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Application will be made for the Ordinary Shares to be admitted to trading on the Alternative Investment Market (“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. AIM securities are not admitted to the Official List of the United Kingdom 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. Neither the London Stock Exchange nor the United Kingdom Listing Authority has examined or approved the contents of this document.

The Directors of Aurum Mining Plc, whose names appear on page 4 of this document, 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.

Notwithstanding that this document is an admission document drawn up in accordance with the AIM Rules and the Public Offer for Securities Regulations 1995 (as amended) (“POS Regulations”), this document does not comprise a prospectus and has not been delivered to the Registrar of Companies in England and Wales

AURUM MINING PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 5059457)

Placing of 3,191,489 Ordinary Shares of 1p each at 47p per share and Admission to the Alternative Investment Market

**by
W.H. Ireland Limited
Nominated Adviser and Broker**

SHARE CAPITAL IMMEDIATELY FOLLOWING COMPLETION OF THE PLACING

Authorised		Issued and fully paid		
Number	Amount £		Number	Amount £
200,000,000	2,000,000	Ordinary Shares of 1p each	8,191,489	81,915

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

W.H. Ireland, which is regulated by the Financial Services Authority, is acting as the nominated adviser and broker for Aurum Mining in connection with the Placing and the proposed Admission and is not acting for any person other than Aurum Mining and will not be responsible to any person other than Aurum Mining for providing the protections afforded to its customers or for providing advice to any other person in connection with the admission document.

It is expected that Admission will occur and that trading in the Ordinary Shares will commence on 7 May 2004.

Copies of this document will be made available to the public during normal business hours on any weekday (Saturdays and public holidays excepted) free of charge from the offices of Lawrence Graham at 190 Strand, London, WC2R 1JN and W.H. Ireland at 24 Bennetts Hill, Birmingham, B2 5QP and shall remain available for at least 14 days after the date of Admission.

This document and its contents are confidential and should not be distributed, published or reproduced in whole or in part or disclosed by recipients to any other persons. This document is not for distribution outside the United Kingdom and, in particular, it should not be distributed to persons with addresses in Canada, Australia, Japan, the Republic of Ireland or to persons with addresses in the United States of America, its territories or possessions or to any citizen thereof or to any corporation, partnership or other entity created or organised under the laws thereof. Any such distribution could result in the violation of Canadian, Australian, Japanese, Irish or United States of America law.

THE WHOLE TEXT OF THIS DOCUMENT SHOULD BE READ. YOUR ATTENTION IS DRAWN, IN PARTICULAR, TO THE SECTION HEADED “RISK AND OTHER FACTORS” SET OUT IN PART II OF THIS DOCUMENT.

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DEFINITIONS

The following words and expressions shall have the following meanings in this document, unless the context otherwise requires:

“Act”	the Companies Act 1985, as amended;
“Admission”	the admission of the existing Ordinary Shares and Placing Shares to trading on AIM;
“Admission Document”	this document dated 30 April 2004;
“AIM”	the Alternative Investment Market of the London Stock Exchange;
“AIM Rules”	the rules applicable to AIM as published by the London Stock Exchange from time to time;
“Articles”	the Company’s articles of association;
“Board” or “Directors”	the directors of the Company, whose names appear on page 4 of this document;
“Combined Code”	the Combined Code of Corporate Governance published in July 2003;
“Company” or “Aurum Mining”	Aurum Mining Plc;
“CREST”	the computerised settlement system to facilitate the transfer of title of shares in uncertificated form, operated by CRESTCo Limited;
“FSU”	the former Soviet Union;
“London Stock Exchange”	London Stock Exchange plc;
“New Shareholders”	persons who are allotted Placing Shares pursuant to the Placing and who become registered holders thereof;
“Official List”	the Official List of the UKLA;
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company;
“Placing”	the proposed placing of the Placing Shares at the Placing Price pursuant to the Placing Agreement;
“Placing Agreement”	the conditional agreement between W.H. Ireland, the Directors, the Company and D Bryans, further details of which are set out in paragraph 6 of Part IV of this document;
“Placing Price”	47p per Placing Share;
“Placing Shares”	the 3,191,489 new Ordinary Shares which are the subject of the Placing;
“POS Regulations”	the Public Offers of Securities Regulations 1995, as amended;
“Share Dealing Code”	the code on dealings in the Company’s securities adopted by the Company;
“Shareholders” or “Members”	holders of issued Ordinary Shares;
“UKLA”	the United Kingdom Listing Authority of 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;
“W.H. Ireland”	W.H. Ireland Limited.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Sean Finlay (<i>Non-Executive Chairman</i>) Haresh Damodar Kanabar (<i>Executive Business Development Director</i>)
Company Secretary all of Registered Office	Haresh Damodar Kanabar 8 Baker Street London W1U 3LL
Nominated Adviser and Broker	W.H. Ireland Limited 24 Bennetts Hill Birmingham B2 5QP
Reporting Accountants & Auditor	BDO Stoy Hayward LLP 8 Baker Street London W1U 3LL
Public Relations Advisers	Buchanan Communications 107 Cheapside London EC2V 6DN
Solicitors to the Company	Lawrence Graham 190 Strand London WC2R 1JN
Solicitors to the Placing	Gateley Wareing One Eleven Edmund Street Birmingham B3 2HJ
Principal Bankers	NatWest Bank PLC 1 Granby Street Leicester LE1 9GT
Registrars	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2004
Admission Document publication date	30 April
Admission effective and dealing in Ordinary Shares expected to commence on AIM	7 May
Expected date for CREST accounts to be credited (in respect of the Placing Shares)	7 May
Expected date for posting of the share certificates for the Placing Shares (where applicable)	17 May

PLACING STATISTICS

Number of existing Ordinary Shares prior to the Placing	5,000,000
Placing Price	47p
Number of new Ordinary Shares being issued under the Placing	3,191,489
Percentage of the enlarged issued share capital of the Company held by New Shareholders following completion of the Placing	39%
Number of Ordinary Shares in issue immediately following completion of the Placing and Admission	8,191,489
Gross proceeds of the Placing	£1,500,000
Estimated net proceeds of the Placing	£1,413,000

PART I

INFORMATION ON THE COMPANY

INTRODUCTION

Aurum Mining has been established to capitalise upon the opportunity to acquire gold and other mineral extraction projects initially in the FSU. The price of gold has been rising steadily since the middle of 2001. This sustained bull market has had the effect of enhancing the economics of gold extraction projects. The Directors believe that a number of factors underlie the growth in gold and mineral prices, particularly economic growth in India and China, and that in the current environment real world consumption will continue to increase, supporting buoyancy in the price of gold.

Upon Admission, Aurum Mining will have no trading businesses or subsidiaries. The funds raised by the Placing are intended to be applied in carrying out due diligence on potential mining projects. Additional funds may need to be raised to meet working capital requirements and, where appropriate, any cash consideration payable in respect of any such acquisitions. A number of potential mining projects have been identified although there is no guarantee that any negotiations will lead to the completion of an acquisition.

THE MARKET AND CORPORATE STRATEGY

The prices of many precious metals have increased substantially in the last 18 months. The price of gold, which is denominated in US\$, is subject to fluctuation but it has nonetheless increased steadily by almost 40 per cent. since the middle of 2001. The factors affecting the demand for gold are numerous and include economic growth driving real world consumption and civil insecurity leading to currency flight to gold as a perceived safe haven. On the supply side, capacity is to some extent constrained by the cost of extraction and the prevailing price of gold. In recent years the supply of gold has been supplemented by the large scale sales of bullion by national reserve banks, which has arguably held back the price of gold. In addition, in the short term, the price of gold will be affected by fluctuations in the US dollar and the hedging activities of corporate and financial organisations. The Directors recognise that it is not possible, therefore, to reliably forecast future movements in the price of gold but they believe that it is likely to remain buoyant for a number of reasons, including:

- with US elections later this year, the Directors believe there is a market perception that the US Dollar needs to fall to protect US employment figures;
- a continuing increase in demand as the world economy continues to grow, particularly in India and China;
- the recent announcement by 15 European central banks that they intend to restrict gold sales over the next five years will reduce the supply of existing bullion into the market;
- during the period of gold price weakness from 1997 to 2001, expenditure on exploration for new gold deposits was greatly reduced, resulting in fewer discoveries of new gold resources. This factor will also tend to reduce the longer term supply of gold.

The Directors propose to implement a strategy of identifying, analysing and assessing potentially profitable projects, initially in the FSU. Through its Chairman and the consultancy contract with Tyry Services Limited and David Bryans, Aurum Mining has access to an extensive pool of experience of mining operations in the FSU which the Board believes offers a number of opportunities for the profitable development of gold and other mineral extraction projects on a basis that is less obviously available elsewhere. This is because, in the opinion of the Directors:

- there are a number of Soviet era mineral finds that are documented but have been unexploited or underdeveloped;
- record keeping of mineral finds in the Soviet era was generally good with a tendency toward conservatism in the estimate of reserves;
- the use of modern technologies for the extraction and treatment of ores allows older finds to be reappraised and values to be adjusted; and
- political development within the FSU is toward stronger government and an improved rule of law, enabling business to be conducted more easily.

The Board intends to identify appropriate projects from existing records but to then reappraise these using modern methods and technology. From these investigations it will then develop a portfolio of projects that it takes forward to development either on its own or in conjunction with a local or international partner.

CURRENT TRADING AND FUTURE PROSPECTS

The Company has not traded since incorporation. At the date of this document it has paid up nominal share capital of £50,000 and cash resources of £50,000. Following completion of the Placing it will have paid up nominal share capital of £81,915 and an estimated cash balance of £1,463,000.

DIRECTORS

The Board comprises two directors as follows:

Sean Finlay (aged 54) *Non-Executive Chairman*

Sean is a professional geologist and a chartered engineer. He has over 30 years' experience in mining and quarrying at senior management and board levels, having worked on projects in Ireland, Canada, Ghana, Pakistan and the FSU. He was chief geologist with Tara Mines Ltd until 1987 when he became managing director of Celtic Gold plc from 1987 to 1994. In 1995 he was appointed managing director of Celtic

Resources Holdings plc until 1999. In addition, Sean has been a non-executive director of Glencar Mining plc since 1994 and has been a managing director of Tobin Environmental Services Ltd since May 2000. Sean is a Fellow of the Institution of Mining and Metallurgy and a Fellow of the Institution of Engineers of Ireland.

Haresh Kanabar (aged 46) Executive Director

Haresh qualified as a certified accountant in 1986. Following a number of finance positions with Fisons plc, Reed International plc and Texas Homecare Ltd he became finance director of F E Barber Limited, a subsidiary of Hillsdown Holdings plc, in 1994. In 1997 he was appointed group finance director of Whitchurch Group Plc which he left in May 1998 to become finance director of TMV Finance Limited. In December 1999 he left to join Corvus Capital Inc. as chief executive and in November 2002 he left to become finance director of Gaming Insight plc and is also currently an executive director of Roshni Investments plc and Silvermines Media plc. Haresh has also been non-executive Chairman of Silentpoint Plc since October 2000.

Haresh will take responsibility for overseeing the Company's finances until a full-time Finance Director is appointed, which the Directors expect to take place around the time of the Company's first acquisition.

The Board intends to make further appointments as the Company's project pipeline develops and suitable mining professionals with FSU experience for executive office are identified. Ideally, appropriate individuals will be found within the businesses to be acquired, but if this is not the case an executive search process will be initiated.

Details of the terms of the Directors' appointments are summarised in paragraph 5 of Part IV of this document.

CONSULTING AGREEMENT

The Company has secured the services of David Bryans, who has extensive experience of identifying and developing gold extraction projects in the FSU. His company, Tyry Services Limited, will work exclusively to bring suitable projects to Aurum Mining, which will be reviewed by the Board and the Company's advisers on a deal by deal basis and considered for acquisition or joint development.

Mr Bryans, 60, has over ten years' experience in assessing mining projects in the FSU, particularly in Russia. David was instrumental in the formation of Celtic Resources Holdings plc and in the negotiations on the formation of South Verkhoyansk Mining Company ("SVMC"), a Russian company in which Celtic Resources held a 50 per cent interest. David was a director of SVMC from its formation in 1996 until November 2002 and its general director from March 1998 to May 2002. During this period David was successful in negotiating the terms and reissue of the production licence for the significant gold deposits at Nezhdaninskoye to SVMC and led the team which negotiated with the Russian authorities for the inclusion of Nezhdaninskoye into the list of projects eligible for a production sharing agreement.

The Company has, conditional upon Admission, entered into an agreement with Tyry Services Limited ("Tyry") and David Bryans under which Tyry has agreed to procure the provision to the Company of the exclusive services of David Bryans who will actively source, identify, assess and undertake preliminary negotiations relating to projects including the development or acquisition of rights relating to gold mining or other extractable mineral resources situated in the FSU. Further details of David Bryans's consultancy contract are set out in paragraph 6.1 of Part IV of this document.

David Bryans is interested in 2,250,000 Ordinary Shares representing 27.5 per cent of the issued share capital of the Company, which are held through Taly International Limited.

DIRECTORS' INTERESTS AND LOCK-IN ARRANGEMENTS

The Directors' and certain other founding Shareholders' aggregate interests in Ordinary Shares following the Placing will amount to 4,924,999 Ordinary Shares representing approximately 60 per cent of the issued share capital of the Company. The Directors and such Shareholders have agreed not to dispose of any interests in the securities of the Company within a period of 12 months following Admission, save in certain specific circumstances permitted by the AIM Rules. In addition each of the Directors has been granted options over 250,000 Ordinary Shares at the Placing Price.

Further details of the Directors' interests and the lock-in arrangements are set out in paragraphs 4 and 6 of Part IV of this document respectively.

DIVIDEND POLICY

The Company has not yet commenced trading and it is, therefore, inappropriate to make a forecast of the likely level of any future dividends.

CORPORATE GOVERNANCE

The Directors are committed to maintaining high standards of corporate governance, so far as is practicable given the Company's size and nature, to comply with the Combined Code.

The Company has adopted the Share Dealing Code for the Directors and senior employees and will take steps to ensure compliance by the Directors and any relevant employees with the terms of this code.

The Directors will implement such corporate governance procedures and establish such committees of the Board as are required for it to comply with the terms of the Combined Code following any significant site acquisition by the Company.

The Directors have established financial controls and reporting procedures which are considered appropriate given the size of and structure of the Company. These controls will be reviewed in the light of significant site acquisitions and adjusted accordingly.

REASONS FOR THE PLACING AND ADMISSION

The net proceeds of the Placing, being approximately £1,413,000, are intended to be applied in carrying out the due diligence on and towards the acquisition of potential mining projects. The Directors believe that the associated benefits of the Placing and Admission include:

(i) Corporate Profile

The Directors believe that the public profile of any businesses acquired will benefit from the status of being part of a public company.

(ii) Acquisition Consideration

The Directors believe that the issue of publicly traded shares as consideration is potentially more attractive to vendors than the issue of non-publicly traded shares and they intend to finance acquisitions in this way, when appropriate.

(iii) Access to Capital Markets

The Company may need to raise further funds in the future to develop its business or to finance the cash element of consideration for acquisitions.

(iv) Incentivisation of Key Staff

The ability to implement appropriate tax efficient share option schemes to incentivise employees, as the Company grows.

DETAILS OF THE PLACING

The Company is issuing 3,191,489 new Ordinary Shares pursuant to the Placing at the Placing Price to raise £1,413,000 (net of expenses). The Placing Shares will represent approximately 40 per cent of the enlarged issued share capital of the Company following the Placing and will be issued credited as fully paid and will rank *pari passu* in all respects with the existing Ordinary Shares.

The Company, the Directors and David Bryans have entered into the Placing Agreement with W.H. Ireland. The Placing is not being underwritten. The Placing Shares have been conditionally placed with institutional and other investors. The Placing is conditional upon the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms, and Admission becoming effective on 7 May 2004 (or such later time and date as the Company and W.H. Ireland may agree).

Further details of the Placing Agreement are set out in paragraph 6 of Part IV of this document.

USE OF PROCEEDS

The Placing will raise approximately £1,413,000, net of expenses, for the Company. The funds raised by the Placing are intended to be applied to carry out the due diligence on potential mining projects.

TAXATION

Information regarding taxation is set out in paragraph 7 of Part IV of this document. These details are, however, intended only as a general guide to the current tax position under UK taxation law. If you are in any doubt as to your tax position you should consult an appropriate professional adviser immediately.

Upon Admission, the Company will have no trading businesses or subsidiaries and will not therefore qualify for the Enterprise Investment Scheme relief ("EIS"). However, upon successful completion of an appropriate acquisition, the Company will seek to make an application to the Inland Revenue for the provisional clearance that the Company is a qualifying company for the purposes of investments by Venture Capital Trusts ("VCTs") and the Enterprise Investment Scheme relief ("EIS"). However, investors should note that the Company does not make any representations as to whether any investment in the Company will be one in respect of which tax relief under EIS will be available, whether the investment in the Company will represent a qualifying holding for VCT purposes or whether any such tax reliefs (either under EIS or available to VCTs) will not subsequently be withdrawn by virtue of the Company's future actions.

SETTLEMENT, DEALINGS AND CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Company has applied for the Ordinary Shares to be admitted to CREST and it is expected that the Ordinary Shares will be so admitted and accordingly enabled for settlement in CREST on the date of Admission. It is expected that Admission will become effective and dealings in the Ordinary Shares will commence on 7 May 2004. Accordingly, settlement of transactions in Ordinary Shares following Admission may take place within the CREST system if any Shareholder so wishes. Further information is set out in the placing letters used in connection with the Placing.

PART II

RISK AND OTHER FACTORS

In addition to the other relevant information set out in this document, the following specific factors should be considered carefully when evaluating whether to make an investment in the Company. The investment offered in this document may not be suitable for all of its recipients. If you are in any doubt as to the action you should take, 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. A prospective investor should consider carefully whether an investment in the Company is suitable for him/her in the light of his/her personal circumstances and the financial resources available to him/her.

In addition to the usual risks associated with an investment in a business at an early stage of its development, the Directors consider that the risks and other factors described below are the most significant and should be considered carefully together with all the information contained in this document, prior to applying for Placing Shares. It should be noted that the risks described below are not the only risks faced by the Company; there may be additional risks that the Directors currently consider not to be material or of which they are currently unaware.

If any of these risks actually occur, the Company's business, financial condition, results or future operations could be materially adversely affected. In such case, the price of its shares could decline and investors may lose all or part of their investment.

1. General mineral exploration risks

General exploration in the mining industry contains an element of risk and there can be no guarantee that estimates of quantities and grades of minerals disclosed in relation to future projects would actually be available for extraction. With all mining operations there is uncertainty, and therefore risk, associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature.

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 may be required to establish ore reserves through drilling, to determine metallurgical processes to extract metals from ore and to construct mining and processing facilities. As a result of these uncertainties, there can be no assurance that exploration programmes will result in any new commercial mining activities being brought into operation.

2. General mining and processing risk

There are risks inherent in the development and exploitation of mineral deposits. The business of mining, by its nature, will involve risks and hazards outside the Company's control including geological, geotechnical and seismic factors, industrial and mechanical accidents, unscheduled plant shutdowns or other processing problems, technical failures, labour disputes and environmental hazards. The exploration, development and production of natural resources is an activity that involves financial risk.

As is common with all mining operations, there will be uncertainty and therefore risk associated with the Company's operating parameters and costs. These can be difficult to predict and are often affected by factors outside the Company's control.

3. Gold price volatility and exchange rate risks

The market price of gold is volatile at times and is affected by numerous factors which are beyond the Company's control. These include global and regional economic and political events, international economic trends, as well as a range of other market forces. Additionally, the purchase and sale of gold by central banks or other large holders or dealers may also have an impact on the market price. Sustained downward movements in gold market prices could render less economic, or uneconomic, any of the gold extraction and/or exploration activities to be undertaken by the Company.

The Company's future income will be subject to exchange rate fluctuations and may become subject to exchange control or similar restrictions.

Gold is sold throughout the world principally in US dollars but the Company's operating costs will be incurred principally in Russian roubles. The rouble has suffered significant volatility relative to the US dollar in recent years. The ability of the Russian Government and the Central Bank to reduce the volatility of the rouble will depend on many political and economic factors, including their ability to control inflation and the availability of foreign currency. Any significant and sustained appreciation of the Russian rouble against the US dollar could serve to materially reduce the Company's future revenues.

4. Political and economic risks

The FSU has undergone a substantial political transformation from a centrally controlled command economy under communist rule to a pluralist market-orientated democracy. There can be no assurance that the political and economic reforms will continue. Changes may occur in its political, economic, fiscal and legal systems which might affect the ownership or operation of the Company's future mining projects including, *inter alia*, changes in exchange control regulations, ownership of mining rights, changes of government and changes in legislative or regulatory regimes. There is no guarantee that future changes in legislation would not affect the Company retrospectively.

In addition, legal uncertainties, ambiguities, inconsistencies and anomalies, which would not necessarily exist in the UK, may arise. In particular, difficulties may arise in seeking to obtain redress through the legal courts in overseas jurisdictions.

5. Physical infrastructure in the FSU

The FSU's physical infrastructure largely dates back to Soviet times and has not been adequately funded and maintained. Particularly affected are the rail and road networks, power generation and transmission, communications systems, and building stock. Road conditions throughout the FSU are generally poor with many roads not meeting minimum quality requirements. The deterioration of infrastructure harms the national economy, disrupts the transportation of goods and supplies, adds cost to doing business in the FSU and can interrupt business operations and this could have a material adverse effect on the Company's future operations.

6. Regulatory Regime

The Company's future exploration, mining and processing activities will be dependent upon the granting of appropriate licences, concessions, leases, permits and regulatory consents which may be granted for a defined time period. These may be subject to limitations and may provide for withdrawal in certain circumstances. There can be no assurance that when granted they will be renewed or if so, on what terms.

7. Property rights

The laws of the FSU are uncertain and the risks associated with the legal system include (i) the untested nature of the independence of the judiciary, (ii) the inconsistencies among laws, Presidential decrees and Government and ministerial orders and resolutions, (iii) the lack of judicial or administrative guidance on interpreting the laws, (iv) a high degree of discretion on the part of the governmental authorities, (v) conflicting local, regional and federal laws and regulations, (vi) the relative inexperience of judges and courts in interpreting new legal norms, and (vii) the unpredictability of enforcement of foreign judgments and arbitral awards.

In particular, during the FSU's transformation from a centrally planned economy to a market economy, legislation has been enacted to protect private property against expropriation and nationalisation. However, it is possible that due to the lack of experience in enforcing these provisions and due to potential political changes, these protections would not be enforced in the event of an attempted expropriation or nationalisation. Expropriation or nationalisation of the Company's future assets, potentially without adequate compensation, would have a material adverse effect on the Company.

8. Environmental concerns

The Company's future operations will be subject to environmental regulation (including regular environmental impact assessments and obtaining the appropriate permits) in the FSU. The environmental legislation of the FSU consists of numerous federal and regional regulations which quite often conflict with each other and cannot be consistently interpreted. As a result, full environmental compliance may not always be ensured.

Environmental regulation in the FSU is likely to evolve in a manner which will require stricter standards and enforcement, increased penalties for non-compliance, more stringent environmental assessment of proposed projects and a heightened degree of responsibility for companies and their directors and employees. This may have the effect of increasing the future costs of environmental compliance.

9. Uninsured risks

Some forms of insurance protection used in Western countries are unavailable in the FSU on the terms common in such countries. Furthermore, the Company, as a participant in mining and exploration activities, 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. The Company may incur a liability to third parties (in excess of any insurance cover) arising from pollution or other damage or injury.

10. The Company's objectives may not be fulfilled

The Company does not presently carry on any trading activities or have any subsidiaries. The value of an investment in the Company is dependent upon the Company acquiring and developing gold mining projects which meet the Board's investment strategy. The Company cannot guarantee that it will be able to identify or acquire appropriate gold mining projects meeting the objectives for which it has been established. The Company may spend some of the funds raised under the Placing on investigating potential gold mining projects which are subsequently rejected as being unsuitable.

11. Dependence on key personnel

The Company is dependent on the services of certain key consultants and members of the executive management team. Whilst the Company has entered into contractual arrangements or consultancy agreements with such people, details of which are set out in Part IV of this document, the retention of their services cannot be guaranteed. The loss of any key employees or consultants may have an adverse effect on the Company's future business.

12. Financing

The Company will have limited financial resources. Funds raised in the Placing may not be sufficient to fund the acquisition and/or development of suitable gold mining projects or all of the due diligence costs and professional costs associated with such projects and the Company's working capital requirements. It may be necessary to raise additional equity or debt financing or other means to cover working capital requirements and, where appropriate, part of any cash consideration in respect of acquisitions. Any additional equity financing may be dilutive to Shareholders and debt financing, if available, may involve restrictions on financing and operating activities. There can be no assurance that such funding required by the Company will be made available to it and, if such funding is available, that it will be offered on reasonable terms.

If the Company is unable to obtain additional financing as needed, the Company not be able to fulfil its strategy, which could have a material adverse effect on the Company's business, financial condition and prospects.

13. Further issue of shares

Upon identification of suitable projects, the consideration payable may be satisfied or part satisfied by the issue of new Ordinary Shares at a price which may be less than the Placing Price.

14. Share price volatility and liquidity

The share price of publicly traded companies, in particular those at an early stage of development, can be highly volatile. The price at which the Ordinary Shares will be quoted and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to the Company and its proposed operations and the ability to successfully implement its intended investment strategy and some which may affect quoted companies generally. These factors could include the performance of the Company's operations, large purchases or sales of Ordinary Shares, liquidity (or the absence of liquidity) in the Ordinary Shares, currency fluctuations and general economic conditions. The value of the Ordinary Shares may go down as well as up.

Admission to AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares. It may be more difficult for an investor to realise his investment on AIM than to realise an investment in a company whose shares are quoted on the Official List.

PART III

ACCOUNTANTS' REPORT ON AURUM MINING PLC



BDO Stoy Hayward

Chartered Accountants

BDO Stoy Hayward LLP
8 Baker Street
London
W1U 3LL

The Directors
Aurum Mining Plc
8 Baker Street
London
W1U 3LL

and

The Directors
W.H. Ireland Limited
24 Bennetts Hill
Birmingham
B2 5QP

30 April 2004

Dear Sirs

AURUM MINING PLC (“AURUM MINING” OR THE “COMPANY”)

INTRODUCTION

We report on the financial information set out below. This financial information has been prepared for inclusion in the admission document dated 30 April 2004 of the Company (“the Admission Document”).

The Company was incorporated as Zoloto Plc on 1 March 2004 and changed its name to Aurum Mining Plc on 5 April 2004. Since incorporation, the Company has not traded, nor has it received any income, incurred any expenses or paid any dividends. Consequently, no profit and loss account is presented. No financial statements have been drawn up.

BASIS OF PREPARATION

The financial information set out below is based on the balance sheet of the Company as at 20 April 2004 (“the Balance Sheet”), to which no adjustments were considered necessary.

RESPONSIBILITY

The Balance Sheet is the responsibility of the Directors and has been approved by them.

The Directors are responsible for the contents of the Admission Document in which this report is included.

It is our responsibility to compile the financial information set out in our report from the Balance Sheet, 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 Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the Balance Sheet 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 Admission Document, a true and fair view of the state of affairs of the Company as at 20 April 2004.

CONSENT

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

BALANCE SHEET AS AT 20 APRIL 2004

	As at 20 April 2004 £000
Current assets	
Cash at bank	50
	<hr/>
Net assets	50
	<hr/>
Share capital and reserves	
Called up share capital	50
	<hr/>
Shareholders' funds — equity	50
	<hr/>

FINANCIAL INFORMATION**Accounting policies**

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

Share capital

The Company was incorporated with authorised share capital of £2 million divided into 200 million ordinary shares of £0.01 each. On incorporation, 2 ordinary shares of £0.01 each were issued for nil consideration.

On 20 April 2004 the 2 subscriber shares were paid up and a further 4,999,998 ordinary shares were issued at par for cash.

Yours faithfully

BDO Stoy Hayward LLP
Chartered Accountants

PART IV

ADDITIONAL INFORMATION

1. THE COMPANY AND ITS SUBSIDIARIES

- 1.1 The Company was incorporated and registered in England and Wales under the Act on 1 March 2004 under the name of Zoloto Plc with registered number 5059457, as a public company limited by shares under the Act. On 5 April 2004 the name of the Company was changed to Aurum Mining Plc. The Company has no subsidiaries.
- 1.2 The principal activity of the Company is to make investments in gold mining projects initially in the FSU.
- 1.3 The principal legislation under which the Company operates is the Act. The liability of the Company's members is limited. On 20 April 2004 the Registrar of Companies issued a certificate to the Company under section 117 of the Act entitling it to commence business and to borrow.

2. SHARE CAPITAL

- 2.1 The Company was incorporated with an authorised share capital of £2,000,000 represented by 200,000,000 ordinary shares of 1p each, of which 2 were issued, nil paid, to the subscribers to the memorandum of association. The following alterations in the issued share capital of the Company have taken place since incorporation:

On 20 April 2004, the 2 subscriber shares were paid up and a further 4,999,998 Ordinary Shares issued at par.

- 2.2 The authorised and issued share capital of the Company (i) as at the date of this document and (ii) following completion of the Placing is set out below:

Authorised		Issued and fully paid	
£	Number	£	Number
(i) 2,000,000	200,000,000	50,000	5,000,000
(ii) 2,000,000	200,000,000	81,915	8,191,489

- 2.3 The company has granted W.H. Ireland an option over 81,915 Ordinary Shares, the terms of which are summarised in paragraph 6.4 below.
- 2.4 Save as disclosed in paragraph 2.3 above and paragraph 4.2 below, no capital of the Company is proposed to be issued or is under option or is agreed to be put under option.
- 2.5 By a special resolution dated 5 April 2004 the Directors were generally unconditionally authorised for the purposes of section 80 of the Act to allot relevant securities of an aggregate nominal value representing the entire unissued share capital of the Company such authority to expire on 4 April 2009. The Directors were also empowered, pursuant to section 95 of the Act, to allot equity securities (within the meaning of section 94(2) of the Act) for cash as if section 89(1) of the Act did not apply for any allotment of equity securities by way of rights in proportion (as nearly as may be) to their existing holdings, and in respect of any other issue up to an aggregate nominal value representing the entire unissued share capital of the Company such authority to expire on 4 April 2009. These authorities will be used to issue the Placing Shares and were used to grant the options referred to in paragraphs 2.3 above and 4.2 below.

3. MEMORANDUM AND ARTICLES OF ASSOCIATION

The principal objects of the Company, which are set out in clause 4 of its Memorandum of Association, are to carry on the business of a general commercial company.

The Articles contain, *inter alia*, provisions to the following effect:

- 3.1 **Voting rights**
Subject to paragraph 3.6 below, and to any special rights or restrictions as to voting upon which any shares may for the time being be held, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by its duly appointed representative shall have one vote and on a poll every member present in person or by representative or proxy shall have one vote for every ordinary share in the capital of the Company held by him. A proxy need not be a member of the Company.
- 3.2 **Variation of rights**
Whenever the share capital of the Company is divided into different classes of shares the special rights attached to any class may be varied or abrogated either with the consent in writing 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 shares of that class and may be so varied and abrogated whilst the Company is a group concern or during or in contemplation of a winding-up. To every such separate general meeting (except an adjourned meeting), the quorum shall be two persons at least holding or representing by proxy one-third in nominal value of the issued shares of that class.

3.3 Alteration of capital

The Company may by ordinary resolution increase its capital, consolidate and divide all or any of its share capital into shares of a larger nominal value, subdivide all or any of its shares into shares of a smaller nominal value, cancel any shares not taken, or agreed to be taken, by any person and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may, subject to any conditions, authorities and consents required by law, by special resolution reduce or cancel its share capital or any capital redemption reserve or share premium account.

Subject to and in accordance with the provisions of the Act, the Company may purchase its own shares (including any redeemable shares) with and subject to all prior authorities of the Company in general meeting as specified under the Act provided that the Company may not purchase any of its shares if as a result of the purchase of the shares there would no longer be any member holding shares in the Company other than redeemable shares.

3.4 Transfer of shares

A member may transfer all or any of his shares (1) in the case of certificated shares by transfer in writing in any usual or common form or in any other form acceptable to the Directors and may be under hand only and (2) in the case of uncertificated shares, in the manner provided for in the rules and procedures of the operator of the relevant system and in accordance with and subject to the Uncertificated Securities Regulations 2001 (the "Uncertificated Securities Regulations"). The instrument of transfer of a certificated share shall be signed by or on behalf of the transferor and, if the share is not fully paid, by or on behalf of the transferee. Subject to paragraph 3.6 below, the Articles contain no restrictions on the free transferability of fully paid shares provided that the transfer is in respect of only one class of share and is accompanied by the share certificate and any other evidence of title required by the Directors and that the provisions in the Articles relating to the deposit of instruments for transfer have been complied with.

The Company will not close the register of members in respect of a share, class of share, renounceable right of allotment of a share or other security (title to units of which is permitted to be transferred by computer-based systems and procedures in accordance with the Uncertificated Securities Regulations) without the consent of the operator of the computer-based system and/or procedure. The registration of transfers may be suspended at such times and for such periods as the Directors may determine either generally or in respect of any class of shares. The register of members shall not be closed for more than thirty days a year.

Subject to the requirements of the UK Listing Authority and the London Stock Exchange, the Company shall register a transfer of title to any uncertificated share or any renounceable right to allotment of a share held in uncertificated form in accordance with the Uncertificated Securities Regulations but so that the Directors may refuse to register such transfer in any circumstance permitted or required by the Uncertificated Securities Regulations.

3.5 Dividends

3.5.1 Subject to the Act or any other statutes in force, the Company may by ordinary resolution in general meeting declare dividends provided that no dividend shall be paid otherwise than out of profits available for the purpose and no dividend shall exceed the amount recommended by the Directors. The Directors may from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates in respect of such periods as appear to the Directors to be justified.

3.5.2 Subject to the rights of persons, if any, holding shares with special dividend rights, and subject to paragraph 3.6 below, all dividends shall be apportioned and paid pro rata according to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid or credited as paid in advance of calls shall be regarded as paid on shares for this purpose.

3.5.3 All dividends unclaimed for a period of 12 years from the date on which such dividend was declared or became due for payment shall be forfeited and shall revert to the Company.

3.5.4 There is no fixed date on which an entitlement to dividend arises.

3.6 Suspension of rights

If a member or any other person appearing to be interested in shares of the Company fails after the date of service of a notice to comply with the statutory disclosure requirements then:

3.6.1 If the shares are held in certificated form from the time of such failure until not more than 7 days after the earlier of (a) receipt by the Company of notice that there has been a transfer of the shares by an arm's length sale and (b) due compliance, to the satisfaction of the Company, with the statutory disclosure requirements (if the Directors so resolve) such member shall not be entitled to vote or to exercise any right conferred by membership at meetings of the Company in respect of the shares which are the subject of such notice. Where the holding represents more than 0.25 per cent of the issued shares of that class, the payment of dividends may be withheld, and such member shall not be entitled to transfer such shares otherwise than by an arm's length sale.

3.6.2 If the shares are held in uncertificated form, the Directors may serve upon the registered holder of such shares a notice requiring the holder to convert his holding of uncertificated shares into certificated form with such period as is specified in the notice and require the holder to continue to hold such shares in certificated form for so long as such failure continues. If the holder shall fail to convert his holding within the specified time, the Directors are empowered to authorise some person to take all such steps and issue such instructions as may be necessary in the name of the holder of such shares to effect the conversion of such shares to certificated form. Such steps shall be as effective as is they had been taken by the registered holder of the relevant uncertificated shares. Once such conversion to certificated form has been effected, the above rules in relation to shares in certificated form shall apply.

3.7 Return of capital

Subject to any preferred, deferred or other special rights, or subject to such conditions or restrictions to which any shares in the capital of the Company may be issued, on a winding-up or other return of capital, the holders of ordinary shares are entitled to share in any surplus assets pro rata to the amount paid up on their ordinary shares. A liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Act, divide amongst the members in specie or in kind the whole or any part of the assets of the Company (whether or not the assets shall consist of property of one kind or shall consist of property of different kinds), those assets to be set at such value as he deems fair. A liquidator may also vest the whole or any part of the assets of the Company in trustees on trusts for the benefit of the members as the liquidator shall think fit.

3.8 Pre-emption rights

There are no rights of pre-emption under the Articles in respect of transfers of issued Ordinary Shares.

In certain circumstances, the Company's shareholders may have statutory pre-emption rights under the Act in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to offer new shares for allotment to existing shareholders on a pro rata basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to the Company's shareholders.

3.9 Borrowing powers

Subject to the Act and any other Statute, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or any third party.

4. DIRECTORS' AND OTHER INTERESTS

4.1 The interests of the Directors (including the interests of their spouses and infant children and the interests of any persons connected with them within the meaning of Section 346 of the Act), all of which are beneficial, in the issued share capital of the Company which have been notified to the Company pursuant to Sections 324 to 328 of the Act, as at the date of publication of this document and as they are expected to be immediately following completion of the Placing, are as follows:

Name	Present		Following the Placing	
	Ordinary Shares	%	Ordinary Shares	%
Sean Finlay	250,000	5	250,000	3.1
Haresh Kanabar	175,000	3.5	175,000	2.1

4.2 The Directors are also interested in unissued Ordinary Shares granted to them by the Company under share options issued to them pursuant to individual option deeds dated 30 April 2004 as set out below. The options are exercisable at any time until five years from Admission:

	Exercise Price	Ordinary Shares	Latest exercise date
Sean Finlay	47p	250,000	30 April 2009
Haresh Kanabar	47p	250,000	30 April 2009

4.3 Save as disclosed in paragraphs 4.1 and 4.2 above, none of the Directors has any interests in the share capital or loan capital of the Company or any of its subsidiaries nor does any person connected with the Directors (within the meaning of Section 346 of the Act) have any such interests, whether beneficial or non-beneficial.

4.4 In addition to their directorships in the Company, the Directors have held the following directorships and/or been a partner in the following partnerships within the five years prior to the date of this document:

Name	Current Directorships	Past Directorships
Sean Finlay	Bootmount Management Co Ltd (Ireland) Clare Calcite Ltd (Ireland) Glencar Mining plc (Ireland) Mostop Ltd (Ireland) Obart Ltd (Ireland) Tobin Environmental Services Ltd (Ireland) (trading as TES Consulting Engineers)	Celtic Petroleum Ltd Celtic Resources Holding plc (Ireland) Fynegold Petroleum Ltd (<i>dissolved</i>) Oliver Minerals Ltd (Ireland) SVMC Ltd (Russia)

Name	Current Directorships	Past Directorships
Haresh Kanabar	Hightower Construction Plc Gaming Insight Plc Roshni Investments plc Silentpoint Plc Silvermines Media Plc	Corvus Capital Inc. TMV Finance Limited

4.5 Mr Finlay is a former director of Celtic Resources Holding plc (“Celtic”) which in May 1999 reached an agreement with Dragon Oil plc, the company’s largest creditor and shareholder, to vary the terms of a Loan Agreement in which US\$2.39 million was converted into IR £1 Preference Shares of Celtic at the higher of 15 IR pence or market price before 31 October 1999. In June 1999, 97 per cent of Celtic’s other creditors, accounting for 83 per cent of all outstanding debts, settled at 40 IR pence in the pound by way of a combination of cash (10 IR pence) and shares (30 IR pence).

4.6 Save as disclosed above, no Director:

4.6.1 has any unspent convictions in relation to indictable offences; or

4.6.2 has been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such director; or

4.6.3 has been a director of any company which, while he was a director or within 12 months after he ceased to be a director, had a receiver appointed or went into compulsory liquidation, creditors’ voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors; or

4.6.4 has been a partner of any partnership which, while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or

4.6.5 has had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or

4.6.6 has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

4.7 Save as disclosed in paragraphs 4.1 and 4.2 above, and as set out below, the Directors are not aware of any person, directly or indirectly, jointly or severally, who exercises or could exercise control over the Company or who is interested in 3 per cent or more of the issued share capital of the Company as at the date of the publication of this document and immediately following completion of the Placing:

Name	Ordinary Shares currently held	%	Ordinary Shares following the Placing	%
David Bryans ⁽¹⁾	2,250,000	45	2,250,000	27.5
Nigel Robertson ⁽²⁾	2,250,000	45	2,250,000	27.5

⁽¹⁾ These shares are held by Talyn International Limited, a company controlled by Mr Bryans.

⁽²⁾ 2,249,999 of these shares are held by Brookspey Limited, a company controlled by Mr Robertson.

4.8 No loans made or guarantees granted or provided by any member of the Group to or for the benefit of any Director are outstanding.

4.9 Save as set out in this Part IV, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and which was effected by the Company or any of its subsidiaries and remains in any respect outstanding or unperformed.

5. DIRECTORS’ SERVICE ARRANGEMENTS

5.1 The services of Haresh Kanabar and Sean Finlay as executive Director and non-executive Chairman respectively are provided under the terms of letters of appointment between the Company and each of them dated 30 April 2004 for an initial period of 12 months, continuing thereafter subject to termination upon at least one month’s notice, at an initial fee of £25,000 per annum.

5.2 There are no service agreements in existence between any of the Directors and the Company or any of its subsidiaries which cannot be determined by the employing company without payment of compensation (other than statutory compensation) within one year.

5.3 The estimated aggregate remuneration payable and benefits in kind to be granted to the Directors for the current financial period ending 31 March 2005 under the arrangements in force at the date of this document is £50,000.

6. MATERIAL CONTRACTS

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

6.1 On 30 April 2004, the Company has, conditional upon Admission, entered into an agreement with Tyry Services Limited (“Tyry”) and David Bryans under which Tyry has agreed to procure the provision to the Company of the exclusive services of David Bryans who

will actively source, identify, assess and undertake preliminary negotiations relating to projects including the development or acquisition of rights relating to gold mining or other extractable mineral resources situated in the FSU (“Development Projects”). The agreement is for an initial period of 12 months (subject to termination by the Company in certain circumstances) and thereafter is terminable by either party on 12 months’ notice. In consideration for the provision of these services Tyry will receive a retainer fee of £5,000 per month (or such amount as may be agreed) together with agreed expenses. In addition, Tyry is entitled to receive an introductory fee to be agreed between the parties on a project by project basis although it is likely to be equivalent to a two per cent. equity interest without capital contribution obligations until the commencement of first production, in all projects introduced by Tyry and subsequently acquired or materially developed by the Company.

- 6.2 On 7 April 004, the Company entered into an agreement with W.H. Ireland under which W.H. Ireland agreed to act as the Company’s Financial Adviser and Nominated Adviser and Broker and to advise and assist the Company in respect of Admission and on an ongoing basis for an initial period of twelve months and thereafter until terminated by three months’ notice by either party. The agreement contains indemnities and warranties given by the Company to W.H. Ireland. In addition, in respect of its Nominated Adviser and broker services, W.H. Ireland will receive a fee equivalent to £15,000 p.a. until completion of the Company’s first acquisition and £25,000 p.a. thereafter.
- 6.3 On 30 April 2004, the Company, the Directors and David Bryans entered into the Placing Agreement with W.H. Ireland whereby W.H. Ireland has conditionally agreed to use its reasonable endeavours (as agent for the Company) to procure subscribers for the Placing Shares. The Placing Agreement is conditional, *inter alia*, upon Admission. The Company, the Directors and David Bryans have given certain warranties and indemnities as to the accuracy of the information contained in this document and other matters in relation to the Company and its business. Under the Placing Agreement, the Company will pay to W.H. Ireland a fee of £25,000 together with its costs and expenses. In addition, the Company will be responsible for all other costs and expenses of the application for admission.
- 6.4 Pursuant to an option deed entered into by the Company and W.H. Ireland dated 30 April 2004, the Company has agreed to create and issue an option to W.H. Ireland to subscribe, at the Placing Price, for 81,915 Ordinary Shares. The warrants are exercisable at any time until three years from Admission.
- 6.5 The Directors and certain other founder Shareholders comprising Talyn International Limited and Brookspey Limited have covenanted to the Company and W.H. Ireland pursuant to individual deeds of restriction with the Company and W.H. Ireland dated 30 April 2004, subject to certain limited expectations, during the period of twelve months following Admission, that they will not directly or indirectly transfer, sell or otherwise dispose of the legal or beneficial ownership of any Ordinary Shares held by them. These deeds apply, currently, to in aggregate 4,924,999 Ordinary Shares held at Admission.

7. TAXATION

The following information, which sets out the taxation treatment for holders of Ordinary Shares, is based on existing law in force in the UK (“UK”) and what is understood to be current Inland Revenue practice. It is intended as a general guide only and applies to Shareholders who are resident in the UK (except to the extent that specific reference is made to Shareholders resident outside the UK), who hold the Ordinary Shares as investments and who are the absolute beneficial owners of those Ordinary Shares.

Any Shareholders who are in any doubt as to their taxation position or who are subject to taxation in any jurisdiction other than the UK should consult their professional advisers immediately. Shareholders should note that the levels and bases of, and relief from, taxation may change and that changes may affect benefits of investment in the Company. This summary is not exhaustive and does not generally consider tax relief or exemptions.

7.1 Taxation of Dividends

Under current UK tax legislation, no tax will be withheld from any dividend paid by the Company.

7.1.1 UK Resident Individual Shareholders

An individual UK resident shareholder is currently entitled to a tax credit in respect of the dividend (the “associated tax credit”), that can be set off against the total liability to UK income tax. The amount of the associated tax credit is equal to one-ninth of the cash dividend received. The aggregate of the cash dividend and the associated tax credit (the “gross dividend”) will be included in the Shareholder’s income for UK tax purposes and will be treated as the top slice of the Shareholder’s income. Thus, an individual UK resident Shareholder receiving a cash dividend of £90 will be treated as having received income of £100, which has the associated tax credit of £10 attached to it.

An individual UK resident Shareholder who, after taking into account the gross dividend, pays income tax at the lower rate or basic rate will pay tax on the gross dividend at the “Schedule F ordinary rate” of 10% against which he can set off the tax credit. As a consequence, such a Shareholder will have no further liability to account for income tax on the cash dividend received.

An individual UK resident Shareholder who, after taking into account the gross dividend, pays income tax at the higher rate will pay tax on the gross dividend at the “Schedule F upper rate” of 32.5% against which he can set off the associated tax credit. Such a Shareholder will have a liability to account for additional tax on the gross dividend, calculated by multiplying

the gross dividend by the Schedule F upper rate and deducting the tax credit. This will be equivalent to 25% of the cash dividend received.

An individual UK resident Shareholder who does not pay income tax or whose liability to income tax does not exceed the amount of the associated tax credit will not be entitled to claim repayment of the associated tax credit attaching to the dividend.

7.1.2 Trustees of UK Resident Trusts

For dividends paid to Trustees of UK resident discretionary or accumulation trusts, the gross dividend will be subject to UK income tax at the "Schedule F trustee rate" of 25%. To the extent that the associated tax credit exceeds the Trustees' liability to account for income tax, the trustees will have no right to claim repayment of the associated tax credit. Trustees who are in any doubt as to their position should consult their own professional advisers immediately.

7.1.3 UK Resident Corporate Shareholders

A UK resident corporate Shareholder (other than a share dealer) will not generally be liable for corporation tax on any dividend received.

7.1.4 UK Resident Pension Funds and Charities

UK pension funds and charities are not subject to tax on dividends which they receive. Neither are they entitled to claim repayment of the associated tax credit.

7.1.5 Non-resident Shareholders

A Shareholder not resident in the UK for tax purposes is not generally entitled to an associated tax credit in respect of a dividend received. However, such a non-resident Shareholder may be entitled to a payment from the UK Inland Revenue of a proportion of the associated tax credit in respect of dividends paid to him under a double tax treaty between the UK and the country in which the Shareholder is resident for tax purposes. Non-resident Shareholders may be subject to foreign tax on the dividend income received from the Company. Such non-resident Shareholders should consult their own professional tax advisers on the incidence of tax in the country in which they are resident for tax purposes, as to whether they are entitled to the benefit of any associated tax credit and the procedure for claiming repayment.

7.2 Taxation of Chargeable Gains

A subsequent disposal of Ordinary Shares by an individual or corporate Shareholder may result in a liability to UK taxation on chargeable gains, depending upon the relevant circumstances of the transaction and the particular Shareholder's circumstances.

On 5 April 1998, "taper relief" was introduced which applies to individual Shareholders and Trustees (but not to corporate Shareholders). Taper relief reduces the proportion of any chargeable gain assessable to capital gains tax by reference to the period of ownership of the Ordinary Shares by a Shareholder. The rate of taper depends upon whether the Shareholder holds the Ordinary Shares as "business" or "non-business" assets, with the speed of taper relief being accelerated for Ordinary Shares held as "business" assets.

Business assets include shares in qualifying unquoted trading companies or holding companies of trading groups. For these purposes, Shareholders should note that companies admitted to trading on AIM are regarded as unquoted.

Ordinary Shares in the Company do not currently qualify as business assets as the Company is not a trading company and, therefore, the reduced levels of taper relief do not currently apply. However, if the Company makes an acquisition so that it is deemed to be a trading company or a holding company of a trading company or group and satisfies the relevant criteria to qualify as a business asset, the classification will change so that shares in the Company will be deemed to be business assets with the associated accelerated scales of taper relief being applicable. In these circumstances, the taper relief would be calculated by apportioning any gain assessed on shares in the Company between the non-business and business periods with each part of the gain then attracting taper relief at the appropriate rate, for the whole of the qualifying holding period.

7.3 Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

No United Kingdom stamp duty will be payable on the issue by the Company of Ordinary Shares. Transfers of Ordinary Shares for value will give rise to a liability to United Kingdom *ad valorem* stamp duty or stamp duty reserve tax at the rate, in each case, of 50p per £100 of the amount or value of the consideration (rounded up in the case of stamp duty to the nearest £5). Transfers under the CREST system for paperless transfers of shares will generally be liable to stamp duty reserve tax at the rate of 0.5 per cent of the amount or value of consideration.

8. WORKING CAPITAL

In the opinion of the Directors, 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 the next twelve months.

9. LITIGATION

Save as set out below, no legal or arbitration proceedings are active, pending or threatened against, or being brought by the Company which are having or may have a significant effect on the Company's financial position.

The Company is aware that an overseas entity which includes the word “Aurum” in its name has threatened possible proceedings in respect of the inclusion of the word “Aurum” in the Company’s name. The Company considers such claim to be without merit and would vigorously resist any such claim in the event that proceedings were brought against it.

10. GENERAL

- 10.1 There are no patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Company’s business. There are no exceptional factors which have influenced the Company’s activities.
- 10.2 The expenses of the Placing are estimated to be £87,000 including VAT, and are payable by the Company.
- 10.3 The minimum amount which, in the opinion of the Directors, must be raised under the Placing to provide the sums required in respect of the matters specified in Schedule 1 of the POS Regulations is £1.5 million, divided as follows:
- | | |
|---|------------|
| 10.3.1 the purchase price of any property: | £nil |
| 10.3.2 preliminary expenses and expenses of the Placing: | £87,000 |
| 10.3.3 repayment of money borrowed in respect of 10.3.1 and 10.3.2 above: | £nil |
| 10.3.4 working capital: | £1,413,000 |

In respect of the above, such amounts will not be funded otherwise than out of the proceeds of the Placing.

- 10.4 Except for payments to trade suppliers, or as set out above, no person has received any fees, securities in the Company or other benefit to a value of £10,000 or more, whether directly or indirectly, from the Company within the 12 months preceding the application for Admission, or has entered into any contractual arrangement to receive from the Company, directly or indirectly, any such fees, securities or other benefit on or after Admission.
- 10.5 The financial information set out in this document does not constitute statutory accounts within the meaning of section 240 of the Act. The Company has not prepared any statutory accounts since its incorporation.
- 10.6 BDO Stoy Hayward LLP have given and have not withdrawn their written consent to the issue of this document with the inclusion of their Accountants’ Report in Part III above and the references to such report and to their name in the form and context in which they appear.
- 10.7 W.H. Ireland has given and not withdrawn its written consent to the issue of this document with its report and the references to it in the form and context in which such references are included.
- 10.8 The arrangements for paying for the Placing Shares are set out in the placing letters to placees. All moneys received from applicants will be held by W.H. Ireland prior to issue of the shares. If any application is unsuccessful, any moneys returned will be sent by cheque crossed “A/C Payee” in favour of the first named applicant. Any moneys returned will be sent by first class post at the risk of the addressee within three days of the completion of the Placing. Share certificates will where relevant be sent to successful applicants by first class post at the risk of the applicant within ten days of the completion of the Placing.
- 10.9 Temporary documents of title will not be issued in connection with the Placing. Pending the dispatch of definitive share certificates (as applicable), instruments of transfer will be certified against the register of members of the Company.
- 10.10 The Ordinary Shares are in registered form. The Directors have applied for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, it is expected that Ordinary Shares will be enabled for settlement in CREST following Admission. Placees who are CREST system members may elect to have the Placing Shares allotted to them in uncertificated form through CREST.

11. AVAILABILITY OF DOCUMENTS

Copies of this document will be available free of charge to the public at the offices of W.H. Ireland, 24 Bennetts Hill, Birmingham, B2 5QP and Lawrence Graham, 190 Strand, London WC2R 1JN during normal business hours on any weekday (Saturdays and public holidays excepted) until the date falling one month after the date of Admission.

Dated: 30 April 2004