poulden to the Company and S P Angel to procure a commitment from Amory Poulden, his son, to subscribe for 4,000,000 New Ordinary Shares.

In the event that S P Angel procures placees for New Ordinary Shares in excess of the Full Subscription S P Angel may, with the consent of Amory Poulden, reduce his Placing commitment to subscribe for 4,000,000 New Ordinary Shares to the extent of such excess.

The obligations of Beaumont Cornish and S P Angel in respect of the Placing are subject to certain conditions being fulfilled (or waived by Beaumont Cornish and S P Angel) and the Placing Agreement not having been terminated in each case by 8.00 am on 1 August 2005, or such later date (being no later than 8 August 2005) as may be agreed by Beaumont Cornish and S P Angel.

- 7.2 A letter of engagement dated 16 March 2005 from S P Angel to the Company whereby S P Angel agreed to act as broker to the Company commencing on the date of Admission until such time as either party terminates the agreement on not less than 3 months written notice (or earlier in the case of a material breach of the agreement which although capable of remedy, is not remedied within 7 days of its occurrence). The Broker shall endeavour to raise £1 million by the placing of New Ordinary Shares pursuant to the Placing Agreement. The Company has agreed to pay S P Angel £15,000 as an initial fee on Admission, plus a fee of £15,000 plus VAT per annum. The annual fee shall be payable half yearly in advance with the first payment being due on Admission. In addition to this, and to the extent that monies are raised in connection with the Placing and Admission, the Company has agreed to pay the Broker 1 per cent. on all such monies raised and a further 4 per cent. commission on such monies as are specifically raised through placees introduced by the Broker. The agreement contains certain undertakings and indemnities given by the Company to S P Angel in respect of *inter alia* compliance with applicable laws and regulations.

Pursuant to an exchange of letters dated 4 July 2005, the Company and S P Angel agreed to amendments to the terms of S P Angel's engagement whereby, in the event that monies raised by the Company under the Placing do not exceed £600,000, S P Angel will accept its agreed fees in the form of a number of Ordinary Shares to an equivalent value at the Placing Price and if the monies raised by the Company under the Placing exceed £600,000 but are less than the Full Subscription, S P Angel will accept half its agreed fees by way of a cash payment and half in the form of a number of Ordinary Shares to an equivalent value. If the Full Subscription is raised by the Company under the Placing, S P Angel will have the option to accept half its agreed fees by way of a cash payment and half in the form of a number of Ordinary Shares to an equivalent value or to receive full payment of its fees in cash.

- 7.3 Pursuant to an agreement ("the Nominated Adviser Agreement") dated 26 July 2005 between Beaumont Cornish (1) the Company (2) and the Directors (3) and Beaumont Cornish Limited (3) the Company appointed Beaumont Cornish Limited to act as retained Nominated Adviser to the Company for the purposes of AIM with effect from Admission and continuing thereafter. The Company agreed to pay Beaumont Cornish Limited an initial fee of £20,000 per annum for its services as Nominated Adviser under this agreement. The agreement contains certain undertakings and indemnities given by the Company and the Directors in respect of, *inter alia*, compliance with all applicable laws and regulations.

- 7.4 The Lock-in Agreements referred to in paragraph 9 below.

- 7.5 A letter of engagement dated 8 March 2005 between Beaumont Cornish and the Company whereby Beaumont Cornish agreed to act as Nominated Adviser in connection with the Admission. Under the terms of such engagement, Beaumont Cornish is entitled to a fee of £50,000 for its services in connection with the Admission of which, (plus VAT) together with

the issue of the Beaumont Cornish Warrants set out in paragraph 10 below. To the extent that funds are raised for or received by the Company in respect of the Placing and Admission through investors introduced to the Company by Beaumont Cornish, Beaumont Cornish is entitled to a commission of 4 per cent. of the funds so raised.

Pursuant to an exchange of letters dated 26 July 2005, the Company and Beaumont Cornish agreed to amendments to the terms of Beaumont Cornish's engagement whereby, in the event that monies raised by the Company under the Placing do not exceed £600,000, Beaumont Cornish will accept its agreed fees in the form of a number of Ordinary Shares to an equivalent value at the Placing Price and if the monies raised by the Company under the Placing exceed £600,000 but are less than the Full Subscription, Beaumont Cornish will accept half its agreed fees by way of a cash payment and half in the form of a number of Ordinary Shares to an equivalent value. If the Full Subscription is raised by the Company under the Placing, Beaumont Cornish will have the option to accept half its agreed fees by way of a cash payment and half in the form of a number of Ordinary Shares to an equivalent value or to receive full payment of its fees in cash.

7.6 The J V Agreement referred to in paragraph 8 below.

7.7 The warrant instrument constituting the Beaumont Cornish Warrants referred to in paragraph 10 below.

7.8 The Warrant Instrument, the terms of which are referred to in Part VI of this document.

## **8. The J V Agreement**

Under an agreement dated 3 November 2004, Phelps Dodge contracts to sell and Sirius contracts to purchase Phelps Dodge's entire right, title and interest in concessions to conduct detailed geological explorations in Osogovo and Kadiica, Macedonia (together the "Concessions" and individually the "Concession"). Sirius acquires the Concessions for a purchase price of US \$366,000 and the issue of such number of Ordinary Shares to Phelps Dodge as equates to 9% of the issued share capital of the Company at the time of issue. The acquisition of the Concessions is however, subject to Phelps Dodge's right to re-purchase the Concessions within a period of 24 months from the date on which the Joint Venture Agreement is completed (being no later than 15 April 2006); and if it fails to exercise the re-purchase right within the 24 month period, the right to receive a royalty of 1% of the NSR. Phelps Dodge may choose to exercise its re-purchase right at any time in the 24 month re-purchase period, in respect of either one or both of the Concessions.

The rights acquired by Sirius under the J V Agreement are the rights, title and interests which are held by Phelps Dodge under the Concessions. The agreements which contain the Concessions were entered into between the Macedonian Government and Phelps Dodge in October 2001. The Concessions regulate the conduct of the detailed geological explorations for metallic mineral resources – copper and all other non-ferrous metals in the Osogovo and Kadiica regions of Macedonia, which Phelps Dodge is permitted to carry out. The Concessions are granted each for a non-renewable period of 8 years and payments of an annual 'area fee' and royalties are due to the Macedonian Government. The mechanisms for the calculation of fees and royalties are set out in Macedonian legislation. A Concession may be terminated in certain specified circumstances by either the Macedonian Government or the concession holder. The Macedonian Government may terminate a Concession if, for example, detailed geological explorations cease for a period of more than 3 years, and the concession holder may terminate if he considers that the area will not yield deposits which are of commercial interest to him. The Concessions do not permit the exploitation of mineral deposits, however, the entity to whom the Concessions were granted and issued shall have the automatic right to apply for and acquire the right to exploit an area which is the subject of the Concessions.

The Company and Phelps Dodge have agreed that the US \$366,000 to be paid by Sirius to Phelps Dodge, will be used to fund the exploration expenditures incurred in the initial works programme. The initial works programme has been agreed between the parties and is appended to the J V Agreement. Phelps Dodge has agreed to conduct this initial works programme and will retain exclusive control and possession of the land on which the explorations are conducted.

Following completion of the initial works programme and for a period of up to 24 months from the date on which the J V Agreement completes (being no later than 15 April 2006), Phelps Dodge retains exclusive possession and control over the land subject to explorations. Any additional exploration work undertaken during the 24 month re-purchase period will be carried out by Phelps Dodge at its discretion and at its own expense. Should Phelps Dodge choose not to continue exploration works in that period, the parties may agree to conduct and fund further explorations jointly.

In the event that Phelps Dodge exercises its right to re-purchase the Concessions, Sirius will cease to have any further rights or obligations in respect of the Concessions, other than the right to receive a payment of US \$732,000 and a royalty of 1.5% of the NSR. Should Phelps Dodge choose to re-purchase only one of the Concessions, the re-purchase price due to Sirius shall be twice such part of the exploration expenditure as has been designated to that Concession which Phelps Dodge shall re-purchase. In the event that Phelps Dodge gives notice to Sirius any time within the re-purchase period, that it will not exercise its re-purchase right or the 24 month period expires without Phelps Dodge having exercised its re-purchase right, the Concessions will formally transfer to Sirius. Upon such transfer, Phelps Dodge shall cease to have any right or obligation in respect of the Concessions, other than the right to receive a royalty of 1% of the NSR. The rights and obligations relating to the royalties which either Phelps Dodge or Sirius become entitled to receive are set out in the Net Smelter Returns Royalty agreement which is appended in draft form to the J V Agreement.

It has been agreed that if Phelps Dodge does not exercise its re-purchase right, it will deliver to Sirius the documentation which is necessary to transfer the Concessions formally to Sirius, and will release the areas of land which are the subject of the J V Agreement from its exclusive possession and control. In addition to this Phelps Dodge will pass to Sirius all information and data it has relating to such areas of land.

## **9. Lock-in Agreements**

- 9.1 A Lock-in Agreement dated 26 July 2005 between the Company (1), Beaumont Cornish (2) and the Directors (3) pursuant to which each of the Directors has undertaken to the Company and Beaumont Cornish (for as long as Beaumont Cornish remains the Company's Nominated Adviser) that he will not sell, transfer or otherwise dispose of any interest in Ordinary Shares for a period of 12 months from the date of Admission and, with a view to ensuring an orderly market in the Company's Ordinary Shares, for a further period of 12 months except with the consent of Beaumont Cornish and S P Angel. Each of the Directors has also agreed that he will not dispose of any Ordinary Shares that he may purchase in the 24 month period following Admission except with the consent of Beaumont Cornish and S P Angel.
- 9.2 A Lock-in Agreement dated 26 July 2005 between the Company (1), Beaumont Cornish (2) and Ashton Nominees Inc (3) pursuant to which Ashton Nominees Inc has undertaken to the Company and Beaumont Cornish (for as long as Beaumont Cornish remains the Company's Nominated Adviser) that it will not sell, transfer or otherwise dispose of any interest in Ordinary Shares for a period of 12 months from the date of Admission and, with a view to ensuring an orderly market in the Company's Ordinary Shares, for a further period of 12 months except with the consent of Beaumont Cornish and S P Angel. Ashton Nominees Inc has also agreed not to dispose of any Ordinary Shares that it may purchase in the 24 month period following Admission except with the consent of Beaumont Cornish and S P Angel.
- 9.3 A Lock-in Agreement dated 26 July 2005 between the Company (1), Beaumont Cornish (2) and St Cloud Capital S.A. (3) pursuant to which St Cloud Capital S.A. has undertaken to the Company and Beaumont Cornish (for as long as Beaumont Cornish remains the Company's Nominated Adviser) that it will not sell, transfer or otherwise dispose of any interest in Ordinary Shares for a period of 12 months from the date of Admission and, with a view to ensuring an orderly market in the Company's Ordinary Shares, for a further period of 12 months except with the consent of Beaumont Cornish and S P Angel. St Cloud Capital S.A. has also agreed not to dispose of any Ordinary Shares that it may purchase in the 24 month period following Admission except with the consent of Beaumont Cornish and S P Angel.

- 9.4 A Lock-in Agreement dated 26 July 2005 between the Company (1), Beaumont Cornish (2) and Panther Executive Pension Scheme (3) pursuant to which Panther Executive Pension Scheme has undertaken to the Company and Beaumont Cornish (for as long as Beaumont Cornish remains the Company's Nominated Adviser) that it will not sell, transfer or otherwise dispose of any interest in Ordinary Shares for a period of 12 months from the date of Admission and, with a view to ensuring an orderly market in the Company's Ordinary Shares, for a further period of 12 months except with the consent of Beaumont Cornish and S P Angel.
- 9.5 A Lock-in Agreement dated 26 July 2005 between the Company (1), Beaumont Cornish (2) and Pacific Corporate Management Limited (3) pursuant to which Pacific Corporate Management Limited has undertaken to the Company and Beaumont Cornish (for as long as Beaumont Cornish remains the Company's Nominated Adviser) that it will not sell, transfer or otherwise dispose of any interest in Ordinary Shares for a period of 12 months from the date of Admission.
- 9.6 A Lock-in Agreement dated 26 July 2005 between the Company (1), Beaumont Cornish (2) and Easy Business Consulting Limited (3) pursuant to which Easy Business Consulting Limited has undertaken to the Company and Beaumont Cornish (for as long as Beaumont Cornish remains the Company's Nominated Adviser) that it will not sell, transfer or otherwise dispose of any interest in Ordinary Shares for a period of 12 months from the date of Admission (the "lock-in-period") and, with a view to ensuring an orderly market in the Company's Ordinary Shares, for a further period of 12 months except with the consent of Beaumont Cornish and S P Angel. Easy Business Consulting Limited has also agreed not to dispose of any Ordinary Shares that it may purchase in the 24 month period following Admission except with the consent of Beaumont Cornish and SPAngel.

## **10. Beaumont Cornish Warrants**

By a resolution of the Board passed on 26 July 2005, the Company executed an instrument constituting the warrants and agreed to issue the Beaumont Cornish Warrants to Beaumont Cornish in accordance with the terms of their Engagement Letter referred to in paragraph 7.5 above. No application will be made for the Beaumont Cornish Warrants to be admitted to trading on AIM or any other recognised investment exchange. The principal terms of the Beaumont Cornish Warrants are as follows:

### *(a) Exercise Price*

The exercise price for the Beaumont Cornish Warrants is 5p per Ordinary Share subject to adjustment in certain limited circumstances set out in the instrument.

### *(b) Exercise and Lapse of Beaumont Cornish Warrants*

The Beaumont Cornish Warrants are exercisable from the date of Admission until the fifth anniversary thereof, after which they will lapse.

### *(c) Variation in Share Price*

In the event of certain variations in the issued share capital of the Company, the Company shall effect such adjustments (if any) to the exercise price and/or the number of Beaumont Cornish Warrants as the Company's auditors shall advise to be appropriate.

## **11. Working Capital**

The Directors are of the opinion that, having made due and careful enquiry and having taken into account the net proceeds of the Placing, the Company will have sufficient working capital for its present requirements which is for at least the next twelve months from the date of Admission.

## **12. Material Change**

There has been no significant change in the financial or trading position of the Company since 31 March 2005, being the date to the latest accounts of the Company have been made up.



### **13. Litigation**

There are no legal or arbitration proceedings (including any such proceedings, which are pending or threatened) against or brought by the Company which have, may have or have had any significant effect on the Company's financial position.

### **14. Financial Information on the Company**

14.1 The financial information set out in this document relating to the Company does not constitute statutory accounts within the meaning of Section 240 of the Act. The statutory accounts for the period ended 31 March 2005 will be delivered to the Registrars of Companies in England and Wales following the next Annual General Meeting of the Company. All such accounts contain a report from the auditors under section 235 of the Act. None of such reports was qualified or contained a statement under section 237 (2) of the Act.

14.2 The current accounting reference period of the Company will end on 31 March 2006.

### **15. General**

15.1 Beaumont Cornish Limited, which is regulated and authorised by the FSA, has given and not withdrawn its written consent to the issue of this document with the inclusion herein of its name and the references to it in the form and context in which they appear.

15.2 S P Angel & Co Limited, which is regulated and authorised by the FSA, has given and not withdrawn its written consent to the issue of this document with the inclusion herein of its name and the references to it in the form and context in which they appear.

15.3 Nexia Audit Limited has given and not withdrawn its written consent to the issue of this document with the inclusion in Part III of its report, references thereto and to its name in the form and context in which it appears. Nexia Audit Limited accepts responsibility for their reports and it has not become aware, since the date of their report, of any matter affecting the validity of their report at that date.

15.4 There have been no significant trends concerning the development of the business of the Company nor any significant acquisition or disposal of assets since 31 March 2005.

15.5 The expenses of and incidental to the Placing (assuming Full Subscription) and the Admission which are payable by the Company are estimated to amount to £167,000 (excluding Value Added Tax). In the event of the Company raising only the Minimum Subscription (£450,000), certain of the Company's professional advisers have agreed to receive their fees in New Ordinary Shares. As a result, the estimated total expenses of the Placing and Admission payable in cash by the Company in the event of the Minimum Subscription being raised are approximately £60,000 (exclusive of VAT). In the event of the Company raising in excess of £600,000 through the issue of 12,000,000 New Ordinary Shares, these professional advisers have agreed to receive half their fees in cash and half in New Ordinary Shares.

15.6 The Ordinary Shares and New Ordinary Shares have not been sold, nor are they available, in whole or in part other than pursuant to the Placing, to the public in conjunction with the application for Admission.

15.7 Save as disclosed in this document, there are no patents or other intellectual property rights, licences or particular contracts, which are of fundamental importance to the Company's business.

15.8 Save as disclosed in this document, no person (other than professional advisers disclosed in this document) has (a) received, directly or indirectly, from the Company within the 12 months preceding the date of this document, or (b) entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following:

15.8.1 fees totalling £10,000 or more;

15.8.2 securities in the Company with a value of £10,000 or more (calculated by reference to the Placing Price); or

15.8.3 any other benefit with a value of £10,000 or more at the date of this document.



15.9 The minimum amount which, in the opinion of the Directors, must be raised by the Company under the Placing to provide the sums required in respect of certain of the matters specified in paragraph 21 of Schedule 1 to the POS Regulations is £450,000, which will be applied as follows:

- (i) approximately £60,000 (excluding VAT) to be paid in cash in respect of the expenses of the Placing; and
- (ii) the balance of the proceeds of the Placing receivable by the Company after payment of the sums deducted above will be used for payments due to Phelps Dodge as working capital.

15.10 There are no amounts to be provided in respect of the matters specified in paragraphs 21 (a)(i) to (iv) of Schedule 1 to the POS Regulations otherwise than from the proceeds of the Placing.

15.11 For the purposes of paragraph 25 of Part IV of Schedule 1 to the POS Regulations, the subscription lists for the Placing will be open at 9.00 a.m. on 27 July 2005 and may be closed at any time thereafter but not later than 3.00 p.m. on 29 July 2005;

## **16. Documents available for inspection**

Copies of the following documents will be available for inspection at the registered office of the Company and from S P Angel & Co Limited, East India House, 109-117 Middlesex Street, London E1 7JF during normal business hours on weekdays (Saturdays excepted), from the date of this document until at least 30 days after the date of Admission:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the audited consolidated financial statements of the Company for the period from incorporation to 31 March 2005;
- (c) the Accountants' Report set out in Part III of this document;
- (d) the material contracts referred to in paragraph 7 above;
- (e) the JV Agreement referred to in paragraph 8 above;
- (f) the letters of consent referred to in paragraphs 15.1 to 15.3 above;
- (g) the warrant instrument constituting the Beaumont Cornish Warrants referred to in paragraph 10 above; and
- (h) the Warrant Instrument constituting the Warrants, the terms of which are set out in Part VI of this document;
- (i) the directors' service agreements and letters to appoint the non-executive directors referred to at paragraph 6 above;
- (j) the Lock-in Agreements referred to at paragraph 9 above; and
- (k) this document.

Dated 26 July 2005

