

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities before taking any action. The whole of the text of this document should be read. Investment in the Company is speculative and involves a high degree of risk. Your attention is also drawn to the section headed "Risk Factors" in Part I of this document.

This document is an admission document in relation to the Alternative Investment Market of the London Stock Exchange Plc ("AIM"). A copy of this document (which comprises a prospectus which has been drawn up in accordance with the requirements of the Public Offers of Securities Regulations 1995 (as amended) ("POS Regulations")) has been delivered to the Registrar of Companies in England and Wales in accordance with Regulation 4(2) of the POS Regulations. The Directors of Altona Resources Plc, whose names appear on page 4, accept responsibility, individually and collectively, 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 whole of the ordinary share capital of Altona Resources Plc both issued and to be issued to be admitted to trading on AIM. 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. 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. It is emphasised that no application is being made for admission of these securities to the Official List. The London Stock Exchange Plc has not examined or approved the contents of this document. The Ordinary Shares are not dealt in on any other recognised investment exchange and no other such applications have been or are intended to be made. It is expected that Admission will become effective and dealings in the Ordinary Shares will commence on AIM on 10 March 2005.

Altona Resources Plc

(Incorporated in England and Wales with Registered Number 5350512)

Placing of 100,000,000 new Ordinary Shares at 1p per share and Admission to trading on AIM

Nominated Adviser
Nabarro Wells & Co. Limited

Nominated Broker
Nabarro Wells & Co. Limited

Share capital immediately following Admission

Authorised		issued and fully paid	
Amount	Number	Amount	Number
£1,000,000	1,000,000,000	£200,000	200,000,000

The Placing Shares will on Admission rank in full for all dividends or other distributions declared, made or paid on the ordinary share capital of the Company after the date of this document and will rank *pari passu* in all respects with all the Ordinary Shares which will be in issue on completion of the Placing.

Nabarro Wells & Co. Limited, which is authorised and regulated by the Financial Services Authority, is acting as Nominated Adviser and Broker for the Company in relation to the Admission and Placing, and will not be responsible to any other person for providing the protections afforded to its customers or for providing advice in relation to the Placing or Admission or the contents of this document or any matter referred to herein. Nabarro Wells & Co. Limited has not authorised the contents of any part of this document for the purposes of Regulation 13(1)(g) of the POS Regulations.

This document does not constitute an offer to sell or the solicitation of an offer to buy Placing Shares or Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this document is not for distribution in or into the United States of America, Canada, Australia, South Africa, the Republic of Ireland or Japan. The Placing Shares or the Ordinary Shares have not been and will not be registered under the United Securities Act 1933 (as amended) nor under the applicable securities legislation of the United States or any province or territory of Canada, Australia, South Africa, the Republic of Ireland or Japan or in any country, territory or possession where to do so may contravene local securities law or regulations. Accordingly, subject to certain exemptions, the Placing Shares or the Ordinary Shares may not be offered or sold directly or indirectly in or into the United States of America, Canada, Australia, South Africa, the Republic of Ireland or Japan or to any national, resident or citizen of the United States of America, Canada, Australia, South Africa, the Republic of Ireland or Japan. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdiction.

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EXPECTED TIMETABLE OF EVENTS

Publication of this document	4 March 2005
Admission and commencement of dealings on AIM	10 March 2005
Settlement of Placing Shares through CREST	10 March 2005
Despatch of definitive share certificates in respect of the Placing Shares to Placees by no later than	24 March 2005

PLACING STATISTICS

Placing Price per Ordinary Share	1p
Number of Placing Shares	100,000,000
Number of Ordinary Shares in issue following the Placing	200,000,000
Percentage of the enlarged share capital subject to the Placing	50 per cent.
Market capitalisation following Admission at the Placing Price	£2,000,000
Estimated gross proceeds of the Placing	£1,000,000
Estimated net proceeds of the Placing	£900,000

DIRECTORS, SECRETARY AND ADVISERS

Directors	Christopher Walter Lambert Jeremy Samuel Edelman Anthony John Samaha
Registered Office	Third Floor 55 Gower Street London WC1E 6HQ
Secretary	Stephen Frank Ronaldson
Nominated Adviser and Broker	Nabarro Wells & Co. Limited Saddlers House Gutter Lane Cheapside London EC2V 6HS
Auditors and Reporting Accountants	Chapman Davis LLP 2 Chapel Court London SE1 1HH
Solicitors to the Company	Ronaldsons 55 Gower Street London WC1E 6HQ
Principal Bankers	HSBC Bank Plc 39 Tottenham Court Road London W1T 2AR
Registrars	Share Registrars Limited Craven House West Street Farnham Surrey GU9 7EN

DEFINITIONS

In this document, unless the context requires otherwise, the words and expressions set out below shall bear the following meanings.

“Act”	the Companies Act 1985, as amended
“Admission”	admission of the Ordinary Shares in issue following the Placing to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
“AIM”	the Alternative Investment Market of the London Stock Exchange
“AIM Rules”	the rules of AIM as published by the London Stock Exchange
“Company” or “Altona Resources”	Altona Resources Plc
“Directors”	the directors of the Company
“London Stock Exchange”	London Stock Exchange Plc
“Official List”	the Official List of the United Kingdom Listing Authority
“Nabarro Wells”	Nabarro Wells & Co. Limited
“Ordinary Shares”	ordinary shares of £0.001 each in the capital of the Company
“Placees”	the subscribers for Placing Shares pursuant to the Placing
“Placing”	the placing of the Placing Shares at the Placing Price pursuant to the Placing
“Placing Price”	1p per Ordinary Share
“Placing Shares”	the 100,000,000 new Ordinary Shares being issued by the Company pursuant to the Placing
“Shareholders”	holders of Ordinary Shares

PART I

INFORMATION ON THE COMPANY

Introduction

Altona Resources is a newly incorporated company formed for the purpose of making investments in the mining and minerals sector. The investments will be in base metals and precious metals and may be located in West Africa, Tanzania, Madagascar, South Africa, Namibia, Eastern Europe, the former Soviet Union or Australasia.

The investments may be either quoted or unquoted in a variety of instruments, and may be in companies, partnerships, joint ventures or direct interests in mining projects.

Altona Resources will examine resource investments across the full range of project maturity, from exploration through to production. The Company may consider counter-cyclical investments opportunities.

Strategy

Altona Resources's primary strategic approach will be to identify undervalued resource projects and businesses which may contain a significant development premium that the Directors hope to unlock through the provision of a combination of financial, commercial and technical support. These projects may be capable of being developed to production in a cost effective and profitable manner.

Altona Resources will generally invest at the earlier stage of a project's life, before a bankable feasibility study or project financing has been completed, but after a resource or significant mineralisation has been identified. By proposing to invest at this stage of a project's life, the Directors believe there may be a reduced risk profile given that the initial exploration phase has all but concluded and there may be significant commercial opportunities to exploit.

The Directors of Altona Resources have prior experience in evaluating acquisition and investment opportunities in the mining and minerals sector. The Company intends to draw on a network of independent experts to assist in evaluating investments. Investments will be subject to rigorous assessment including financial, technical and commercial criteria for having a strong market, solid operations, sound business plans and experienced management. Economic, technical, financial, marketing and risk analysis will be undertaken prior to investments being made.

Altona Resources may acquire holdings in emergent, small scale or under-valued resource projects and businesses, which are often overlooked by larger mining companies, and assist in injecting them with financial, commercial and technical support. It is likely that the Company's funds will primarily be invested in a relatively small number of investments.

Altona intends to be an actively involved investor, and accordingly, may seek participation in the management or board of directors of a company in which it invests.

The directors of Altona Resources are confident that the Company will make its first investment within 12 months of Admission. In the event that no investment has been made within this period, any surplus funds will be returned to shareholders, subject to their approval.

Directors

The Directors are as follows:

Christopher Lambert, (Non-executive Chairman)

Aged 46, Christopher's financial background is predominantly in the City of London. Having trained as a foreign exchange dealer at Dresdner bank in the late 1970's he moved to Johnson Matthey Bankers to specialise in bullion

banking and trading. Over the next 17 years he headed up the London and global trading for Elders Finance Group, The Rural and Industries Bank of Western Australia, Barclays Bank and Prudential Securities (USA)

During his time at these companies his duties included managing global dealing operations in the major financial centres around the world, the structuring of corporate and project finance transactions for, governments, central banks, industrial companies and mining houses.

In 1997 he left the City to act as a consultant to mining houses predominantly in Australia. During this period he also worked closely with a far eastern government body whose investments included soft commodities, mining assets and substantial property portfolios. Over the past few years Christopher has also diversified into property investment in the UK and Europe.

Jeremy Edelman, (*Executive Director*)

Aged 36, Jeremy holds Bachelor degrees in Commerce and Law together with a Masters degree in Applied Finance. He was subsequently admitted as a Solicitor to the Supreme Courts of Western Australia and New South Wales. Previously Jeremy worked for some of the world's leading investment banks in debt and acquisition finance. In addition, Jeremy held management positions in stock exchange listed companies in the UK and Australia with a focus on resource exploration and development. His experience has included the Republic of Kazakhstan, Russia, South Africa and Australia.

Anthony Samaha, (*Finance Director*)

Aged 37, Anthony holds Bachelor of Commerce and Bachelor of Economics degrees. He is an Associate of the Institute of Chartered Accountants of Australia and an Associate of the Securities Institute of Australia. Anthony has over 14 years' experience in providing accounting and corporate advice in a diverse range of industry sectors, including resource development. He has previously held senior advisory positions in the corporate finance divisions of internationally affiliated accounting firms and has extensive experience in valuations, independent expert's reports, due diligence, capital raisings, and mergers and acquisitions.

In accordance with Rule 7 of the AIM Rules, each of the Directors has agreed not to dispose of any interest in Ordinary Shares held by him or his associates at the date of Admission for a period of one year following Admission, save as permitted by the AIM Rules.

The Placing

The Placing is conditional *inter alia* on Admission. The Placing Shares allotted pursuant to the Placing, following allotment, will rank *pari passu* in all respects with the existing Ordinary Shares of the Company.

Reasons for the Placing and use of proceeds

Funds will be expended on as yet unidentified investment opportunities. In addition, the placing proceeds will provide working capital for the Company.

The Company is seeking Admission to AIM in order to take advantage of that market's higher profile, wider investor base, greater liquidity and better access to institutional investors.

Working capital

The Directors consider that, taking into account the net proceeds of the Placing, the Company will have sufficient resources for its present requirements that is for at least the next twelve months from Admission.

Dividend policy

The nature of the Company's business means that it is unlikely that the Directors will recommend a dividend in the early years following Admission. The Directors believe the Company should seek to generate capital growth for its

Shareholders but may recommend distributions at some future date, depending upon the generation of sustainable profits, when it becomes commercially prudent to do so.

Taxation

The attention of prospective investors is drawn to the taxation section in paragraph 8 of Part III of this document.

Lock-in arrangements

The Directors, whose interests in the Company amount to 13 per cent of the issued Ordinary Shares on Admission, have undertaken not to dispose of any interest in their Ordinary Shares for a minimum period of twelve months following Admission except in the very limited circumstances allowed by the AIM Rules.

Corporate governance

The Directors recognise the importance of sound corporate governance commensurate with the size of the Company and the interests of Shareholders. As the Company grows, the Directors intend that it should develop policies and procedures which reflect the Principles of Good Governance and Code of Best Practice as published by the Committee on Corporate Governance (commonly known as the "Combined Code"). So far as is practicable, taking into account the size and nature of the Company, the Directors will take steps to comply with the Combined Code.

The Directors intend to establish an audit committee to receive and review reports from management and from the auditors relating to the interim and annual accounts and to the system of internal financial control. The Directors also intend to establish a remuneration committee which will, when applicable, determine the terms and conditions of service of executive directors.

The Company has adopted the Model Code for Directors' Dealings as applicable to AIM companies and will take all proper and reasonable steps to ensure compliance by the Directors and relevant employees.

CREST

The articles of association of the Company permit the Company to issue shares in uncertificated form in accordance with the Uncertificated Securities Regulations 1995. The Directors have applied for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place in the CREST system if the relevant Shareholders wish.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain certificates will be able to do so.

Risk Factors

The Directors consider the following risks to be the most significant for potential investors in the Company. However, the risks listed do not necessarily comprise all those associated with an investment in the Company:

Operational Risks

The availability of a ready market for products which may be sold by the Company depends upon numerous factors beyond its control, the exact effects of which cannot be accurately predicted.

All drilling to establish productive reserves is inherently speculative. The techniques presently available to technical specialists to identify the existence and location of resources are indirect and subject to a wide variety of variables which are subjective in nature.

The business by its nature involves significant risks and hazards, including environmental hazards, industrial incidents, labour disputes, discharge of toxic chemicals, fire, drought, flooding and other "acts of God". The occurrence of any of these hazards can delay or interrupt production, increase production costs and result in liability

of the project. The Company could become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past activities for which it was not responsible.

Volatility of Commodity Prices and Currency Risks

Historically, prices have fluctuated widely and are affected by numerous factors over which the Company does not have any control, including world production levels, international economic trends, currency exchange fluctuations, expectations for inflation, speculative activity, consumption patterns and global or regional political events. The aggregate effect of these factors is impossible to predict.

Exploration Risks

Exploration is speculative in nature, involves many risks and is frequently unsuccessful. There can be no assurance that any prospect drilled will result in an increase in the proven and probable reserves.

Licences

The Company's activities will be dependent upon the grant, maintenance and good standing of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. There can be no assurance that any such authorisations will be granted or renewed and as to the terms of any such renewal.

Environmental factors

The Company's operations will be subject to environmental regulation (including regular environmental impact assessments and permitting) in all the jurisdictions in which it operates. 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.

Political and Economic

Projects in which the Company invests are likely to be in jurisdictions where legal uncertainties, ambiguities, inconsistencies and anomalies might arise which would not necessarily exist in the UK. In particular, difficulties may arise in seeking to obtain redress through the legal courts in the relevant overseas jurisdictions.

Native Title Risks

The Company's rights over land may be affected by local native title legislation. It may not be possible for the Company to obtain necessary consents and, whilst the Directors will make every effort to comply with any such legislation, there remains some degree of uncertainty regarding proprietary rights in some jurisdictions.

Uninsured Risks

Some forms of insurance protection used in western countries may be unavailable in jurisdictions in which the Company may invest. Furthermore, projects in which the Company may invest may become subject to liability for hazards that cannot be insured against or against which the Company may elect not to become so insured because of high premium costs. The Company may incur a liability to third parties (in excess of any insurance cover) arising from pollution or other damage or injury.

Other Areas of Risk

- Prior to Admission there was no public market for the Company's shares and nor have they ever been traded, quoted or dealt on any securities market. Consequently, each prospective investor should view his purchase of the Ordinary Shares as a long-term investment and should not consider such purchase unless he is certain he will not have to liquidate his investment for an indefinite period of time.
- Notwithstanding the fact that an application will be made for the Ordinary Shares to be traded on AIM, this should not be taken as implying that there will be a "liquid" market in the Ordinary Shares. An investment in the Ordinary Shares may thus be difficult to realise. The Ordinary Shares will not be quoted on the official list of

the UK Listing Authority. Investments in shares traded on AIM carry a higher degree of risk than investments in shares quoted on the official list of the UK Listing Authority.

- The Company will require additional financial resources to continue funding its future expansion. No assurance can be given that any such additional financing will be available or that, if available, it will be available on terms favourable to the Company or its shareholders.
- The Company will initially be dependent upon the ability of the Directors to identify suitable investment opportunities and implement the Company's strategy.
- The Company may be unable to effect an investment in an identified opportunity, as a consequence of which resources might have been expended fruitlessly on investigative work and due diligence.
- The Company's main strategic focus for investment will be in the mining and minerals sector and therefore the Company will be exposed to general exploration, mining and processing risks. These include unusual and unexpected geological formations, rock falls, seismic activity, flooding and other conditions involved in the extraction of material, any of which could result in the damage to, or destruction of, mines and or other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimise risk will be taken, operations are subject to hazards which may result in environmental pollution and consequent liability which could have an adverse impact on business, operations and financial performance of the Company.
- The Company's total return and net assets can be significantly affected by currency movements.
- The Company may have minority interests in the companies, partnerships and ventures in which it invests and may be unable to exercise control over the operations of such companies.
- The managements of targeted companies may not always welcome pro-active involvement and may be resistant to change.
- The Company is likely to face competition from other entities operating in its business sector, many of which may have significantly greater resources than the Company.
- The market price of the Ordinary Shares may not reflect the underlying value of the assets of the Company.
- The market in the Ordinary Shares may be illiquid or subject to sudden or large fluctuations and it may be difficult for an investor to sell his Ordinary Shares and he may receive less than the amount originally invested.
- Foreign currency fluctuations may adversely affect the Company's financial position and operating results.
- The Company does not currently carry on any trading activities on which investors can evaluate performance.
- Market perception of the Company may change.
- A further issue of Ordinary Shares may be necessary for the Company to achieve its objectives.

The investment described in this document may not be suitable for all those who receive it. Before making a final decision, investors in any doubt are advised to consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

PART II

ACCOUNTANTS' REPORT ON THE COMPANY

The following is the full text of a report on Altona Resources Plc from Chapman Davis LLP, the Reporting Accountants, to the Directors of Altona Resources Plc and Nabarro Wells & Co. Limited.



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The Directors
Altona Resources Plc
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London WC1E 6HQ

The Directors
Nabarro Wells & Co. Limited
Saddlers Hall
Gutters Lane
London EC2V 6HS

4 March 2005

Dear Sirs,

ALTONA RESOURCES PLC (THE "COMPANY")

Introduction

We report in connection with the proposed placing of ordinary shares of the Company ("the Placing") and admission of the ordinary share capital of the Company to trading on the Alternative Investment Market and this report has been prepared for inclusion in the Admission Document dated 4 March 2005 ("Admission Document").

The Company was incorporated on 2 February 2005 with Company Number 5350512 with an authorised share capital of £1,000,000 divided into 1,000,000,000 ordinary shares of £0.001 each, of which 2 shares were issued fully paid to the subscribers to the Memorandum of Association of the Company.

On 9 February 2005 certain persons subscribed for and were allotted an aggregate of 59,999,998 Ordinary Shares, fully paid for cash at par value. On 16 February 2005, 40,000,000 ordinary shares were issued and allotted fully paid for cash at par.

On 9 February 2005 the Registrar of Companies issued a certificate entitling the Company to do business under the provisions of Section 117 of the Companies Act 1985 (as amended).

Other than entering into agreements to pay certain expenses and costs in connection with Admission, no material contracts or transactions have been entered into.

The Company has not traded, prepared any financial statements for presentation to members, incurred neither profit nor loss, and has neither declared nor paid dividends or made any other distributions since the date of incorporation. There have been no other transactions other than the allotment of shares described below and the execution of the material contracts referred to in Part III of the Admission Document. Accordingly, no profit and loss account information is presented in this report.

Basis of preparation

The financial information set out below has been extracted from financial records of the Company for the period ended 17 February 2005, no adjustments being considered necessary. No audited financial statements have been prepared for submission to members in respect of any period since incorporation.

Responsibility

The financial records are the responsibility of the Directors of the Company ("Directors"). The Directors are also responsible for the contents of the Admission Document dated 4 March 2005 in which this report is included.

It is our responsibility to compile the financial information set out below from the Company's financial records and to make a report in accordance with paragraph 45 of Schedule 1 to the Public Offers of Securities Regulations 1995, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statement of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the financial records and whether the accounting policies are appropriate to the Company'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 set out below gives, for the purpose of the Admission Document, a true and fair view of the state of affairs of the Company as at 17 February 2005.

BALANCE SHEET

	Notes	As at 17 February 2005 £
Current assets		
Cash at bank and in hand		100,000 <u> </u>
Capital and reserves		
Called up share capital	2	100,000 <u> </u>

NOTES TO THE FINANCIAL STATEMENTS**1. Accounting policies**

The principal accounting policies, which have been consistently applied in the Company's financial information throughout the period under review, are as follows:

Basis of accounting

The financial information has been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

2. Share capital

	As at 17 February 2005 £
Authorised :	
1,000,000,000 Ordinary shares of £0.001 each	1,000,000
Allotted, called up and fully paid :	
100,000,000 Ordinary shares of £0.001 each	100,000 <u> </u>

The Company was incorporated on 2 February 2005 with Company Number 5350512 with an authorised share capital of £1,000,000 divided into 1,000,000,000 ordinary shares of £0.001 each, of which 2 shares were issued fully paid to the subscribers to the Memorandum of Association of the Company. On 9 February 2005 the Company allotted a further 59,999,998 ordinary shares of £0.001, fully paid, for cash at par.

On 16 February 2005 certain persons subscribed for and were allotted an aggregate of 40,000,000 Ordinary Shares, fully paid for cash at par value.

Nature of financial information

The financial information presented above in respect of the period ended 17 February 2005 does not constitute statutory accounts for that period.

Consent

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

Yours faithfully,

Chapman Davis LLP
Chartered Accountants

PART III ADDITIONAL INFORMATION

1. **The Company.**

- 1.1 The Company is registered in England and Wales, having been incorporated on 2 February 2005 under the Companies Act 1985 ("Act") with registered number 5350512 as a public company limited by shares. The liability of members is limited.
- 1.2 The principal legislation under which the Company operates is the Act.
- 1.3 The Company has no subsidiary or associated undertakings.
- 1.4 On 9 February 2005, the Registrar of Companies issued a certificate entitling it to do business under the provisions of section 117 of the Act.

2. **Share capital**

- 2.1 On incorporation, the Company had an authorised share capital of £1,000,000 divided into 1,000,000,000 ordinary shares of £0.001 each of which 2 were issued, fully paid, to the subscribers to the memorandum of association of the Company.
- 2.2 On 9 February 2005 resolutions were passed authorising the Directors to allot relevant securities, dis-applying pre-emption rights and authorising the Directors to grant options. On 9 February 2005 the number of shares issued and fully paid was increased from 2 Ordinary Shares of £0.001 each to 60,000,000 Ordinary Shares of £0.001 each by subscription at par. On 16 February 2005 a further 40,000,000 Ordinary Shares were issued at par.
- 2.3 On Admission the Company intends to allot a further 100,000,000 Ordinary Shares for cash at £0.01 per share pursuant to the Placing.
- 2.4 The authorised and issued share capital of the Company as it will be immediately following Admission are as follows:

Authorised		Ordinary Shares of £0.001 each	Issued and fully paid	
<i>Amount</i>	<i>Number</i>		<i>Amount</i>	<i>Number</i>
£1,000,000	1,000,000,000		£200,000	200,000,000

- 2.5 The Company has, conditional on Admission, granted options to its Nominated Adviser and Broker to subscribe for 3,000,000 Ordinary Shares at 1p per Ordinary Share at any time up to the fifth anniversary of Admission. Under the terms of the options the professional advisers have agreed not to dispose of the shares the subject of the options for the period of one year following Admission.
- 2.6 The Ordinary Shares will rank *pari passu* in all respects including the right to receive all dividends and other distributions declared, made or paid on the Ordinary Shares from the date of this document.
- 2.7 Save as disclosed above and in connection with the Placing, no share or loan capital of the Company is proposed to be issued or is under option or is agreed conditionally or unconditionally to be under option.
- 2.8 Following Admission, the Ordinary Shares may be held in either certificated or uncertificated form.
-

2.9 Save as disclosed in this document:

- no share or loan capital of the Company has been issued or is proposed to be issued;
- no person has any preferential subscription rights for any share capital of the Company;
- no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option; and
- no commissions, discounts, brokerages or other special terms have been granted by the Company since its incorporation in connection with the issue or sale of any share or loan capital of the Company.

2.10 By written resolutions passed on 9 February 2005 the Directors are unconditionally authorised to allot, create, deal with or otherwise dispose of relevant securities (within the meaning of section 80(2) of the Act) up to a maximum aggregate nominal amount of £1,000,000 to such persons (including any director) on such terms and at such times as they think fit as if section 89(1) of the Act did not apply to such allotment. This authority remains in force for two years from the date of the resolutions. In addition, the Directors are authorised to grant options over a maximum of 100,000,000 new Ordinary Shares.

3. Memorandum and articles of association

- 3.1 In this paragraph 3, references to the “Statutes” are references to the Act and every other Act for the time being in force concerning companies and affecting the Company.
- 3.2 The principal objects of the Company are set out in full in clause 4 of the memorandum of association and include carrying on the business of a general commercial company.
- 3.3 The articles of association of the Company (the “Articles”) contain, *inter alia*, provisions to the following effect:

Transfer

Except as may be required by any procedures implemented pursuant to the Articles in accordance with the Statutes following the introduction of paperless trading, all transfers of shares must be in any usual form or in any other form, which the Directors may approve. The instrument of transfer must be signed by or on behalf of the transferor and, if the shares being transferred are not fully paid, by or on behalf of the transferee. The Directors may refuse to register any transfer of any share that is not fully paid and they may refuse to register the transfer of any share on which the Company has a lien. They may also refuse to register a transfer of any share in favour of more than four persons jointly, a transfer in respect of more than one class of share and a transfer which has not been lodged at the Company’s registered office or such place as the board may determine and which is not accompanied by the certificates for the shares to which it relates.

Voting rights

Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held (as to which there are none at present) on a show of hands every member present in person or by proxy (if an individual) or duly authorised representative (if a corporation) shall have one vote, and on a poll every member shall have one vote for every share held by him.

Dividends

The profits of the Company available for distribution and resolved to be distributed shall be applied in the payment of dividends to the members in accordance with their respective rights and priorities. No dividend may exceed the amount recommended by the Board of Directors.

Return of capital

If the Company shall be wound up, the liquidator may, with the authority of an extraordinary resolution, divide among the members in kind the whole or any part of the assets of the Company and may determine how such division shall be carried out between the members or classes of members

Variation of rights

If at any time the capital is divided into different classes of shares all or any of the rights or privileges attached to any class may, subject to the provisions of the Act, be varied or abrogated either (a) in such manner (if any) as may be provided by such rights, or (b) in the absence of any such provision either with the consent in writing of the holders of three fourths in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate meeting of the members of that class.

Changes in share capital

The Company may by ordinary resolution increase its share capital, cancel any unissued shares, consolidate all or any of its share capital into shares of larger amount and subdivide its shares into shares of smaller amount. Subject to the provisions of the Statutes, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way.

Purchase by the Company of its own shares

Subject to the provisions of the Statutes and to the authority of the Company in general meeting required by the Statutes, the Company may purchase its own shares.

Unclaimed dividends

Any dividend unclaimed after a period of 12 years from the date it became due for payment shall be forfeited and cease to remain owing by the Company.

Borrowing powers

The Directors may exercise all the powers of the Company to borrow upon such terms and in such manner as they think fit and, subject to the Statutes, to grant any mortgage, charge or debentures, debenture stock or other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

Directors

Unless otherwise determined by ordinary resolution, the number of directors shall not be less than two.

4 Directors' and other interests

4.1 The interests (all of which are beneficial unless stated otherwise) of the Directors and their immediate families and the persons connected with them (within the meaning of Section 346 of the Act) which have

been notified to the Company pursuant to Sections 324 and 328 of the Act or are required to be disclosed in the Register of Directors' Interests pursuant to Section 325 of the Act in the issued share capital of the Company and the existence of which is known to, or could with reasonable due diligence be ascertained by, any Director as at the date of this document are as follows:

<i>Name</i>	<i>Number of Ordinary Shares before the Placing</i>	<i>Percentage of issued share capital before the Placing</i>	<i>Number of Ordinary Shares following the Placing</i>	<i>Percentage of issued share capital following the Placing</i>
Christopher Lambert	5,000,000	5.0%	5,000,000	2.5%
Jeremy Edelman (Note 1)	20,000,000	20.0%	20,000,000	10.0%
Anthony Samaha	1,000,000	1.0%	1,000,000	0.5%

Notes

1. All of the shares in which Jeremy Edelman is interested are non-beneficial interests registered in the name of Saltwind Enterprises Limited.
- 4.2 Save as disclosed above, none of the Directors nor any member of their respective immediate families nor any person connected with the Directors (within the meaning of Section 346 of the Act) has any interest, whether beneficial or non-beneficial, in any share capital of the Company.
- 4.3 There are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors.
- 4.4 Save as otherwise disclosed in this document, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company since its incorporation and which remains in any respect outstanding or unperformed.
- 4.5 Save as disclosed in paragraph 4.1, the Company is only aware of the following persons who, immediately following Admission, directly or indirectly, jointly or severally, hold or will hold 3 per cent or more of the ordinary share capital of the Company or exercise or could exercise control over the Company:

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital before the Placing</i>	<i>Percentage of issued share capital following the Placing</i>
Bank of New York (Nominees) Limited	35,000,000	N/A	17.5%
Giltspur Investments Limited	20,000,000	20.0%	10.0%
Bentley Solutions Limited	18,500,000	18.5%	9.25%
Sukama Investments Limited	10,000,000	10.0%	5.0%
Pershing Keen Nominees Limited	10,000,000	10.0%	5.0%
Hanover Nominees Limited	7,400,000	N/A	3.7%
Fitel Nominees Limited	7,000,000	N/A	3.5%
Telleride Investments Limited	6,000,000	N/A	3.0%

Save as disclosed above, the Company is not aware of any person who, immediately following Admission and the Placing will, directly or indirectly, be interested in 3 per cent. or more of the capital of the Company, or who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

- 4.6 Jeremy Edelman has executed a director's appointment letter dated 16 February 2005 with the Company.

The letter provides for an annual fee of £12,000. The contract is terminable on six months notice. The other Directors will not be paid a fee for their services but may claim expenses. These arrangements will be reviewed on completion of the first investment. In addition, Jeremy Edelman will receive a consultancy fee of £2,500 on Admission.

4.7 Save as disclosed in paragraph 4.6 above, there are no contracts, existing or proposed, between any Director and the Company.

4.8 There is no arrangement under which any Director has agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.

4.9 It is estimated that under the arrangements currently in force, the aggregate remuneration and benefits in kind to be paid to the Directors for the 16 months ending 30 June 2006 will be approximately £16,000.

4.10 In addition to the directorships in the Company the Directors hold or have held the following directorships within the five years immediately prior to the date of this document:

<i>Name</i>	<i>Current Directorships</i>	<i>Past Directorships</i>
Christopher Lambert	Braemore Resources Plc, Grosvenor Holdings Plc (in Creditors' Voluntary Liquidation), Simply Overseas Property Limited	Robert Leech & Partners (Lingfield) Limited
Jeremy Edelman	Braemore Resources Plc, HFC International Pty Limited	Mt Grace Resources NL
Anthony Samaha	Braemore Resources Plc, Samaha Nominees Pty Limited, TS Samaha Pty Limited, San Tannos Pty Limited, Sheldon Pty Limited	Hall Chadwick Corporate Finance (WA) Pty Limited, Eureka Mines Limited

Christopher Lambert is a director of Grosvenor Holdings Plc, which went into creditors' voluntary liquidation on 21 October 1998. No criticism of the directors of that company was made by the liquidator.

4.11 Save as disclosed above none of the Directors has:

- any unspent convictions in relation to indictable offences;
- had any bankruptcy order made against him or entered into any voluntary arrangements;
- been a director of a company which has been placed in receivership, compulsory liquidation, creditors voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
- been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- been the owner of any assets or a partner in any partnership which has been placed in receivership

whilst he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership;

- been publicly criticised by any statutory or regulatory body (including recognised professional bodies); or
- been disqualified by a court from acting as a director of any company or from acting in the management or conduct of affairs of a company.

5 **Material contracts**

The following contracts, not being contracts entered into in the ordinary course of business of the Company, have been entered into by the Company and are or may be material:

5.1 Nominated Adviser and Broker agreement

An agreement dated 16 February 2005 between (1) Nabarro Wells & Co. Limited and (2) the Company under which Nabarro Wells & Co. Limited has agreed to act as the Company's nominated adviser for one year from Admission and thereafter, unless terminated by six months' written notice by Nabarro Wells Co. Limited or the Company and to act as the Company's broker from Admission until terminated by 30 days' written notice by Nabarro Wells & Co. Limited or the Company (the "Nominated Adviser and Broker Agreement"). Under the Nominated Adviser Agreement, the Company has agreed to pay to Nabarro Wells & Co. Limited a fee of £25,000 (plus VAT) on Admission and, options over 3,000,000 Ordinary Shares in favour of NWCF LLP and an ongoing nominated adviser fee of £10,000 per annum to be reviewed on completion of the first transaction.

Save as disclosed above, there are no contracts (other than contracts entered into in the ordinary course of business) which have been entered into by the Company since its incorporation and which are or may be material.

6 **Litigation**

There are no legal or arbitration proceedings (including, to the knowledge of the Directors, any such proceedings which are pending or threatened by or against the Company) which may have or have had during the 12 months immediately preceding the date of this document a significant effect on the financial position of the Company.

7 **Working capital**

The Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Company will, from the date of Admission, be sufficient for its present requirements, that is, for at least the next 12 months from the date of Admission.

8 **Taxation**

The comments in this section are intended as a general guide for the benefit of holders of shares as to their tax position under United Kingdom law and Inland Revenue practice as at the date of this document. Any Shareholder who has any doubt as to his or her tax position or who is subject to tax in a jurisdiction other than the United Kingdom should consult a professional adviser without delay.

8.1 Taxation of Dividends

Under current United Kingdom legislation, no tax is required to be withheld from dividend payments by the Company. A shareholder (other than a company) receiving a dividend from the Company also receives

a tax credit in respect of the dividend of an amount equal to one ninth of the amount of the dividend which is 10 per cent. of the sum of the dividend and the tax credit. Generally, the liability to United Kingdom income tax is calculated on the sum of the dividend and the tax credit (“the dividend income”). Individual Shareholders whose income is within the starting rate or basic rate tax bands will be subject to income tax at the rate of 10 per cent. on their dividend income, so that such shareholders will have no further liability to income tax on that dividend income. The higher rate of income tax is 32.5 per cent. in respect of dividend income. A higher rate tax payer may set the tax credit against his liability to income tax on the dividend income, giving an effective rate of tax of 25 per cent. A shareholder who is not liable to income tax on the dividend income (or any part of it) may not claim payment of the tax credit (or part of it) from the Inland Revenue.

A United Kingdom resident corporate shareholder is not normally liable to United Kingdom taxation on any dividend received. United Kingdom resident shareholders (including authorised unit trusts and open-ended investment companies) and pension funds are not entitled to payment in cash of the tax credit.

Whether shareholders who are resident for tax purposes in countries other than the United Kingdom are entitled to a payment from the Inland Revenue of a proportion of the tax credit in respect of dividends on their shares depends in general upon the provisions of any double taxation convention or agreement which exists between such countries and the United Kingdom. In addition, individual shareholders who are resident in countries other than the United Kingdom but who are Commonwealth citizens, nationals of member states of the European Economic Area or fall within certain other categories of person within Section 278 of the Income and Corporation Taxes Act 1988 are entitled to the entire tax credit which they may set against their total United Kingdom income tax liability. Non-United Kingdom resident shareholders should consult their own tax advisers on the possible application of such provisions and the procedure for claiming any relief or credit in respect of such tax credit in their own jurisdictions. However, in general, no cash payment will be recoverable from the Inland Revenue in respect of the tax credit.

8.2. Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)

No stamp duty or SDRT will be payable on the issue of shares save that special rules apply to persons operating clearance services or depository receipt services.

A transfer or sale of shares will generally be subject to ad valorem stamp duty at the rate of 0.5 per cent. rounded up to the nearest multiple of £5 on the amount or value of the consideration paid by the purchaser. If an unconditional agreement for the transfer of such shares is not completed by a duly stamped transfer to the transferee by the seventh day of the month following the month in which the agreement becomes unconditional, SDRT will be payable on the agreement at the rate of 0.5 per cent. of the amount or value of consideration paid. Liability to SDRT is generally that of the transferee. Where a purchaser or transfer is effected through a member of the London Stock Exchange or a qualified dealer, the said member or dealer will normally account for the SDRT.

When shares are transferred to a CREST member who holds those shares in uncertificated form as a nominee for the transferor, no stamp duty or SDRT will generally be payable.

When shares are transferred by a CREST member to the beneficial owner (on whose behalf it has held them as nominee), no stamp duty or SDRT will generally be payable.

Where a change in beneficial ownership of shares held in uncertificated form occurs and such change is for consideration in money or money’s worth (whether the transferee will hold those shares in certificated or uncertificated form) a liability to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration will arise. This will generally be met by the new beneficial owner.

8.3. Section 574 Relief

The Ordinary Shares are likely to be treated as not being listed or quoted for the purposes of those sections of the Income and Corporation Taxes Act 1988 (the Taxes Act) which use those terms in relation to securities provided that the Company remains one which does not have any of its shares quoted on a recognised stock exchange (which for these purposes does not include AIM). Assuming that the Company remains a trading company or the holding company of a trading group for tax purposes in the UK, Sections 573 to 576 of the Taxes Act will (subject to the relevant conditions specified in those sections) apply to investment companies and individuals investing in the Ordinary Shares.

Section 574 of the Income and Corporation Taxes Act 1988 permits, a loss on a subscription for Ordinary Shares in a qualifying trading company to be relieved against an investor's taxable income as an alternative to setting the loss against capital gains. Upon making the appropriate claim, relief is given against income on the tax year in which the loss arises, or the preceding year.

8.4. Inheritance Tax ("IHT") Relief

Ordinary shares in companies admitted to trading on AIM, such as the Company, generally qualify for 100 per cent. IHT Business Property Relief provided that they have been held for two years prior to an event given rise to a potential charge of IHT. Any shareholder who has any doubts as to his IHT position should consult a professional adviser, especially before making any gift or transfer of shares.

8.5. Capital gains tax

Changes to the structure of capital gains tax for individuals, trustees and personal representatives were introduced on 6 April 1998, including changes to the rules relating to the holding of shares.

A disposal of shares is generally treated on a LIFO (last in, first out) basis for the purpose of calculating gains chargeable to tax.

In addition, gains made by individuals, trustees and personal representatives after 5 April 1998 may qualify for taper relief. This relief reduces the amount of a chargeable gain on disposal, depending on the length of time the shares have been held since 6 April 1998. With effect from 6 April 2000, disposals of any shareholdings in unquoted qualifying trading companies will qualify as business assets, eligible for enhanced rates of taper relief. Shareholdings disposed of on or after 6 April 2002 qualify for the maximum relief after two years, reducing the effective capital gains tax rate to 10% for a higher rate taxpayer.

9. **General**

9.1 In the Directors' opinion, the minimum amount which must be raised by the Company pursuant to the Placing in order to provide the sums required pursuant to paragraph 21(a) of Schedule I to the POS regulations is £575,000 comprising:-

Issue expenses	£75,000
Working Capital	£500,000
	<u>£575,000</u>

9.2 The total proceeds which it is expected will be raised by the Placing are £1,000,000 and the net proceeds after deduction of expenses are estimated at £900,000.

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- 9.3 The accounting reference date of the Company is 30 June and the first audited accounts will be made up to 30 June 2006.
- 9.4 The expenses of and incidental to the Admission including registration and London Stock Exchange fees, professional fees and the costs of printing and distribution, are estimated to amount to approximately £100,000 (excluding VAT) together, all of which will be payable by the Company.
- 9.5 Save as disclosed in this document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:
- 9.5.1 received, directly or indirectly, from the Company within 12 months preceding the date of this document; or
- 9.5.2 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:
- (a) fees totalling £10,000 or more; or
- (b) securities in the Company with a value of £10,000 or more; or
- (c) any other benefit with a value of £10,000 or more at the date of Admission.
- 9.6 The financial information contained in Part II of this Prospectus does not constitute full statutory accounts as referred to in section 240 of the Act.
- 9.7 Chapman Davis LLP have given and not withdrawn their written consent to the issue of this document with the inclusion of their Report and references to their name in the form and context in which they appear.
- 9.8 Nabarro Wells Co. Limited has given and not withdrawn their written consent to the issue of this document with the inclusion of their name and references to their name in the form and context in which they appear.
- 9.9 Save as set out in this document, the Directors are not aware of any exceptional factors that have influenced the Group's activities.
- 9.10 The Placing has not been underwritten or guaranteed by any person.
- 9.11 Save as set out in this document, no commission is payable by the Company to any person in consideration of his agreeing to subscribe for securities to which this document relates or of his procuring or agreeing to procure subscriptions for such securities.
- 9.12 No paying agent has been appointed by the Company.
- 9.13 The Placing Shares will be issued at 1p per share, a premium of 0.9p per Ordinary Share above nominal value.
- 9.14 Save as disclosed in this document, no payment (including commissions) or other benefit has been or is to be paid or given to any promoter of the Company.
- 9.15 Save as disclosed in this document, there are no patents or other intellectual property rights, licences or
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particular contracts which are, or may be, of fundamental importance to the business of the Company.

9.16 Save as disclosed in this document, there are no investments in progress which are significant.

10. Documents available for inspection

Copies of the following documents will be available for inspection at the offices of Nabarro & Wells Co. Limited at Saddlers House, Gutter Lane, Cheapside, London EC2V 6HS and from the registered office of the Company at Third Floor, 55 Gower Street, London WC1E 6HQ, during normal business hours on any weekday (Saturdays and public holidays excepted) from the date of this document until at least 30 days after the date of Admission:

10.1 the memorandum and articles of association of the Company;

10.2 the Accountants' Report set out in Part II of this document;

10.3 the Directors' letters of appointment referred to in paragraph 4.6 of this Part III;

10.4 the material contracts referred to in paragraph 5 of this Part III; and

10.5 the letters of consent referred to in paragraphs 9.7 and 9.8 of this Part III.

4 March 2005