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. You should be aware that an investment in the Company involves a high degree of risk and prospective investors should also carefully consider the section entitled "Risk Factors" set out in Part 2 of this document before taking any action.

The Directors of Kryso Resources plc ("the Company"), whose names appear on page 5 of this document, accept responsibility individually and collectively for the information contained in this document and compliance with the AIM Rules. 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. In connection with this document, no person is authorised to give any information or make any representation other than as contained in this document. Under no circumstances should the information contained in this document be relied upon as being accurate at any time after Admission.

Application has been made for all the Ordinary Shares of the Company to be admitted to trading on AIM. It is expected that dealings in the Ordinary Shares will commence on AIM on 2 December 2004. 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 in investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority ("Official List").

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 itself examined or approved the contents of this document. Apart from the application for admission to AIM, the Ordinary Shares are not dealt in on any other recognised investment exchange and no other such applications have been made.

This document, which is an admission document, constitutes a prospectus and has been drawn up in accordance with the requirements of the AIM Rules and the Public Offers of Securities Regulations 1995 (as amended) (the "POS Regulations"). A copy of this document has been delivered for registration to the Registrar of Companies in England and Wales in accordance with Regulation 4(2) of the POS Regulations.

Kryso Resources plc

(Incorporated in England and Wales under the Companies Act 1985 with Registered Number 05190505)

Placing of 26,000,000 Ordinary Shares of 1p each at a price of 10p per share
and
Admission to trading on AIM

Nominated Adviser	Broker
Ruegg & Co Limited	**Hichens, Harrison & Co. plc**

Share Capital immediately following Admission

Authorised			*Issued and fully paid*	
Amount	*Number*		*Amount*	*Number*
£1,000,000	100,000,000	Ordinary Shares of 1p each	£560,000	56,000,000

All the Placing Shares will, upon Admission, rank *pari passu* in all respects with the existing issued Ordinary Shares and will rank in full for all dividends and other distributions declared, made or paid in respect of the Ordinary Shares after Admission.

This document does not constitute an offer to sell or the solicitation of an offer to buy shares in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for distribution in the United States, Canada, Australia, the Republic of Ireland, the Republic of South Africa or Japan. The Ordinary Shares have not been and will not be registered under the applicable securities laws of the United States, Canada, Australia, the Republic of Ireland, the Republic of South Africa or Japan or to any national, resident or citizen of the United States, Canada, Australia, the Republic of Ireland, the Republic of South Africa 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.

Ruegg & Co Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is the Company's Nominated Adviser for the purposes of the AIM Rules. Its responsibilities as the Company's Nominated Adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire Ordinary Shares in reliance on any part of this document. Ruegg & Co Limited has not authorised the contents of this document for the purposes of regulation 13(1)(g) of the POS Regulations and no representation or warranty, express or implied, is made by Ruegg & Co Limited as to the contents or the completeness of this document. Ruegg & Co Limited is acting for the Company and no one else and will not be responsible to any other person for providing the protections afforded to customers of Ruegg & Co Limited nor for providing advice in relation to the contents of this document or any other matter referred to herein.

Hichens, Harrison & Co. plc, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is the Company's broker for the purposes of the AIM Rules. Hichens, Harrison & Co. plc has not authorised the contents of this document for the purposes of regulation 13(1)(g) of the POS Regulations and no representation or warranty, express or implied, is made by Hichens, Harrison & Co. plc as to any of the contents or completeness of this document. Hichens, Harrison & Co. plc is acting for the Company and no one else and will not be responsible to any other person for providing the protections afforded to customers of Hichens, Harrison & Co. plc nor for providing advice in relation to the contents of this document or any matter referred to therein.

CONTENTS

DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

"Act"	the Companies Act 1985, as amended
"Admission"	the admission of the issued and to be issued ordinary share capital of the Company to trading on AIM and such admission becoming effective in accordance with the AIM Rules
"AIM"	a market operated by the London Stock Exchange
"AIM Rules"	the rules for companies governing admission to and trading on AIM, published by the London Stock Exchange
"Board" or "the Directors"	the directors of the Company listed on page 5 of this document
"CREST"	the computer based system and procedures which enable title to securities to be evidenced and transferred without a written instrument administered by CREST Co Limited
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/3755)
"g/t"	Grammes per tonne of ore
"Group"	the Company and its subsidiaries as at the date of this document
"Hichens, Harrison"	Hichens, Harrison & Co. plc
"Independent Expert's Report"	the independent report from Snowden Mining Industry Consultants (Pty) Ltd which appears in Part 4 of this document
"JORC Code"	the Australian Code for Reporting of Mineral Reserves and Ore Reserves issued by the Joint Ore Reserves Committee
"Kryso" or "Company"	Kryso Resources plc
"Kryso Resources"	Kryso Resources Limited, a company incorporated in the British Virgin Islands, being a wholly-owned subsidiary of the Company
"LLC Pakrut"	Limited Liability Company Pakrut, a company incorporated in Tajikistan, being a wholly-owned subsidiary of Kryso Resources
"LLC Kuhi Zarrin"	Limited Liability Company Kuhi Zarrin, a company incorporated in Tajikistan, being a wholly-owned subsidiary of Kryso Resources
"London Stock Exchange"	London Stock Exchange plc
"Official List"	The Official List of the UK Listing Authority
"Ordinary Shares"	ordinary shares of 1p each in the capital of the Company
"Pakrut Gold Deposit"	the Group's 100 per cent owned interest in the gold deposit contained within the Pakrut Licenced Area
"Pakrut Licenced Area"	the area covered by the Pakrut mining and exploration licence granted by the Government of Tajikistan to LLC Pakrut which contains the Pakrut Gold Deposit and three mineral prospects known as Eastern Pakrut, Sulfidnoye and Rufigar and which covers a surface area of 6,300 hectares
"Placing"	the proposed placing of the Placing Shares on behalf of the Company at the Placing Price pursuant to the terms and conditions of the Placing Agreement
"Placing Agreement"	the conditional agreement dated 24 November 2004 between the Company (1), the Directors (2), Hichens, Harrison (3) and Ruegg & Co (4) relating to the Placing, details of which are set out in Paragraph 13.3 of Part 5 of this document
"Placing Price"	10p per Placing Share
"Placing Shares"	the 26,000,000 Ordinary Shares to be issued pursuant to the Placing
"POS Regulations"	Public Offers of Securities Regulations 1995, as amended
"Ruegg" or "Ruegg & Co"	Ruegg & Co Limited

"Snowden"	Snowden Mining Industry Consultants (Pty) Ltd.
"Tajikistan"	the Republic of Tajikistan
"UK"	the United Kingdom of Great Britain and Northern Ireland
"US$" or "$"	United States Dollars, the currency of the United States of America
"UK Listing Authority"	The Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Dr Trevor George Davenport	*Non-executive Chairman*
	Simon Allerton Cawkwell	*Non-executive Deputy Chairman*
	Vassilios Carellas	*Managing Director*
	Craig William Brown	*Finance Director*
	Abuali Ismatov	*Executive Director*
UK Office	All of:– 1/260a Fulham Road London SW10 9EL	
Registered Office	2 Stone Buildings Lincoln's Inn London WC2A 3TH	
Company Secretary	Craig William Brown	
Nominated Adviser	Ruegg & Co Limited 39 Cheval Place London SW7 1EW	
Nominated Broker	Hichens, Harrison & Co. plc Bell Court House 11 Blomfield Street London EC2M 1LB	
Reporting Accountants	CLB Corporate Finance LLP Aldwych House 81 Aldwych London WC2B 4HP	
Auditors	CLB Aldwych House 81 Aldwych London WC2B 4HP	
Solicitors to the Company	Edwin Coe 2 Stone Buildings Lincoln's Inn London WC2A 3TH	
Independent Geological Consultants	Snowden Mining Industry Consultants (Pty) Ltd Technology House Greenacres Office Park Cnr Victory and Rustenburg Roads Victory Park 2195 Johannesburg South Africa	
Bankers	National Westminster Bank Plc Knightsbridge Commercial Business Centre 180 Brompton Road London SW3 1HL	

Registrars	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA

EXPECTED TIMETABLE

Admission and dealings in the Ordinary Shares to commence on AIM	8:00 a.m on 2 December 2004
Placing Shares credited to CREST accounts	2 December 2004
Despatch of definitive share certificates (where applicable)	9 December 2004

PLACING STATISTICS

Placing Price	10p
Number of Placing Shares	26,000,000
Number of Ordinary Shares in issue following the Placing	56,000,000
Market Capitalisation of the Company on Admission at the Placing Price	£5.6 million
The Placing Shares as a percentage of the enlarged issued share capital	46.43%
Estimated net proceeds receivable by the Company pursuant to the Placing	£2,327,105

PART 1

INFORMATION ON THE GROUP

Introduction

Kryso is an emerging mineral exploration company that is principally focused on exploring the gold and other precious metals deposits previously discovered in Central Asia during the era of the Soviet Union and then, where appropriate, bringing them into production.

Kryso, which has its head office in London, is a public company that is seeking admission to AIM in order to continue funding the development of the Pakrut Gold Deposit, further exploration at the Pakrut Licenced Area and to obtain and acquire other gold and base metal deposits in Tajikistan and elsewhere in Central Asia. The Group's executive Directors and senior management are based in Dushanbe.

The Company's executive Directors have a proven track record of operating in Tajikistan and the Directors believe that Kryso Resources is the first foreign company to obtain a 100 per cent interest in a mining and exploration project in the country.

From 1 April 2004, LLC Pakrut, a wholly owned subsidiary of the Company, was granted a licence and geological lease to explore and exploit the Pakrut Licenced Area which comprises the Pakrut Gold Deposit and the surrounding approximate 6,300 hectare exploration area located in the metalliferous southern Tien-Shan Fold belt. This belt is reputed to have the second largest known gold resource behind the Witwatersrand in South Africa.

The Group intends to conduct a feasibility study to assess whether the Pakrut Gold Deposit can be developed into a producing mine and also intends to explore the already identified mineral deposits and areas of mineralisation in the Pakrut Licenced Area.

The Republic of Tajikistan

The Republic of Tajikistan is a landlocked mountainous country in Central Asia with a land area of approximately 143,000 square kilometres and was formerly part of the USSR. It borders with Uzbekistan (to the West), Kyrgyzstan (to the North), China (to the East) and Afghanistan (to the South).

Ninety-three percent of Tajikistan is mountainous with altitudes ranging from 300 metres to 7,500 metres, with nearly 50 per cent of its territory at an altitude of over 3,000 metres. The massive mountain ranges are cut by hundreds of canyons and gorges at the bottom of which run streams that flow into larger river valleys where the majority of the country's population live and work.

Tajikistan has a population of approximately seven million people and is predominantly Sunni Muslim, although the constitution is secular. The capital city Dushanbe, with a population of 600,000, is the largest city in Tajikistan and is situated in the southern part of the country.

The country was under Russian and then Soviet rule until it gained its independence on 9 September 1991 following the break-up of the Soviet Union. The president, Emomali Rahmonov has served since 6 November 1994. The president is elected by popular vote for a seven-year term, the last elections having been held on 6 November 1999.

Tajikistan has completed its transition from the civil war that plagued the country from 1992 to 1997. There have been no major security incidents in more than two years. Attention by the international community in the wake of the war in Afghanistan has brought increased economic development assistance, which could create jobs and increase stability in the long term. Tajikistan is in the early stages of seeking World Trade Organisation membership and has joined NATO's Partnership for Peace.

Tajikistan has one of the lowest per capita Gross Domestic Product among the 15 former Soviet Republics. Only 5-6 per cent of the land area is arable, with cotton being the most important crop. Mineral resources include gold, silver, antimony, tungsten and uranium.

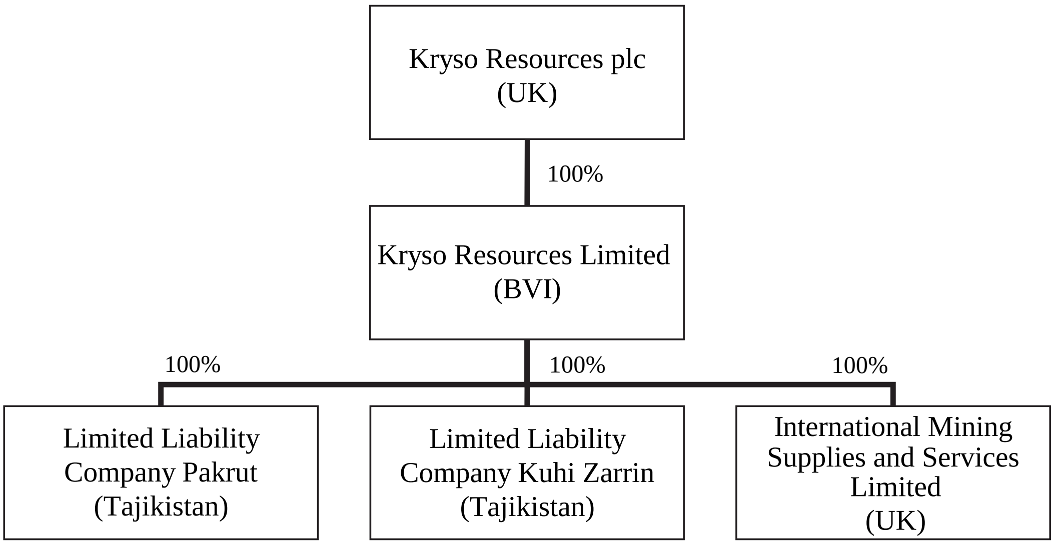
Tajik is the official language spoken, but Russian is widely used in government and business. The Somoni is the national currency.

Since independence from the former Soviet Union in 1991, foreign investment in mining has gradually increased in Tajikistan (especially in the last few years with the cessation of the civil war in 1997). In particular, foreign companies are following up on results from exploration completed during the time of the Soviet Union.

Whilst mining is itself currently relatively undeveloped in Tajikistan, there are several large gold deposits nearby that occur within the same lithological sequence and structural zone – known as the Tien Shan Fold Belt. There are several precious metal mines operating in Tajikistan, including Jilau (gold), Andrasman (silver) and Aprelevka (gold/silver). Additionally there are a number of base metal deposits in the country.

Group Structure

The Group structure is detailed in the following chart:



LLC Pakrut holds the interest in the Pakrut Gold Deposit and the Pakrut Licenced Area. LLC Kuhi Zarrin is in the process of applying for other mining and exploration licences. International Mining and Services Limited acts as a service company for the Group in the UK.

Projects

A brief description of the Group's projects is set out below. A more detailed description is set out in the Independent Expert's Report in Part 4 of this document.

Geological Data

The presence of gold deposits in the Pakrut Licenced Area was identified by Russian and Tajik personnel in the late 1940s and systematically explored until the early 1980s. This work included core drilling, surface exploration works, underground development and geological interpretations based on the results of the exploratory works.

Pakrut Gold Deposit

The Pakrut Gold Deposit is located in the central part of the Republic of Tajikistan (north-east of the capital city Dushanbe) and can be accessed by sealed tarmac highway from Dushanbe for the first 59 kilometres to the town of Ramit on the Sorba River and then northward along the Sardi-Miena river by dirt road for a further 53 kilometres.

The deposit is situated in an area of relatively sharp relief with elevations ranging from 1,850 metres at the confluence of the Pakrut River and Sardi-Miena River to 4,690 metres on a peak near the headwaters of the Pakrut River some eight kilometres to the east.

The climate in the region is considered as being continental with most of the precipitation falling during the winter months in the form of rain and snow. All year-round operations are possible provided that the snowfall is cleared from the roads during the winter months.

History Of Ownership and Tenure

The mineral rights for the Pakrut Gold Deposit were state owned prior to the demise of the former Soviet Union in 1991 when ownership was relinquished to The Republic of Tajikistan. Civil war during the early 1990s prevented development in the region but, following increased political stability with the end of that war in 1997, the pursuit of projects in the region has become possible.

During 2003 LLC Pakrut initiated the procedure for obtaining a licence to mine the Pakrut Gold Deposit and submissions were made to the Main Geological Department of the Government of Tajikistan (a government agency also known as Tajik Geology). On 25 July 2003, the exploration and mining project for the Pakrut Licenced Area was approved by the Tajikistan Ministry of Nature Protection and the State Ecological Committee. Following this, a governmental resolution was passed by the Government of Tajikistan (signed by the President of Tajikistan) on 29 December 2003 that the licence for the use of mineral resources be submitted to it for approval and signing. LLC Pakrut was granted a geological lease for the geological exploration of the Pakrut Licenced Area with effect from 1 April 2004. Also with effect from 1 April 2004, LLC Pakrut was granted a licence to use the mineral resources in the Pakrut Licenced Area, including the right to mine 300,000 tonnes of ore a year. Both the licence and the geological lease expire on 1 April 2014.

The licences obtained allow the Group to carry out the initial focus of its activities in the Pakrut Licenced Area and complete the proposed feasibility study. However, the final mine plan to be established by the Group in the Pakrut Licenced Area would need to be approved by the State Mining Technical Standards Committee and the construction of any processing facility would require local government and environmental approvals.

Regional Geology

The Pakrut Licenced Area lies within the southern portion of the Tien Shan Fold Belt, a belt of folded rocks that extends from near the Aral Sea in Uzbekistan through the northern part of Tajikistan into China and then into Mongolia. The area surrounding the Pakrut Licenced Area is located on the southern side of the Hissar ridge of Central Tajikistan.

The rocks surrounding the Pakrut Licenced Area are dominantly metamorphosed Palaeozoic marine sedimentary formations with subordinate Mesozoic sediments and intrusive rocks. An Upper Ordovician green schist layer is the most important formation in the area as it tends to have localised zones of gold-bearing hydrothermally altered rocks. This green schist unit is reported to be the eastern extension of the gold-bearing formations of western Uzbekistan where large gold deposits including Muruntau, Daugystau and Kokpotas are located.

A number of world-class mesothermal gold deposits are hosted within the Tien Shan Fold Belt (as can be seen in Figure 4.1 of the Independent Expert's Report in Part 4 of this document).

Geology of The Pakrut Gold Deposit

The Pakrut Gold Deposit occurs within a layer of green schist facies metamorphic rocks of Upper Ordovician age that are folded and faulted. The metasediments that make up the green schist are massive and fine-grained and have been subjected to strong hydrothermal and metasomatic alteration.

The deposit is located near the axial plane of the Pakrut Anticline– a large antiformal chevron fold with limbs dipping at between 30 and 50 degrees to the north and south. The Graphitovy Fault also occurs near the axial plane of this fold, and has been reported to coincide with metasomatic alteration and gold mineralisation, in and around the Pakrut Gold Deposit.

Mineralisation

Within the Pakrut Licenced Area, there are three mineralised systems within five kilometres of the Pakrut Gold Deposit. These are the Eastern Pakrut gold prospect, the Sulfidnoye gold and silver prospect and the Rufigar prospects. The Rufigar prospects comprise Central Rufigar (gold), Eastern Rufigar (gold), Upper Rufigar (gold) and Surmyanoye (antimony and gold).

Pakrut Gold Deposit

The Pakrut Gold Deposit consists of eight steeply-dipping mineralised metasomatised, bodies hosted in chloritic schists which are folded into the Pakrut Anticline. There are at least eight zones of mineralisation, which can be grouped into three main categories. These are detailed in paragraph 6 of the Independent Expert's Report contained in Part 4 of this document.

Eastern Pakrut

The Eastern Pakrut gold prospect which is included in the Pakrut Licenced Area is 3.5 kilometres east of the Pakrut Gold Deposit and on the north side of the Pakrut Anticline and Pakrut River. It consists of schistose lithologies that have been altered by carbonate-quartz-albite alteration that bears gold.

Mineralisation at Eastern Pakrut has been traced on surface in an east-west direction for a distance of 300 metres and has a thickness ranging from 1 metre to 3 metres with reported gold grades ranging from 1.11 g/t to 20 g/t. Underground development was developed at a depth of 120 metres below the surface outcrop and did not intersect any mineralisation that could be associated with that identified on the surface.

Sulfidnoye

The Sulfidnoye gold and silver prospect which is included in the Pakrut Licenced Area, was discovered in 1952 by Tajik Geology, and is located approximately 5 kilometres to the north-northwest of the Pakrut Gold Deposit.

Gold mineralisation is associated with quartz veins and shear zones striking east-west and hosted in metasomatically altered schists. The thickness of the alteration zone ranges from 0.5 metres to 21 metres with gold grades ranging from less than 1 g/t to 17.5 g/t and silver grades of up to 264 g/t. The strike extension of this zone has not been traced because of the thick overburden, but the expected length is up to 1.5 kilometres.

The mineralisation has been sampled in trenches and cuttings. The western part contains antimony and gold and has grades ranging from 0.2 g/t to 0.8 g/t. The central and eastern parts have gold grades that range from 0.2 g/t to 2.8 g/t, lead grades range from 0.2% to 2.3% and silver grades from 28 g/t to 264 g/t.

Rufigar

The Rufigar prospects which are included in the Pakrut Licenced Area, are located on the south-eastern side of the Kaltakul River approximately 5 kilometres north of the Pakrut Gold Deposit. The Rufigar mineralisation is a series of gold occurrences concentrated in a 5 kilometre section of the Rufigarsky fault zone. This mineralisation can be sub-divided into four main occurrences, namely Central, Eastern, Upper and Surmyanoye (antimony and gold).

The mineralisation at Central Rufigar occurs within four small alteration zones and has gold grades from trench samples ranging from 0.6 g/t to 22.0 g/t. The thickness of these zones ranges from several centimetres to several dozen metres with a strike length of between 15 metres and 45 metres.

At Eastern Rufigar, the mineralisation has been sub-divided into a northern and southern zone. The gold mineralisation is associated with zones of limonite in altered schist and granitoid rocks. An adit, Rufigar Adit 1, failed to intersect the mineralisation at the depth of the adit suggesting limited vertical development of the mineralisation.

Upper Rufigar has been explored on the surface by sampling in trenches, and the gold mineralisation is localised in a northeast striking silicified zone. This mineralisation has been traced along strike for approximately 70 metres, has an average thickness of 2.7 metres and an average sample grade of 17.1 g/t gold. The strike extensions of this mineralisation are still open, as the overburden becomes too thick to expose any mineralisation by trenching.

Surmyanoye is more antimony-rich than the other Rufigar occurrences of mineralisation and is situated in the eastern part of the Rufigar Fault. It is characterized by lens-like quartz-sulphide veins with thicknesses ranging from 0.2 metres to 3.1 metres and sample grades ranging from 1.0 g/t to 10.9 g/t gold.

Exploration

South Tajik Geological Exploration Expedition, a subsidiary of Tajik Geology, as well as Russian geologists have explored the Pakrut region since the 1940s. Alluvial gold was first identified in the area in the Pakrut River in the 1950s. Exploration has continued sporadically since then with the discovery of numerous gold deposits including the Pakrut Gold Deposit.

Gold was identified in the vicinity of the Pakrut Gold Deposit during Russian prospecting work completed between 1971 and 1972 and ore zones 1, 2 and 3 of the Pakrut deposit were discovered in 1973. Between 1975 and 1978 exploration of the Pakrut deposit, that included underground development and underground drillholes, led to the delineation of mineralisation in zones 1, 2 and 3 and the discovery of mineralisation in zones 5, 6, 7 and 8. The focus of exploration moved in 1978 from the Pakrut Gold Deposit to the surrounding area.

Metallurgical Testwork at the Pakrut Gold Deposit

Metallurgical testwork has also been completed by Tajik Geology with reported recoveries, using rudimentary gravity recovery methods, ranging from 47 per cent of gold to 98 per cent. Consistently high recoveries above 80 per cent and mostly above 90 per cent were attained using a combination of gravity extraction and cyanidation methods. Further details of the metallurgical testwork are set out in the Independent Expert's Report. The Group is currently in the process of carrying out metallurgical testwork using modern gravity recovery methods in order to improve the overall gravity gold recovery.

Resource Estimates

Tajik Geology prepared resource estimates for Pakrut and Eastern Pakrut using a polygonal interpretation within a vertical projection of each zone based on samples from diamond drillholes, underground development and surface trenches. The extent of the resource blocks was defined by using a cut-off grade of 1 g/t; successive estimates used 2 g/t and 3 g/t cut-off values. The minimum thickness of sample intersection allowed for resource estimation was 1 metre or 3 metrograms where the thickness was less than 1 metre (the metrogram value of an intersection is determined by multiplying the width by the grade). The maximum thickness of low-grade or barren rock included within the limits of the resource block was 3 metres.

This method is a standard Russian approach and whilst crude mathematically, the Directors believe that if it is applied properly it gives a fair global estimate of the grade in each zone.

Resource Tabulation

The resource has been classified using the Russian resource/reserve classification scheme. The Russian classification scheme is based on four categories (P, C, B and A).

The P category is further split into P_3, P_2 and P_1, with P_1 being the category with the highest confidence. In Snowden's opinion, categories P_2 and P_3 can be generally considered as exploration results and potential respectively, whereas P_1 is broadly similar to the inferred category in the JORC Code.

The C category is also divided, but only into two subcategories, namely C_2 and C_1. It is Snowden's opinion that the C_2 category lies somewhere between the inferred and indicated categories of the JORC Code, and is probably closer to indicated than inferred with regards to the Pakrut C_2 resource. The C_1 category requires more detailed information than C_2 and the data spacing for a C_1 resource appears to be an attempt by the Russians to limit the risk associated with the evaluation.

The A and B categories broadly equate to reserves, none of which exist at Pakrut.

Estimates of the tonnes and grade of mineralisation at Pakrut have been classified using the Russian system and are not compliant with the guidelines laid down by the JORC Code. The tonnes and grades of the mineralisation have been estimated using polygonal interpretation within a horizontal projection of the zones. The areal extent of the mineralised zones was defined by using an economic cut-off of 1.0 g/t gold using the drillhole and underground sample information. The grade of the mineralised zones was estimated by calculating the length weighted average grades of the intersections for the mineralisation within the resource block. The grade and tonnage estimates are categorised as C_2, P_1 and P_2 (according to the Russian resource classification system) depending on the information available for grade estimation and the knowledge of the mineralisation style. These estimates are not compliant with the guidelines of the JORC Code. The classified tonnes and grade according to the Russian scheme are tabulated in the following table:

Table 1.1

Pakrut Licenced Area Total Resource – September 2004

	Category	*Tonnes*	*Au (g/t)*	*Au (Thousand Oz Troy)*
	C_2	5,070	3.84	626
	P_1	4,800	4.2	657
Total	(C_2 + P_1)	9,870	4.0	1,283

Snowden concludes that the Pakrut Licenced Area represents an exploration project with merit. In particular, the Pakrut Gold Deposit appears to have a high potential to be an economically viable deposit. Additionally, there are several occurrences of mineralisation within the licence area that are worthy of additional exploration and could provide important synergies with the Pakrut Gold Deposit should it go into production.

Current Trading and Future Prospects

At present the Company has no trading profits, as its principal activity is the exploitation of its interests in Tajikistan through its operating subsidiaries.

The Directors intend to develop the Group by:

- Completing a feasibility study on the Pakrut Gold Deposit after which they will attempt to secure funding for the development of a mine.
- Commencing with an exploration programme within the Pakrut River valley.
- Advancing highly prospective exploration targets in the Pakrut Licenced Area.
- Sourcing and obtaining additional suitable projects in Tajikistan and Central Asia.

Directors

Trevor Davenport, B.Sc., M.Sc., Ph.D., C. Eng., (aged 64), Non-executive Chairman

Dr Trevor Davenport has worked in the mining industry for over 30 years where he has been involved in mineral exploration and mining geology in over 17 countries both for mining companies and in consulting work. From 1994 to 1997 he was Chief Geologist and Exploration Manager for Nelson Gold Limited (subsequently renamed Nelson Resources Limited) in Tajikistan. In 1996 he was made a Director of Zeravshan Gold Company. His experience varies from six years as Chief Exploration Geochemist for Bamangwato Concessions Ltd. in Botswana in the search for nickel/copper deposits, working as a senior exploration geologist with the United Nations Development Programme in Burma exploring for base metals, to numerous involvements with gold mining companies over the last 20 years.

Simon Cawkwell (aged 58), Non-Executive Deputy Chairman

Simon Cawkwell qualified as a chartered accountant with Coopers and Lybrand in 1969. He worked in Zambia with, *inter alia*, Roan Selection Trust as mines cash flow and taxation forecast accountant from 1969 to 1973 when he returned to London. In the mid 1970s he worked for Alfred Isaacs & Sons Limited, a firm of jute merchants, as an accountant. He then practised as a chartered accountant (sole practitioner) in central London from 1975 to 2003. He now manages his family's investment portfolio.

Vassilios Carellas, B.Sc. (Hons.), MAusIMM (aged 30), Managing Director

Vassilios Carellas majored in geology and economic geology at the University of Durban-Westville, South Africa, graduating in 1995. He has spent nine years working in the mining and exploration industry in Central Asia. Vassilios worked for Nelson Resources Limited, a company listed on the Toronto Stock Exchange, in various geological positions including Chief Geologist. In 2002 he joined Gulf International Minerals Inc., a company listed on the Toronto Stock Exchange, as Chief Geologist and subsequently General Manager and director for their subsidiary which operated their mines in Tajikistan. He left in 2004 to focus on Kryso.

Craig Brown C.A. (aged 34), Finance Director

Craig Brown qualified as a Chartered Accountant in New Zealand in 1993. He has spent ten years working in the mining industry in Central Asia. Prior to working in Central Asia, Craig was a Chartered Accountant working in private practice in New Zealand. Craig worked for Nelson Resources Limited, from 1995 to 2001 in various positions ranging from Chief Accountant to Director of the Joint Venture Company that operated the Zeravshan gold mine. From 2001 to 2003 he was Chief Financial Officer for Gulf International Minerals Inc. and from 2003 to 2004 he worked part-time as a consultant to that company. He has been a director of several mining joint ventures in Central Asia. Craig is based in Dushanbe.

Abuali Ismatov, (aged 44), Executive Director

Abuali is a prominent businessman in the Republic of Tajikistan. Abuali graduated in 1981 from the Tajik Agricultural Institute with a diploma in Hydro Engineering and in 2001, completed his Masters in Finance and Economics from the Tajik State National University. Since 1992, Abuali has been a founder and shareholder of several multi-national companies established in Tajikistan with foreign investment.

Senior Management

Ismoil Safarov, General Manager

Ismoil graduated from the Tashkent State Technical University as an engineer for automatic control systems. Ismoil has worked as a production engineer, quality control engineer and superintendent. Prior to joining the Group, Ismoil was the chief specialist in the Mining Department of the Ministry for Industry.

Igor Ziderer, Chief Geologist

Igor completed his Masters Degree in Geology from the Tajik State University in Dushanbe in 1991 and his Masters Degree in Environmental Science from the University of Idaho in 2001. He has worked as both an exploration and production geologist and spent 8 years working as the Chief Geologist for a large operating alluvial mine in Central Asia.

Alinazar Jabborov, Chief Accountant

Alinazar graduated from the Dushanbe Finance Technical Institute in 1977 as an accountant and later graduated from the Tajik State University as an economist in 1986. Alinazar has worked for 17 years as an auditor and 6 years as an accountant. Alinazar recently qualified as an International Certified Accounting Practitioner.

Nasrullo Hydoerov, Mining Engineer

Nasrullo graduated from the Dushanbe Geological Technical Institute in 1983 and the Yakutsk Technical University in Russia in 1987. Since 1987 he has been managing and operating alluvial gold mines in Siberia.

Staff

In addition to the Directors and senior management, the Group currently employs five personnel in Dushanbe in administrative, support and logistical roles. There is also one person employed at the Pakrut Gold Deposit. During the summer of 2004 local contractors and temporary employees numbering approximately 25 were utilised for exploration work.

The Placing

The Company is proposing to raise £2.6 million by the issue of 26,000,000 new Ordinary Shares at the Placing Price. Under the Placing Agreement, Hichens, Harrison and Ruegg & Co has agreed to use all reasonable endeavours to place the new Ordinary Shares at the Placing Price. The Placing is not being underwritten. The expenses of the Placing and Admission are estimated to be £272,895 and are payable by the Company. The net proceeds of the Placing are expected to be £2,327,105.

The Placing is conditional, *inter alia*, on:

1. The Placing Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms prior to Admission; and
2. Admission.

The new Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the existing Ordinary Shares and application will be made for the Ordinary Shares to be traded on AIM.

Placees are required to remit their subscription monies by 12 noon on 29 November 2004.

A summary of the principal terms and conditions of the Placing Agreement is set out in paragraph 13.3 of Part 5 of this document.

Reasons for Admission and Use of Proceeds

The Directors are seeking to list the Company's shares on AIM both to provide access to capital via a broader investor base and to enhance the Company's international visibility, reputation and horizons. The Directors believe that the profile and status of the Company will be enhanced by the success of the Placing and by Admission.

The Company will raise approximately £2.6 million before commissions and expenses by way of the Placing to enable it to prepare and complete a feasibility study on the Pakrut Gold Deposit, purchase an exploration drill rig and equipment, set up a sample preparation and assay laboratory, to provide for drilling expenditure and for general working capital purposes.

Admission to AIM and Dealings in Ordinary Shares

Application has been made for the Ordinary Shares to be admitted to trading on AIM. Dealings in the Ordinary Shares are expected to commence on 2 December 2004.

Ruegg & Co has been appointed as the Company's Nominated Adviser and Hichens, Harrison as Nominated Broker in relation to Admission.

Crest

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument in accordance with the Uncertificated Securities Regulations 2001. The Company's Articles of Association permit the holding of Ordinary Shares to be evidenced in uncertificated form in accordance with the CREST Regulations. The Directors have applied for the Ordinary Shares to be admitted to CREST with effect from Admission and CRESTCo has agreed to such admission. Accordingly settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system, should shareholders so wish.

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

All the Ordinary Shares will be in registered form and no temporary documents of title will be issued.

Corporate Governance

The Directors intend that the Company will comply with the main provisions of the guidelines set out in the Principles of Good Corporate Governance and Code of Best Practice (Combined Code'') in so far as is appropriate having regard to the size and nature of the Company. The Company has appointed two non-executive directors with relevant experience to complement the executive directors and to provide an independent view to the Board.

An Audit Committee, comprising the non-executive Directors, has been established by the Company to operate from Admission. The Audit Committee will be chaired by Trevor Davenport and will meet at least twice each year. The Audit Committee will be responsible for ensuring that appropriate financial reporting procedures are properly maintained and reported on and for meeting with the Group's auditors and reviewing their reports on the accounts and the Group's internal controls.

The Company has in addition established a Remuneration Committee, comprising the non-executive directors, to operate from Admission. The Remuneration Committee will be chaired by Simon Cawkwell. The Remuneration Committee will be responsible for reviewing the performance of the executive directors, setting their remuneration, considering the grant of options under any share option scheme and, in particular, the price per share and the application of performance standards which may apply to any such grant.

Share Dealing Code

The Company has adopted and will operate a share dealing code to prevent Directors and applicable employees from dealing in Ordinary Shares during close periods in accordance with Rule 19 of the AIM Rules.

Lock-ins and Orderly Market Arrangements

At Admission the Directors and persons connected with them will own 21,700,000 Ordinary Shares representing 38.75 per cent of the enlarged share capital (assuming full subscription under the Placing) and in addition will have options over 2,000,000 Ordinary Shares representing 3.57 per cent of the enlarged share capital (assuming full subscription under the Placing). The Directors and persons connected with them have undertaken to the Company, Ruegg and to Hichens, Harrison that they will not sell or dispose of, except in certain circumstances (as permitted by the AIM Rules), any of their respective interests in Ordinary Shares at any time before the first anniversary of Admission and for the 12 months immediately following will effect a sale only through the brokers for the time being of the Company and will only do so following consultation with the broker in relation to any such disposal and further that any such disposal will be made in such a manner and as such broker may reasonably require with a view to maintaining an orderly market in the Ordinary Shares. RAB Special Situations LP, a shareholder with 16.07 per cent of the issued Ordinary Shares, has undertaken to the Company, Ruegg and Hichens, Harrison that for the twelve months immediately following Admission it will effect a sale of its Ordinary Shares only through the brokers for the time being of the Company and will only do so following consultation with the broker in relation to any such disposal with a view to maintaining an orderly market in the Ordinary Shares.

Dividend Policy

It is the intention of the Directors to achieve capital growth by maximising the Group's exploration projects and not to pay dividends until such time that the Group's assets have been brought into profitable production or sold. Considering the anticipated capital expenditure requirements for the Group's exploration projects, payment of a dividend in the near future is unlikely.

Options

The Company will, on Admission, issue 400,000 options to Ruegg & Co and 300,000 options to Hichens, Harrison. These options are exercisable at the Placing Price at any time up to the fifth anniversary of Admission. Further details of the options can be found in paragraph 2.4 of Part 5.

The Company has adopted an unapproved employee share option scheme. The Directors intend to grant options to employees under this scheme over up to 5 per cent of the Company's issued share capital from time to time.

Taxation

The attention of prospective investors is drawn to paragraph 7 of Part 5 of this document.

Shareholders who are in any doubt as to their tax position should consult their professional advisers immediately.

PART 2

RISK FACTORS

The exploration for and development of natural resources is a speculative activity which involves a high degree of financial risk. Before deciding whether to invest in the Ordinary Shares, prospective investors should carefully consider the risks described below together with all other information contained in this document. If any of the following risks actually occur, the Company's business, financial condition and/or results of operations could be materially and adversely affected. In such case, an investor may lose all or part of his or her investment. Additional risks and uncertainties not currently known to the Directors may also have an adverse effect on the Group's business and the information set out below does not purport to be an exhaustive summary of the risks affecting the Group.

Exploration and Mining Risks

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

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

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

Mineral exploration is highly speculative in nature, involves many risks and frequently is unsuccessful. There can be no assurance that any mineralisation discovered will result in proven and probable reserves being attributed to the Group. If reserves are developed, it can take a number of years from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish ore reserves through drilling, to determine metallurgical processes to extract metals from ore and, in the cases of new properties, to construct mining and processing facilities. As a result of these uncertainties, no assurance can be given that the exploration programmes undertaken by the Group will result in any new commercial mining operations being brought into operation.

Volatility of Metal Prices

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

Governmental Regulations and Processing Licences

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

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

Development Projects

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

Limited Operating History

The Company does not have an established trading record. The Group's operations are at an early stage of development and success will depend upon the Directors' ability to manage the current projects (in particular the Pakrut Gold Deposit) and to identify and take advantage of further opportunities which may arise.

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

Financing

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

Reserve and Resource Estimates

The Company has derived the resource figures presented in this document from the calculations and estimates prepared by management and/or reported in the Independent Expert's Report set out in Part 4 of this document and which are subject to the qualifications set out in the Independent Expert's Report. Reserve and/or resource figures are estimates and there can be no assurances that they will be recovered or that they can be brought into profitable production. Reserves and resources estimates may require revisions based on actual production experience. Furthermore, a decline in the market price of gold, silver, or other metals that the Group may discover could render ore reserves containing relatively lower grades of these minerals uneconomic to recover and may ultimately result in a restatement of reserves.

The estimates of potential reserves include a proportion which are undeveloped. These reserves require further capital expenditure in order to bring them into production. No guarantee can be given as to the success of drilling programmes in which the Group has interests. In addition, drilling, development and production may be delayed or adversely affected by factors outside the control of the Company and the companies operating those drilling programmes.

Environmental Factors

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

Political Risks

The political situation in Tajikistan introduces a certain degree of risk with respect to the Group's activities. The government of Tajikistan exercises control over such matters as exploration and mining licensing, permitting, exporting and taxation, which may adversely impact the Group's ability to carry out exploration, development and mining activities.

No assurance can be given that the Group will be able to maintain or obtain effective security or insurance for any of its assets or personnel at the Pakrut Gold Deposit and related operations in Tajikistan where civil war and guerrilla activities have disrupted exploration and mining activities in the past and may affect the Group's operations or plans in the future. A moderate degree of security is also required to mitigate the risk of loss by theft, either by the Group's employees or by third parties.

No assurance can be given that such factors will not have a material adverse effect on the Group's ability to undertake exploration, development and mining activities in respect of present and future properties in Tajikistan.

Existing political conditions are subject to the introduction of new legislation, amendments to existing legislation by governments or the interpretation of those laws by governments which could impact adversely on the assets, operations and ultimately the financial performance of the Company.

Lack of political stability, changes in political attitudes and changes to government regulations relating to foreign investment and the mining business are beyond the control of the Group and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on various areas, including production, price controls, export controls, income taxes, expropriation of property, environmental legislation and mine safety.

Uninsured Risks

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

Dependence on Key Personnel

The Company is dependent upon its current executive management team. Whilst it has entered into contractual arrangements with the aim of securing the services of these personnel, the retention of their services cannot be guaranteed. Accordingly, the loss of any key management of the Company may have an adverse effect on the future of the Group's business. There are currently no arrangements in place for key-man insurance.

Competition

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

Payment Obligations

Under the exploration licences and certain other contractual agreements to which companies in the Group are or may in the future become parties, such companies are or may become subject to payment and other obligations. If such obligations are not complied with when due, in addition to any other remedies which may be available to other parties, this could result in dilution or forfeiture of interests held by such companies. The Company may not have, or be able to obtain, financing for all such obligations as they arise.

Currency Risk

Currency fluctuations may affect the cash flow that the Group may realise from its operations, as mineral production is sold in the world market in US$. Certain costs to the Group are denominated in currencies other than USD, for example the Somoni, which is the national currency of Tajikistan where the Group operates. Fluctuations in exchange rates between currencies in which the Company operates may cause fluctuations in its financial results, which are not necessarily related to the Company's underlying operations.

Title Matters

Whilst the Group has diligently investigated title to all mineral claims and, to the best of the Directors' knowledge, title to all properties is in good standing, this should not be construed as a guarantee of title. The properties may be subject to undetected title defects. If a title defect does exist it is possible that the Group may lose all or part of its interest in properties to which the title defect relates.

Market Perception

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

Areas of Investment Risk

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

The Ordinary Shares will not be listed on the Official List of the UK Listing Authority and although the Ordinary Shares will be traded on AIM, this should not be taken as implying that there will always be a liquid market in the Ordinary Shares. In addition, the market for shares in smaller public companies is less liquid than for larger public companies. Therefore an investment in the Ordinary Shares may be difficult to realise and the price of the Ordinary Shares may be subject to greater fluctuations than might otherwise be the case.

An investment in shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List. AIM has been in existence since June 1995 but its future success and liquidity in the market for the Ordinary Shares cannot be guaranteed. Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover their original investment.

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

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

The investment described in this document is speculative and may not be suitable for all recipients of this document. Potential investors are accordingly advised to consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising in investments of this kind before making any investment decisions. A prospective investor should consider carefully whether an investment in the Company is suitable in the light of his personal circumstances and the financial resources available to him.

PART 3

FINANCIAL INFORMATION

SECTION A

ACCOUNTANT'S REPORT ON KRYSO RESOURCES PLC

The following is the text of a report received from CLB Corporate Finance LLP, Chartered Accountants:

The Directors
Kryso Resources Plc
2 Stone Buildings
Lincolns Inn
London
WC2A 3TH

The Directors
Ruegg & Co Limited
39 Cheval Place
Knightsbridge
London SW7 1EW

The Directors
Hichens, Harrison & Co plc
Bell Court House
11 Blomfield Street
London
EC2M 1LB

25 November 2004

Dear Sirs

Kryso Resources plc

INTRODUCTION

We report on the financial information set out below relating to Kryso Resources plc ("the Company"). This information has been prepared for inclusion in the AIM admission document dated 25 November 2004 ("the Admission Document") relating to the proposed admission to AIM of the Company.

The Company was incorporated on 27 July 2004. The Company has not traded, has not prepared any financial statements for presentation to members, has 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 transactions other than the allotment of shares described below. Accordingly, no profit and loss information is presented in this report.

BASIS OF PREPARATION

The financial information set out below has been extracted from the financial records of the Company for the period ended 31 October 2004, 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. The Directors of the Company are responsible for the contents of the Admission Document dated 25 November 2004 in which this report is included.

It is our responsibility to compile the financial information set out in our report from the Company's financial records, 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 significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the Company, consistently applied and adequately disclosed.

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

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

OPINION

In our opinion, the financial information contained in this report gives, for the purposes of the Admission Document drawn up under the Public Offers of Securities Regulations 1995, a true and fair view of the state of affairs of the Company as at 31 October 2004.

CONSENT

We consent to the inclusion in the Admission Document dated 25 November 2004 of this report and accept responsibility for this report for the purposes of paragraph 45(8) of Schedule 1 to the Public Offers of Securities Regulations 1995.

Balance sheet

	Notes	As at 31 October 2004 £
Current assets		
Cash at bank and in hand		2
Capital and reserves		
Called up share capital	2	2

Notes to the financial statements

1. Accounting policies

Basis of preparation

Kryso Resources plc's financial information has been prepared using the historical cost basis of accounting and in accordance with applicable Accounting Standards and with UK generally accepted accounting principles. The financial information in this Part 3, Section A does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985.

2. Share capital

	31 October 2004 *£*
Authorised:	
50,000 Ordinary Shares of £1 each	50,000
Allotted, called up and fully paid:	
2 Ordinary Shares of £1 each	2

On 1 November the Company increased its authorised share capital to £1,000,000 by the creation of 950,000 Ordinary Shares and subdivided each of its issued and unissued Ordinary Shares of £1 each into 100 Ordinary Shares of 1p each.

3. Post balance sheet events

On 5 November 2004 the Company acquired the entire issued share capital of Kryso Resources Limited in consideration for the issue of 29,999,800 shares in Kryso Resources plc and the transfer of the 200 subscriber shares.

Yours faithfully

CLB Corporate Finance LLP
Chartered Accountants
Registered Auditors

PART 3

SECTION B

ACCOUNTANTS' REPORT ON KRYSO RESOURCES LIMITED

The following is the text of a report received from CLB Corporate Finance LLP, Chartered Accountants:

The Directors
Kryso Resources Plc
2 Stone Buildings
Lincolns Inn
London
WC2A 3TH

CLB
Chartered Accountants

The Directors
Ruegg & Co Limited
39 Cheval Place
Knightsbridge
London SW7 1EW

The Directors
Hichens, Harrison & Co plc
Bell Court House
11 Blomfield Street
London
EC2M 1LB

25 November 2004

Dear Sirs

KRYSO RESOURCES LIMITED

Introduction

We report on the financial information set out below relating to Kryso Resources Limited (the "Company"), a company formed under the laws of the British Virgin Islands. This information has been prepared for inclusion in the AIM admission document dated 25 November 2004 (the "Admission Document") relating to proposed admission to AIM of Kryso Resources plc.

Basis of preparation

The financial information set out below is based on the unaudited financial statements of Kryso Resources Limited and its subsidiary undertakings, Limited Liability Company Pakrut and Limited Liability Company Kuhi Zarrin, both registered in the Republic of Tajikistan, and International Mining Supplies and Services Limited, registered in England and Wales, (together "the Group") and its subsidiaries for the periods ended 31 December 2003 and 31 July 2004 to which no adjustments were considered necessary.

Responsibility

Such financial statements are the responsibility of the Directors of the Company, who approved their issue.

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

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

Basis of opinion

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

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

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information contained in this report gives, for the purposes of the Admission Document drawn up under the Public Offers of Securities Regulations 1995, a true and fair view of the state of affairs of the Group as at 31 December 2003 and 31 July 2004 and of its results, cash flows and recognised gains and losses for the periods then ended.

Consent

We consent to the inclusion in the Admission Document of this report and accept responsibility for this report for the purposes of paragraph 45(7)(b) of Schedule 1 to the Public Offers of Securities Regulations 1995.

Consolidated profit and loss accounts

	Notes	Period ended 31 July 2004 $	Period ended 31 December 2003 $
Operating costs:			
Administrative expenses		73,325	13,488
Development expenditure		69,335	3,296
Depreciation		5,494	1,718
Loss on ordinary activities before taxation	2	(148,154)	(18,502)
Tax on loss on ordinary activities	4	—	—
Loss on ordinary activities after taxation	11	(148,154)	(18,502)

All operations are continuing and there are no recognised gains or losses for the current or prior periods other than as stated above.

Movements in equity shareholders' funds are set out in note 12.

Consolidated balance sheets

	Notes	*As at 31 July 2004* *$*	*As at 31 December 2003* *$*
Fixed assets			
Tangible assets	5	21,047	3,428
Current assets			
Stock	6	5,096	—
Debtors	7	30,806	20,000
Cash at bank and in hand		475,407	1,716
		511,309	21,716
Creditors: amounts falling due within one year	8	(58,838)	—
Net current assets		452,471	21,716
Net assets		473,518	25,144
Capital and reserves			
Called up share capital	10	1,056	1
Share premium account	11	639,118	43,645
Profit and loss account	11	(166,656)	(18,502)
Shareholders' funds	12	473,518	25,144

Consolidated cash flow statements

	Notes	Period ended 31 July 2004 $	Period ended 31 December 2003 $
Net cash outflow from operating activities	15	(133,677)	(36,788)
Capital expenditure			
Payments to acquire tangible fixed assets		(23,113)	(5,142)
Acquisitions and disposals			
Purchase of subsidiary undertaking		(1,800)	(19,157)
Net cash acquired with subsidiary undertaking		1,800	19,157
Net cash outflow from acquisitions and disposals		—	—
Cash outflow before financing		(156,790)	(41,930)
Financing			
Issue of equity share capital		596,528	43,646
Receipt of loan		33,953	—
Net cash inflow from financing		630,481	
Increase in cash in the period	16	473,691	1,716

Notes to the financial statements

1. Accounting policies

(a) Basis of preparation

Kryso Resources Limited financial information has been prepared using the historical cost basis of accounting and in accordance with applicable Accounting Standards and with UK generally accepted accounting principles. The financial information in this Part 3, Section B does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985.

A summary of material accounting policies, which have been applied consistently for all periods covered by the report, is set out below.

(b) Basis of consolidation

The consolidated accounts incorporate the accounts of the Company and all group undertakings. Acquisitions are accounted for under the acquisition method and any resulting goodwill on consolidation is capitalised and written off over twenty years from the year of acquisition.

(c) Research and exploration expenditure

Research and exploration expenditure is written off in the year in which it is incurred. When a decision is taken that a mining property becomes viable for commercial production, all further pre-production expenditure is capitalised. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

Capitalised research and development expenditure is amortised upon commencement of production using a suitable method based on the volumes of proved and probable reserves of ore and are written off if the property is abandoned.

(d) Fixed assets

All fixed assets are initially recorded at cost.

(e) Depreciation

Depreciation is provided to write off the cost of an asset, less its estimated residual value, over the expected useful economic life of that asset as follows:

Office furniture and equipment	– 33% straight line
Motor vehicles	– 33% straight line

(f) Stocks

Stocks are valued at the lower of cost and net realisable value.

(g) Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences are dealt with through the profit and loss account.

The reporting currency of the Group is United States Dollars ($).

(h) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. Loss on ordinary activities before taxation

	Period ended 31 July 2004	*Period ended 31 December 2003*
	$	*$*
This is stated after charging:		
Depreciation on tangible fixed assets	5,494	1,714
Research and development expenditure	69,335	3,296

3. Staff costs

The aggregate costs of staff and directors are as follows:

	Period ended 31 July 2004	*Period ended 31 December 2003*
	$	*$*
Wages and salaries	31,032	5,089
Social security costs	2,661	1,136
	33,693	6,225

The average number of persons employed by the Company (including executive directors) are as follows:

	Period ended 31 July 2004	*Period ended 31 December 2003*
	$	*$*
Administration & management	6	5
Mining	9	2
	15	7

4. Taxation on loss on ordinary activities

The Company is registered as an exempted company for British Virgin Island income tax purposes and the subsidiary undertakings have recorded no assessable profit for Tajikistan profits tax purposes and accordingly, no provision for British Virgin Island income tax and Tajikistan profits tax has been made.

No provision for deferred taxation has been made on the grounds that it is immaterial.

5. Tangible fixed assets

	31 July 2004	*31 December 2003*
	$	*$*
Total		
Cost brought forward	5,142	—
Additions	23,113	5,142
Carried forward	28,255	5,142
Depreciation brought forward	1,714	—
Charge	5,494	1,714
Carried forward	7,208	1,714
Net book value	21,047	3,428

	31 July 2004	*31 December 2003*
	$	*$*
Office furniture and equipment		
Cost brought forward	5,142	—
Additions	10,826	5,142
Carried forward	15,968	5,142
Depreciation brought forward	1,714	—
Charge	3,105	1,714
Carried forward	4,819	1,714
Net book value	11,149	3,428

	31 July 2004	*31 December 2003*
	$	*$*
Motor vehicles		
Cost brought forward	—	—
Additions	12,287	—
Carried forward	12,287	—
Depreciation brought forward	—	—
Charge	2,389	—
Carried forward	2,389	—
Net book value	9,898	—

6. Stock

	31 July 2004	*31 December 2003*
	$	*$*
Materials	5,096	—

7. Debtors

	31 July 2004 $	31 December 2003 $
Other debtors	30,806	20,000

8. Creditors: amounts falling due within one year

	31 July 2004 $	31 December 2003 $
Loans	33,953	—
Other creditors	24,885	—
	58,838	—

The loan is not interest bearing and is repayable on demand.

9. Commitments under operating leases

At 31 July 2004 the Company had no annual commitments under non-cancellable operating leases.

10. Share capital

	31 July 2004 $	31 December 2003 $
Authorised:		
1,000,000 Ordinary shares of $0.01 each (31 December 2003:10,000 Ordinary Shares of $1 each)	10,000	10,000
	Number	*Number*
Allotted, called up and fully paid:		
Ordinary shares	105,600	1
	$	*$*
Allotted, called up and fully paid:		
Ordinary shares	1,056	1

11. Reserves

	31 July 2004 $	31 December 2003 $
Profit and loss account		
Retained loss brought forward	18,502	—
Retained loss for the period	148,154	18,502
Retained loss carried forward	166,656	18,502
Share premium account		
Balance brought forward	43,645	—
New equity share prescribed	595,473	43,645
Balance carried forward	639,118	43,645

12. Reconciliation of movements in shareholders' funds

	31 July 2004 *$*	*31 December 2003* *$*
Loss for the financial period	(148,154)	(18,502)
New equity share capital subscribed	1,055	1
Net premium on new share capital subscribed net of issue costs	595,473	43,645
Net addition to shareholders' funds	448,374	25,144
Opening shareholders' funds	25,144	—
Closing shareholders' funds	473,518	25,144

13. Related party transactions

As at 31 December 2003 and 31 July 2004 Abuali Ismatov, a director of Kryso Resources Limited, owed the Company $20,000. This loan is not interest bearing and has no fixed repayment terms. This loan has been repaid since 31 July 2004.

14. Post balance sheet events

On 5 November 2004 the entire share capital of Kryso Resources Limited was acquired by Kryso Resources plc by means of a share for share exchange.

On 29 October 2004 the Company issued a further 14,400 Ordinary Shares at a share price of $25.41.

15. Reconciliation of operating loss to net cash outflows from operating activities

	Period ended 31 July 2004 *$*	*Period ended 31 December 2003* *$*
Operating loss	(148,154)	(18,502)
Depreciation	5,494	1,714
Increase in debtors	(10,806)	(20,000)
Increase in stock	(5,096)	—
Increase in creditors	24,885	—
Net cash outflow from operating activities	(133,677)	(36,788)

16. Reconciliation of net cash to movement in net funds

	Period ended 31 July 2004 *$*	*Period ended 31 December 2003* *$*
Increase/(decrease) in cash in period	473,691	1,716
Cash inflow from loans due within one year	(33,953)	—
Movement in net funds in period	439,738	1,716
Opening net funds	1,716	—
Closing net funds	441,454	1,716

	Opening balance	Cash flows	Other non-cash changes	Closing balance
Period ended 31 July 2004				
Cash at bank and in hand	1,716	473,691	—	475,407
Debt				
Debt due within one year				
Loans	—	(33,953)	—	(33,953)
Total	1,716	439,738	—	441,454

	Opening balance	Cash flows	Other non-cash changes	Closing balance
Period ended 31 December 2003				
Cash at bank and in hand	—	1,716	—	1,716
Net funds	—	1,716	—	1,716

Yours faithfully

CLB Corporate Finance LLP
Chartered Accountants
Registered Auditors

PART 3

SECTION C

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

Set out below is an unaudited pro forma consolidated statement of net assets of the Group which has been prepared for illustrative purposes only to show the effect of the pre-IPO financing, Placing and Admission had the Placing and Admission occurred on 31 July 2004. The pro forma statement of net assets has been prepared for illustrative purposes only, and because of its nature, it may not give a true reflection of the Group's financial position or results.

	Net assets as at 31 July 2004 (Note 1)	*Pre-IPO financing (Note 2)*	*Issue of Shares (Note 3)*	*Unaudited pro forma adjusted net assets of the Group on admission to AIM*
	$	*$*	*$*	*$*
Fixed assets				
Tangible assets	21,047	—	—	21,047
Current assets				
Debtors	30,806	—	—	30,806
Stock	5,096	—	—	5,096
Cash at bank and in hand	475,407	365,904	4,188,789	5,030,100
	511,309	365,904	4,188,789	5,066,002
Creditors: amounts falling due within one year	(58,838)	—	—	(58,838)
Net current assets	452,471	365,904	4,188,789	5,007,164
Net assets	473,518	365,904	4,188,789	5,028,211

Notes

The pro forma statement of net assets has been prepared on the following basis:

1. The net assets of the Group as at 31 July 2004 have been extracted without adjustment from the audited Financial Information included in Part 3, Section B of this document.
2. An adjustment has been made to reflect the issue of 14,400 Ordinary Shares in Kryso Resources Limited at a price of $25.41 per Ordinary Share on 29 October 2004.
3. An adjustment has been made to include the net proceeds of the Placing of $4,680,000 (net of $491,211 estimated issue costs converted from sterling at $1.8: – £1).
4. No adjustment has been made to reflect the Group re-organisation.
5. No adjustments have been made to reflect the trading or other transactions of the Group since 31 July 2004.
6. The pro forma statement of net assets does not constitute financial statements within the meaning of section 240 of the Act.

PART 4

INDEPENDENT EXPERT'S REPORT

SNOWDEN

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04 November 2004

The Directors
Kryso Resources plc
260a Fulham Road
London SW10 9EL
UK

The Directors
Ruegg & Co Limited
39 Cheval Place
London SW1EW
UK

Dear Sirs

INDEPENDENT EXPERT'S REPORT ON THE PAKRUT GOLD DEPOSIT TAJIKISTAN

At your request, Snowden Mining Industry Consultants ("Snowden") has prepared the attached geologist's report on the Pakrut Gold Deposit ("Pakrut deposit") for inclusion in an admission document for the listing of Kryso Resources plc ("Kryso") on the Alternative Investment Market of the London Stock Exchange ("AIM").

This report is based on information from exploration results provided by Kryso, information from Russian exploration prior to 1981, and observations from a site visit undertaken by a Snowden representative in September 2004.

It is Snowden's opinion that the Pakrut Licenced area represents an exploration project with merit. In particular, the Pakrut Gold Deposit appears to have a high potential to be an economically viable deposit. Additionally, there are several occurrences of mineralisation within the licence area that are worthy of additional exploration and could provide important synergies with the Pakrut Gold Deposit should it go into production.

The Pakrut deposit and licence area is located in Central Tajikistan, approximately 112 km northeast of the capital of Tajikistan, Dushanbe. Access from Dushanbe is via a sealed tarmac highway for about 59 km and the rest by a dirt road to Pakrut.

Gold mineralisation occurs in at least four areas within the licence, these being the Pakrut Gold Deposit and the Eastern Pakrut, Rufigar and Sulfidnoye prospects. At Pakrut, the mineralisation occurs in eight recognised zones of hydrothermally altered schists, with similar styles of mineralisation at the three prospects.

According to the information reviewed by Snowden, Kryso acquired the mineral rights to the Pakrut area in December 2003 and the licence to explore and mine in March 2004. Exploration activities between March 2004 and September 2004 have focused on establishing access to the areas for exploration and sampling to confirm the earlier work. The results of this work were incomplete at the time that this report was written.

Snowden has not endeavoured to confirm the legal status of property ownership. Snowden has also not investigated issues relating to Native Title as it might pertain in Tajikistan nor to any environmental, human or social issues that may affect future development of mining projects on the property.

Snowden is a company providing specialist mining industry consultancy services in the fields of geology, exploration, resource estimation, mining engineering, geotechnical engineering, risk assessment, mining information technology and corporate services including independent expert reports and mineral asset valuations. The company, which operates from offices in Perth, Kalgoorlie, Brisbane, Johannesburg and Vancouver, has prepared independent expert reports on a variety of mineral commodities in numerous countries.

This report has been compiled by Mr Ivor Jones who is a professional geologist with eighteen years experience in the minerals industry. Mr Jones is a Principal Resource Geologist with Snowden, a Fellow of the Australasian Institute of Mining and Metallurgy ("AusIMM") and Chartered Professional. The author has the appropriate relevant qualifications, experience and competence to be considered an "Expert" under the definitions provided in the JORC Code and a "Competent Person" as defined in the JORC Code. A high level review of this work was performed by Mr G. Greenway, also a Principal Resource Geologist with Snowden.

Neither Snowden nor those involved in the preparation of this report have any direct or indirect material interest in the project considered in this report and have no association with any of the parties involved in the proposed transactions. Snowden will be remunerated for this report by way of a professional fee, determined according to a standard schedule of rates, and paid by Kryso Resources Limited.

Yours faithfully

Mr I W O Jones *FAusIMM, CP(Geo)*
Principal Resource Geologist

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1.0 SUMMARY

Kryso Resources Limited ("Kryso") has retained Snowden Mining Industry Consultants Pty Ltd ("Snowden") to prepare an Independent Expert's Report of the Pakrut Gold Deposit ("Pakrut"). Kryso's intention is to list the company on the Alternative Investment Market ("AIM") in London and Snowden understands that the report will be filed with the AIM.

The purpose of this report is to outline to investors in Kryso the geological characteristics of the gold deposit and comment on whether the Pakrut deposit is a project of merit that justifies further capital expenditure. Kryso is planning to develop the deposit and is licensed to treat 300,000 tonnes of ore per year. Kryso will also investigate the opportunities in the numerous zones of mineralisation within the exploration licence and near the Pakrut Gold Deposit.

The Pakrut Gold Deposit is located in central Tajikistan, approximately 112 km northeast of the capital of Tajikistan, Dushanbe. The Pakrut deposit is owned by Limited Liability Company Pakrut ("LLC Pakrut"), a wholly owned subsidiary of Kryso Resources Limited.

Gold mineralisation occurs in at least four areas within the licence. They are the Pakrut Gold Deposit, the Eastern Pakrut gold prospect, the Sulfidnoye gold and silver prospect and the Rufigar prospects. At Pakrut, the mineralisation occurs in eight zones of hydrothermally altered schists, with similar styles of mineralisation at the three prospects.

The Pakrut Gold Deposit has been explored from the surface and in underground development. Intensive exploration by the Central Geological Administration of Tajikistan (a government agency also known as "Tajik Geology") has been conducted in the Pakrut area prior to 1981 with particular focus on the Pakrut Gold Deposit. No mining has been completed, but four adits have been completed into the Pakrut Gold Deposit for exploration purposes.

Metallurgical test work has also been completed by Tajik Geology with reported recoveries, using rudimentary gravity recovery methods, ranging from 47% of the gold to 98%. Consistently high recoveries above 80% and mostly above 90% were attained using a combination of gravity extraction and cyanidation methods.

According to the information reviewed by Snowden, Kryso acquired the mineral rights to the Pakrut area in December 2003 and the licence to explore and mine in March 2004. Exploration activities by Kryso between March 2004 and September 2004 have focused on establishing access to the areas for exploration and sampling to confirm the earlier work. The results of this work were incomplete at the time of this report.

Estimates of the tonnes and grade of mineralisation at Pakrut have been classified using the Russian system and are not compliant with the guidelines laid down by the JORC Code. The tonnes and grades of the mineralisation have been estimated using polygonal interpretation within a horizontal projection of the zones. The areal extent of the mineralised zones was defined by using an economic cut-off of one gram per tonne gold using the drillhole and underground sample information. The grade of the mineralised zones was estimated by calculating the length weighted average grades of the intersections for the mineralisation within the resource block.

The grade and tonnage estimates are categorised as C_2, P_1 and P_2 (according to the Russian resource classification system) depending on the information available for grade estimation and the knowledge of the mineralisation style. These estimates are not compliant with the guidelines of the JORC Code. The classified tonnes and grade according to the Russian scheme are tabulated in the following table:

Table 1.1
Pakrut Licenced Area Total Resource - September 2004

Category	*Tonnes*	*Au (g/t)*	*Au (Thousand Oz Troy)*
C_2	5,070	3.84	626
P_1	4,800	4.2	657
Total (C_2+P_1)	9,870	4.0	1,283

Snowden concludes that the Pakrut Licenced area represents an exploration project with merit. In particular, the Pakrut Gold Deposit appears to have a high potential to be an economically viable deposit. Additionally, there are several occurrences of mineralisation within the licence area that are worthy of additional exploration and could provide important synergies with the Pakrut Gold Deposit should it go into production.

2.0 INTRODUCTION

2.1 TERMS OF REFERENCE

Snowden Mining Industry Consultants Pty Ltd ("Snowden") has prepared this Independent Expert's report ("IER") on the Pakrut Gold Deposit ("Pakrut"), at the request of the Directors of Kryso Resources Limited ("Kryso"). Snowden understands that the report will be included in a Prospectus to be issued to shareholders and potential investors in Kryso. This report has been prepared principally to inform investors and prospective investors about the geological merits of the Pakrut deposit and consider whether it is realistic to expect it to become a producing mine. This report is based on reports, hard copy data and information from exploration completed prior to 1981. Kryso translated this information from Russian into English and provided the translations to Snowden for use in this report. Mr Ivor Jones from Snowden undertook a site inspection and review of the Pakrut deposit from 2 to 8 September 2004.

2.2 PROPERTY LOCATION

The Pakrut deposit is located approximately 112 km by road northeast of Dushanbe, the capital of Tajikistan. Access from Dushanbe is via a sealed tarmac highway for about 59 km and the rest by a dirt road to Pakrut.

Tajikistan, located in Central Asia, has a land area of 143,000 km^2. It is a land-locked country, and borders Afghanistan, China, Kyrgyzstan and Uzbekistan (Figure 2.1). Tajikistan has a population of approximately seven million people.

Figure 2.1 Map showing the location of Tajikistan in Central Asia.

2.3 GOLD MINING IN TAJIKISTAN

Since independence from the former Soviet Union in 1991, foreign investment in mining has gradually increased in Tajikistan (especially in the last few years with the cessation of the civil war in 1997). In particular, foreign companies are following up on results from exploration completed during the time of the Soviet Union.

Whilst mining is itself currently relatively limited in Tajikistan, there are several nearby large gold deposits that occur within the same lithological sequence and structural zone - the Tien Shan Fold Belt (Figure 4.1). There are several precious metal mines operating in Tajikistan at the time of this report including Jilau (gold), Andrasman (silver) and Aprelevka (gold/silver). Additionally there is Anzob (antimony/mercury) and the temporarily closed Altyn Topkan (lead, zinc and silver).

2.4 PROPERTY DESCRIPTION

The Pakrut mining and exploration licence contains four recognised mineral deposits and prospects being Pakrut, Eastern Pakrut, Sulfidnoye and Rufigar and covers a surface area of 63 km^2.

The climate is midlatitude continental with dry warm summers and cold snowy winters around Pakrut. The topography is mountainous with base level elevations for the Pakrut River at 1,850 masl rising to 4,690 masl eight kilometres to the east of the Pakrut Gold Deposit near the head of the Pakrut River.

3.0 HISTORY OF OWNERSHIP

The mineral rights for Pakrut were state owned prior to the demise of the former Soviet Union in 1991 when ownership was relinquished to The Republic of Tajikistan. Civil war during the early 1990s prevented development in the region and following increased political stability with the end of that war in 1997, Kryso applied for the exploration and mining licence in 2003.

During 2003 Limited Liability Company Pakrut ("LLC Pakrut"), a Tajik subsidiary of Kryso Resources Limited, initiated the procedure for obtaining a licence to mine the Pakrut Gold Deposit and submissions were made to the Central Geological Administration of Tajikistan (a government agency also known as Tajik Geology). On 25 July 2003, the exploration and mining project for the Pakrut Licenced Area was approved by the Tajikistan Ministry of Nature Protection and the State Ecological Committee. Following this a governmental resolution was passed by the Government of Tajikistan on 29 December 2003 (and signed by the president of Tajikistan) that the licence for the use of mineral resources be submitted to it for approval and signing. LLC Pakrut was granted a geological lease for the geological exploration of the Pakrut Licenced Area with effect from 1 April 2004. Also with effect from 1 April 2004, LLC Pakrut was granted a licence to use the mineral resources in the Pakrut Licenced Area, including the right to mine 300,000 tonnes of ore a year. Both the licence and the geological lease expire on 1 April 2014.

Snowden has not personally verified the licence for exploration and mining. However, Snowden has viewed correspondence between London Lawyers Edwin Coe stating the content above.

4.0 REGIONAL GEOLOGY

The Pakrut Licenced Area lies within the southern portion of the Tien Shan Fold Belt, a belt of folded rocks that extend from near the Aral Sea in Uzbekistan through the northern part of Tajikistan into China and then on into Mongolia (Figure 4.1). The area surrounding the Pakrut Licenced Area is located on the southern side of the Hissar ridge of Central Tajikistan.

The rocks surrounding the Pakrut Licenced Area are dominantly metamorphosed Palaeozoic marine sedimentary formations with subordinate Mesozoic sediments and intrusive rocks. An Upper Ordovician green schist layer is the most important formation in the area as it tends to have localised zones of gold-bearing hydrothermally altered rocks. This green schist unit is reported to be the eastern extension of the gold bearing formations of western Uzbekistan where large gold deposits including Muruntau, Daugystau and Kokpotas are located.

Rocks within the Pakrut area have been structurally disturbed numerous times. Tectonic movement caused folding primarily in the mid-Devonian with folding and faulting in the mid- to late-Triassic over-printing the Devonian folding. Still later, folding and small amplitude thrusts/faults accompanied short periods of tectonic activity. Magmatic intrusions, hydrothermal and metasomatic alteration and mineralisation have been associated with the Triassic tectonism by Russian workers.

Many world-class mesothermal gold deposits are hosted within the Tien Shan Fold Belt (Figure 4.1). The Pakrut area has been included in this province, as well as in the rare-metal-polymetalic Zeravshan-Hissar belt of mineral deposits and the Kugiturinscky gold belt of low-sulphide gold-quartz mineralisation.

Figure 4.1 Map showing the position of the Tien Shan Fold Belt and major gold deposits.

5.0 GEOLOGY OF THE PAKRUT DEPOSIT

The Pakrut Gold Deposit occurs within a layer of green schist facies metamorphic rocks of Upper Ordovician age that are folded and faulted (Figure 5.1). The metasediments that make up the green schist are massive and fine grained and have been subjected to strong hydrothermal and metasomatic alteration.

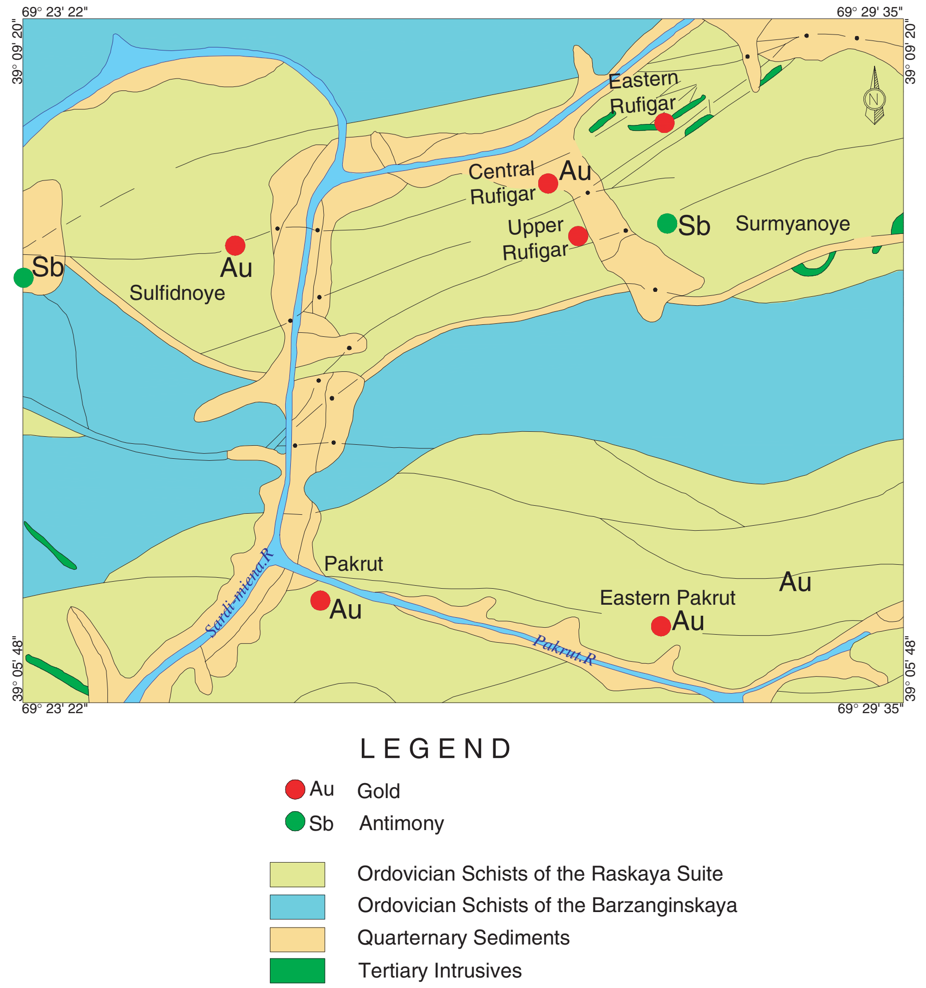

Figure 5.1 Geological map showing the location of the Pakrut Gold Deposit within the Pakrut Licenced area.

The deposit is located near the axial plane of the Pakrut Anticline; a large antiformal chevron fold with limbs dipping at between 30^{o} and 50^{o} to the north and south. The Graphitovy Fault also occurs near the axial plane of this fold, and has been reported to coincide with metasomatic alteration and gold mineralisation in and around the Pakrut Gold Deposit.

6.0 MINERALISATION

Within the Pakrut Licenced Area, there are three mineralised systems within five kilometres of the Pakrut Gold Deposit. These are the Eastern Pakrut gold prospect, the Sulfidnoye gold and silver prospect and the Rufigar prospects. The Rufigar prospects comprise Central Rufigar (gold), Eastern Rufigar (gold), Upper Rufigar (gold) and Surmyanoye (antimony and gold).

6.1 THE PAKRUT GOLD DEPOSIT

The Pakrut deposit consists of eight steeply-dipping, mineralised, metasomatised bodies hosted in chloritic schists which are folded into the Pakrut Anticline. There are at least eight zones of mineralisation which can be grouped into three main categories based on geographical location and knowledge of the resource:

1. mineralisation north of the Pakrut River and on the northern limb of the Pakrut Anticline in Zones 4, 5 and 6 (not delineated sufficiently for resource evaluation);
2. mineralisation in Zones 1, 2 and 3 on the south side of the Pakrut River and delineated by surface trench sampling; diamond drilling and underground development; and

3. mineralisation in Zones 7 and 8 on the south side of the Pakrut River which have not been delineated sufficiently for resource evaluation.

Mineralisation at Pakrut has been identified by exploration from outcrop down to the limit of the drilling at a depth of approximately 300 m although the area delineated sufficiently for detailed resource evaluation is only the first 100 m below the surface expression of the mineralisation. It extends over an area of about 500 m East by 400 m North. Underground development at 120 m below outcrop has assisted with the evaluation of the resource.

The mineralisation in each of the zones is represented by grey to dark grey schistose rock, often containing quartz-albite and carbonate alteration, lens-like patches of quartz, a low-sulphide content and native gold and silver. The gold: silver ratio is approximately 2.5:1.

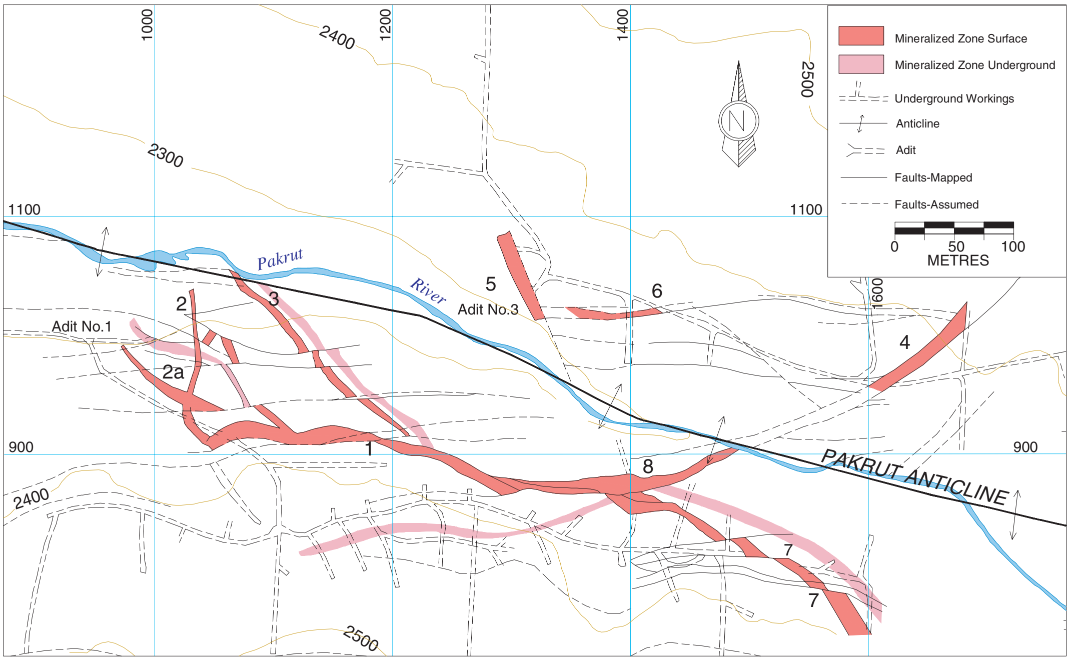

Figure 6.1 Plan view of the Pakrut deposit showing the underground workings and positions of the mineralised zones at the level of Adit 1 (south) and Adit 3 (north).

6.1.1 Zone 1

The mineralisation in Zone 1 strikes east-west, is broken by minor faults, and dips to the south at angles of between 50^{o} and 70^{o}. The length of the mineralisation in outcrop is 220 m and has been delineated on the surface by trenching and sampling. In Adit 1, located 60 m to 80 m below the outcrop of Zone 1, the mineralisation has been traced for 160 m. The thickness of the mineralisation ranges from 1.3 m to 15 m with the gold grade ranging from 0.7 g/t to 23g/t. Two diamond drillholes drilled from the surface intersected the mineralisation at 120 m and 130 m depth respectively. The extent of the mineralisation below the underground development is yet to be tested fully.

6.1.2 Zone 2

Mineralisation in Zone 2 has been traced on the surface for 170 m with a strike of 150^{o} and lies at the western end of Zone 1. With depth the thickness of the mineralisation increases and the strike changes by 10^{o}-15^{o} to the east. The mineralisation has been intersected by diamond drillholes down to a depth of approximately 360 m and one drillhole at 500 m below the surface. The mineralisation forms a thick sinistral step-like mineralisation composed of massive quartz-albite metasomatic alteration. The thickness of this mineralisation ranges from 0.8 m to 12 m with the gold grade ranging up to 13.08 g/t.

6.1.3 Zone 2a

Zone 2a has been traced along strike for 100 m and cuts obliquely across Zone 2 in a northwesterly direction and has a thickness ranging from 1.4 m to 1.8 m with gold grades ranging from 1.8 g/t to 10.36 g/t. The orientation of this mineralisation is closely associated with a system of fractures striking at 290^{o}-310^{o} and dipping at 50-60^{o} to the northeast. This mineralisation has not been explored beneath Adit 1.

6.1.4 Zone 3

The mineralisation in Zone 3 has been traced on the surface for 60 m in four trenches and interpreted to a depth of 100 m by a single diamond drillhole. The thickness of this mineralisation ranges from 1.0 m to 5.3 m at the surface and has gold grades ranging from 1.9 g/t to 8.2 g/t. This mineralisation occurs on the hangingwall side of Zone 1, and has a strike of 130° and a northeasterly dip of 65°-70°.

6.1.5 Zone 4

Zone 4 has only been partially explored with the mineralisation traced on surface for 140 m along strike. The southeastern part of this mineralised zone is overlain by Quaternary sediments and therefore has not been explored fully from the surface. The mineralisation has been intersected in Adit 3 on the north side of the Pakrut River and by a drillhole 290 m below the surface. The mineralised zone strikes at 226°, dips at between 80° and 85° and has a thickness ranging from 0.4 m to 2.5 m. The gold grade ranges from 0.6 g/t to 12.6 g/t.

6.1.6 Zones 5 and 6

Zones 5 and 6 were outlined on the northern limb of the anticline but insufficient exploration has been done to delineate resources.

6.1.7 Zone 7

The mineralisation in Zone 7 has been traced for approximately 300 m, has a thickness of up to 30 m and extends from Zone 8 to the southeast. The mineralisation in this zone has also been poorly explored and as a result, previous workers were only able to estimate a Soviet P Resource.

6.1.8 Zone 8

Zone 8 has been traced on surface and in Adit 1 over a strike length of 60 m to 65 m and has been intersected down dip by two drillholes at depths of 230 m and 270 m below the surface. This mineralisation has a strike of 65°, a dip of 70° and thickness ranging from 0.7 m to 3.0 m. The gold grades range from 0.8 g/t to 5.0 g/t.

6.2 EASTERN PAKRUT

The Eastern Pakrut gold prospect is 3.5 km east of the Pakrut Gold Deposit and on the north side of the Pakrut Anticline and Pakrut River. It consists of schistose lithologies that have been altered by carbonate-quartz-albite alteration that bears gold.

Mineralisation at Eastern Pakrut has been traced on surface in an east-west direction for a distance of 300 metres and has a thickness ranging from 1 m to 3 m with reported gold grades ranging from 1.11 g/t to 20 g/t.Underground development (Adit 4) was developed at a depth of 120 m below the surface outcrop and did not intersect any mineralisation that could be associated with that identified on the surface.

6.3 SULFIDNOYE

The Sulfidnoye gold and silver prospect, discovered in 1952 by Tajik Geology, is located 5 km to the north-northwest of the Pakrut Gold Deposit. It was named after sulphide minerals were collected in trench samples from two quartz-sulphide lenses in the eastern part of the mineralisation. The mineralisation can be subdivided into western, central and eastern parts. Sulfidnoye lies on the western side of the Sardi-Miena River valley in the Hissaro-Karategin fault.

Gold mineralisation is associated with quartz veins and shear zones striking east-west and hosted in metasomatically altered schists. The thickness of the alteration zone ranges from 0.5 m to 21 m with gold grades ranging from less than 1 g/t to 17.5 g/t and silver grades up to 264 g/t. The strike extension of this zone has not been traced because of the thick overburden, but the expected length is up to 1.5 km.

The mineralisation has been sampled in trenches and cuttings. The western part contains antimony and gold and has grades ranging from 0.2 g/t to 0.8 g/t. The central and eastern parts have gold grades that range from 0.2 g/t to 2.8 g/t, lead grades range from 0.2% to 2.3% and silver grades from 28 g/t to 264 g/t.

6.4 RUFIGAR

The Rufigar prospects are located on the southeastern side of the Kaltakul River 5 km to north of the Pakrut Gold Deposit. The Rufigar mineralisation is a series of gold occurrences concentrated in a

5km section of the Rufigarsky fault zone. This mineralisation can be sub-divided into four main occurrences being Central, Eastern, Upper and Surmyanoye (antimony and gold).

The mineralisation at Central Rufigar occurs within four small alteration zones and has gold grades from trench samples ranging from 0.6 g/t to 22.0 g/t. The thickness of these zones ranges from several centimetres to several dozen meters with a strike length of between 15 m and 45 m.

At Eastern Rufigar, the mineralisation has been sub-divided into a northern and southern zone. The gold mineralisation is associated with zones of limonite in altered schist and granitoids. An adit, Rufigar Adit 1, failed to intersect the mineralisation at the depth of the adit suggesting limited vertical development of the mineralisation.

Upper Rufigar has been explored on the surface by sampling in trenches, and the gold mineralisation is localised in a northeast striking silicified zone. This mineralisation has been traced along strike for approximately 70 m, has an average thickness of 2.7 m and an average sample grade of 17.1 g/t gold. The strike extensions of this mineralisation are still open as the overburden becomes too thick to expose the mineralisation by trenching.

Surmyanoye is more antimony-rich than the other Rufigar occurrences of mineralisation and is situated in the eastern part of the Rufigar Fault. It is characterised by lens-like quartz-sulphide veins with thicknesses ranging from 0.2 m to 3.1 m and sample grades ranging from 1.0 g/t to 10.9 g/t gold.

7.0 EXPLORATION

South Tajik Geological Exploration Expedition (a subsidiary of Tajik Geology) and Russian geologists have explored the Pakrut region since the 1940s. Exploration was made difficult by the mountainous terrain and limited field season due to snow in the winter months, but alluvial gold was first identified in the area in the Pakrut River in the 1950s. Exploration has continued sporadically since then with the discovery of numerous gold deposits including the Pakrut Gold Deposit.

Gold was identified in the vicinity of the Pakrut Gold Deposit during Russian prospecting work completed between 1971 and 1972 and ore zones 1, 2 and 3 of the Pakrut deposit were discovered in 1973. Between 1975 and 1978 exploration of the Pakrut deposit, which included underground development and underground drillholes, led to the delineation of mineralisation in Zones 1, 2 and 3 and the discovery of mineralisation in Zones 5, 6, 7 and 8. The focus of exploration moved in 1978 from the Pakrut Gold Deposit to the surrounding area.

7.1.1 Exploration prior to 1948

Before 1948, there were no concerted efforts at exploration for mineral deposits in the Pakrut region. Geological work that was completed (various workers) revolved around relatively academic interests of geological structure, stratigraphy, magmatism and general patterns of metamorphism and alteration.

7.1.2 Exploration 1948 to 1957

Geological mapping of the Pakrut area commenced in 1948 at a scale of 1:100,000. Mineralisation identified during this phase of work was evaluated further and, in 1952, the presence of mineralisation containing antimony was identified at Charbi-Dara and Kalta-Kul as well as minor occurrences of polymetalic mineralisation. Geological mapping at 1:100,000 scale continued through to 1956 driven by the perceived potential of the area for mercury, antimony, tungsten and tin.

In 1957, fine particles of alluvial gold were found in the Pakrut River during geological mapping at a scale of 1:25,000. This, however, was not enough to foster continued interest in exploration and it was perceived that the area was not prospective for tin and gold. No further exploration of a significant nature was completed until 1971.

7.1.3 Exploration 1971 to 1975

Exploration for tin and gold mineralisation recommenced in the Pakrut area in 1971 and included mapping at 1:50,000 scale. This resulted in the discovery of mineralisation at Pakrut and Rufigar.

In 1973 and 1974, these deposits were mapped at a scale of 1:10,000 and delineated Zones 1, 2 and 3 of the mineralisation at Pakrut in outcrop. Geophysical surveys were also completed on Pakrut indicating the orientation of the mineralisation. Results from the exploration indicated that the Pakrut mineralisation had the potential to be of economic interest and further exploration was recommended.

7.1.4 Exploration 1975 to 1981

Exploration between 1975 and 1981 focused on geological mapping at 1:10,000 scale over four square kilometres and at 1:2,000 scale over two square kilometres around Pakrut as well as petrographic, mineralogical and geochemical studies. The geological mapping and exploration included underground development, diamond drilling and trenching (Table 7.1), sampling, structural geology, alteration studies and seismic profiling.

Two adits and associated underground development workings were also developed into Pakrut to confirm the mineralisation below the surface. In Adit 1 on the south side of the Pakrut River, Zone 1 was tracked along strike for 230 m, Zone 2 was explored, and Zones 7 and 8 were intersected. On the north side of the Pakrut River, Adit 3 explored Zones 5 and 6, but with inconclusive results.

Diamond drilling was also completed from underground and from the surface at Pakrut during this phase of exploration. The drillholes discovered gold ore on the depth of 130 m to 310 m from the surface (ore zones 1 and 2).

Trenching, ditches and cuttings targeted the mineralisation in Zones 1, 5, 6, 7 and 8.

Table 7.1
Exploration activity at the Pakrut Gold Deposit: 1975-1981

Type of work	*Quantity of work completed*
Adits	Adit 1 Horizontal Length 654 m. 2,292.8 m including branches.
	Adit 2 Horizontal Length 374 m. 2,210.5 m including branches.
	Adit 3 Horizontal Length 1,717 m (all workings).
	Adit 5 Horizontal Length 286 m (all workings).
Diamond drillholes	23 holes, 4,797 linear metres
Trenches, cuttings and ditches	33,062 m^3

Other exploration in the same period was targeted at increasing the understanding of the mineralisation at Eastern Pakrut, Sulfidnoye, and Rufigar. This is summarised in Table 7.2.

Table 7.2
Other exploration activity within the Pakrut Licenced area: 1975-1981

Location	*Work completed*
Eastern Pakrut	Adit 4 Horizontal Length 738.5 m including branches. Failed to intersect the mineralisation
	No drilling completed at Eastern Pakrut
	Trenches and bulldozer cuts: 121,000 m^3
Sulfidnoye	No adits at Sulfidnoye.
	2 holes, 419.6 linear metres
	Trenches and bulldozer cuts: 25,527 m^3
Rufigar	Adit 1 Eastern Rufigar 423 m failed to intersect mineralisation
	Adit 2 Central Rufigar 244 m + 42 m branches
	7 holes, 1,495 linear metres
	Trenches and bulldozer cuts: approximately 4,580 linear metres

7.2 SAMPLE AND ASSAY DATA

Sample data collected at Pakrut and the nearby mineral deposits was predominantly from shallow surface trenches, underground chip samples and diamond drillholes. Snowden was not able to verify the Soviet drill or trench data during the site visit, but notes that in general the data prior to the break up of the Soviet Union in 1991 was generally of a high enough quality for resource evaluation.

It is Snowden's opinion that the sampling appears reasonable but with room for improvement. Snowden notes that downhole survey measurements were not always recorded in the database. This will result in the position of samples not always being reliably known. Snowden also noted that the average core recovery in the zones of mineralisation was only 64%. It is not known whether this will result in over- or under-reporting the grade of the mineralisation. Snowden is of the opinion, that despite the concerns raised above, the samples are likely to give a reasonable representation of the mineralisation around and above the level of the workings where the mineralisation is represented in the evaluation by large and apparently good samples from trenches and underground workings.

The assaying, completed at Tajik Geology, included internal and external (Uzbekistan) quality assurance and quality control (QAQC). Tajik Geology stated that there were "intolerable differences" between the assay and control values for some of the internal control standards for the years 1977 to 1979, whilst the comparison between assay and control values for some of the external control values was on the whole satisfactory. Tajik Geology was satisfied that the levels of accuracy were acceptable for resource evaluation.

8.0 MINING OPERATIONS

The underground development at the Pakrut Gold Deposit in Adit 1 has intersected the mineralisation of Zones 1, 2, 3, 7 and 8. The mineralisation in Zones 4, 5 and 6 were intersected in Adit 3 on the north side of the Pakrut River. Whilst these workings were developed to intersect the mineralisation, there was no mining to extract ore apart from two bulk samples. The development was, however, sampled and assayed and this information has been used to develop an estimate of tonnes and grade.

9.0 METALLURGICAL TESTWORK

During the middle to late 1970s, the Soviets carried out four metallurgical test work programmes on the Pakrut ore (one in 1975, one in 1976 and two in 1977).

The 1975 test work programme comprised metallurgical test work on six 15 kg to 20 kg samples of Pakrut ore as shown in Table 9.1. The samples were collected from the trenches by channel sampling (3 samples) and from material dumped as a result of mining Zones 1 and 2 in Adit 1. The sulphides in these samples were completely oxidised and the process testing returned gravity recoveries varying from 57% to 98% and cyanidation recoveries varying from 81% to 99%.

In 1976 a 60 kg sample was taken for metallurgical test work by stripping crosscut 15 (interval 32.4 m to 40.5 m) in Adit 1 from Zone 1. The average sample grades were gold 6.3 g/t to 6.7 g/t, silver 2 g/t to 4 g/t and arsenic 0.4% to 0.6%. The results of this metallurgical test work are summarised in Table 9.2.

Table 9.1
Results of 1975 Metallurgical test work

Sample number	*Sample grade g/t gold*	*Tailings grade after cyanidation, g/t*	*Recovery of gold using cyanidation %*	*Location of sample*
34	7.01	0.10	98.58	Ditch No 34
68	4.40	0.03	99.32	Ditch 68
70	21.50	1.2	94.42	Ditch 70
4	41.10	0.6	98.54	Adit 1: 247m
5	0.25	0.04	84.00	Adit 1: 138m
6	4.26	0.8	81.23	Adit 1: 130m

Table 9.2
Results of 1976 Metallurgical test work

Grade	*Sample grade g/t gold*	*Tailings grade after cyanidation g/t gold*	*Recovery using cyanidation %*
Gold	6.3 g/t	0.54 g/t	91.8
Silver	2.7 g/t	1.0 g/t	64.8
Arsenic	0.61%	0.09%	86

In 1977 a sample with a weight of 68 tonnes was collected from Adit 1 (drifts 2, 3 and 7) for large-scale test work. The test work for this sample included gravity recovery, flotation and cyanidation and determined that the recovery of gold using a gravity circuit was 44.73% resulting in a concentrate grade of 16,400 g/t Au. The exploration results from underground sampling indicated that the grade of the mineralisation in this locality was 7.0 g/t Au, 3.1 g/t Ag and 0.30% As, whereas the grade determined for the bulk sample was 6.2 g/t Au, 3.6 g/t Ag and 0.31% As.

A second sample of 3.1 tonnes was collected in 1977 from Adit 1(drift 3) and from the ore dump with an average grade of 6.8 g/t Au, 2.6 g/t Ag and 0.28% As. Using the gravitational flotation process derived earlier in the year, an overall gold recovery of 94.4% was achieved, whereas using a combination of gravity and cyanidation, a recovery of 99.28% Au and 89.02% Ag was achieved.

10.0 RESOURCE ESTIMATES

Tajik Geology prepared resource estimates for Pakrut and Eastern Pakrut using a polygonal interpretation within a vertical projection of each zone based on samples from diamond drillholes, underground development and surface trenches. The extent of the resource blocks was defined by using a cut-off grade of one gram per tonne; successive estimates used two grams per tonne and three grams per tonne cut-off values. The minimum thickness of sample intersection allowed for resource estimation was one metre or three metrograms where the thickness was less than one metre (the metrogram value of an intersection is determined by multiplying the width by the grade). The maximum thickness of low-grade or barren rock included within the limits of the resource block was three metres.

This method is a standard Russian approach and, whilst crude mathematically, if it is applied properly it gives a fair global estimate of the grade in each zone.

10.1 RESOURCE TABULATION

The resource has been classified using the Russian resource/reserve classification scheme. The Russian classification scheme is based on four categories (P, C, B and A).

The P category is further split into P_3, P_2 and P_1, with P_1 being the category with the highest confidence. It is Snowden's opinion, categories P_2 and P_3 can be generally considered as exploration results and exploration potential respectively, whereas P_1 is broadly similar to the inferred category in the JORC Code.

The C category is also split up, but only into two subcategories C_2 and C_1. It is Snowden's opinion that the C_2 category lies somewhere between the inferred and indicated categories of the JORC Code, and is probably closer to indicated than inferred with regards to the Pakrut C_2 resource. The C_1 category requires more detailed information than C_2 and the data spacing for a C_1 resource appears to be an attempt by the Russians to limit the risk associated with the evaluation.

The A and B categories broadly equate to reserves, none of which exist at Pakrut.

10.1.1 Pakrut

Table 10.1 tabulates the Pakrut deposit resource as prepared by Tajik Geology (1981) using polygonal methods.

Table 10.1
Pakrut Gold Deposit inventory - September 2004 at a 1 g/t Au cut-off

Resource Category	*Zones*	*Tonnes (thousand)*	*Au (g/t)*	*Au (thousand ounces)*
C_2	Zones 1, 2, 2a, 3 and 8	5,070	3.84	626
P_1	Zones 1, 2, 3, 7 and 8	3,500	3.6	407
Total (C_2+P_1)		8,570	3.75	1,033

It is Snowden's opinion that, whilst there are five million tonnes of C_2 reported for Pakrut, additional work needs to be completed before JORC compliant Indicated Resources can be declared. The biggest risks to the resource evaluation are in the resource data. The lack of data between the underground workings and the surface is somewhat mitigated by the mineralisation in the underground workings as predicted from the surface exploration and the presence of mineralisation in drill samples.

Snowden, using data compiled by Kryso Resources, re-estimated the C_2 tonnes and grade in Zones 1, 2 and 3 for the one gram per tonne gold cut-off scenario as a check for reasonableness. These estimates were slightly lower for both tonnes and grade, but within acceptable tolerances for C_2 mineralisation.

10.1.2 Eastern Pakrut

P_1 and P_2 resource estimates (Table 10.2) have been prepared by Tajik Geology for the Eastern Pakrut gold prospect.

Table 10.2
Eastern Pakrut gold prospect inventory - September 2004 at a 1 g/t Au cut-off

Resource Category	*Zones*	*Tonnes (thousand)*	*Au (g/t)*	*Au (thousand ounces)*
C_2		—	—	—
P_1		830	3.1	84
Total (C_2+P_1)		830	3.1	84

The P_2 resource estimate prepared by Tajik Geology for the Eastern Pakrut gold mineralisation is, in Snowden's opinion, more consistent with exploration results than a resource estimate, and therefore these figures have not been reported in this section.

It is Snowden's opinion that neither the P_1 nor P_2 resources at Eastern Pakrut conform with the standards required for a resource to be consistent with the guidelines of the JORC Code.

10.1.3 Sulfidnoye

P_1 and P_2 resource estimates (Table 10.3) have been prepared by Tajik Geology for the Sulfidnoye mineralisation.

Table 10.3
Sulfidnoye gold prospect inventory - September 2004 at a 1 g/t Au cut-off

Resource Category	*Zones*	*Tonnes (thousand)*	*Au (g/t)*	*Au (thousand ounces)*
C_2		—	—	—
P_1		480	10.8	167
Total (C_2+P_1)		480	10.8	167

It is Snowden's opinion that neither the P_1 nor P_2 resources at Sulfidnoye conform to the standards required for a resource to be consistent with the guidelines of the JORC Code.

10.1.4 Rufigar

A P_2 resource estimate has been prepared by Tajik Geology for the Rufigar gold mineralisation. In Snowden's opinion, P_2 resources are more consistent with exploration results than resource estimates, and therefore these figures have not been reported in this section.

It is Snowden's opinion that the P_2 resources at Rufigar do not conform to the standards required for a resource to be consistent with the guidelines of the JORC Code.

11.0 ADDITIONAL RESOURCE POTENTIAL

11.1 PAKRUT

Diamond drilling by Tajik Geology has indicated that the mineralised systems continue at depth. One hole was drilled to 300 m below surface and intersected gold mineralisation in the extrapolated position of Zone 1.

Snowden notes that Tajik Geology has identified areas where exploration could lead to an increase in the resource base of the deposit. These include:

1. Delineation of the identified mineralised zones below the level of Adit 1;
2. Delineation of the southeastern limits of Zone 3;
3. Delineation of the mineralisation in Zones 5 and 6; and

4. Exploration of the area surrounding Zone 2 for new occurrences of mineralisation similar to Zone 2a. Information from existing drillholes has identified mineralisation in this area that requires follow-up exploration.

Kryso intends to purchase a diamond drill-rig for sterilisation drilling and to explore areas with inadequate drill-hole coverage. It is possible that this drilling will reveal additional zones of mineralisation of economic interest.

11.2 OTHER MINERALISATION

Whilst there has been mineralisation identified at Sulfidnoye, Eastern Pakrut and Rufigar, there has been insufficient work done on these deposits in order to define resources where production can be planned. It is Snowden's opinion that, although these areas have good potential as additional sources of ore for Pakrut, it will only be realised by additional exploration.

Kryso intends to carry out further exploration in these areas, but it is likely to be delayed until Pakrut is established.

11.2.1 Eastern Pakrut

Whilst three zones of mineralisation similar to those at Pakrut have been identified in outcrop at Eastern Pakrut, they have not been traced below ground. At the surface the thickness of the mineralisation ranges from one metre to three metres, extends more than 300 m and has reported gold grades ranging from 1.11 g/t to 20 g/t. An adit, approximately 120 m below the outcrop position of the mineralisation, failed to intersect mineralisation. It did, however, intersect hydrothermal alteration consistent with the mineralisation at the surface and at Pakrut. It is Snowden's opinion that the mineralisation at Eastern Pakrut does have potential to add ounces of gold to the resource base, but requires further exploration to define the vertical limits of the mineralisation.

11.2.2 Sulfidnoye

Sulfidnoye, whilst having been discovered in 1957, has had only two drillholes drilled in addition to the surface trenches for sampling. Whilst the higher grade mineralisation at Sulfidnoye is patchy within the mineralised zone, Snowden believes there is good potential for small high grade zones of mineralisation that would make additional sources of ore for Pakrut. This also requires further exploration to define the limits of the mineralisation.

11.2.3 Rufigar

Early stage prospecting work has been carried out at the Rufigar occurrence and four prospective sites have been identified. Trenches have been dug and sampled at each site, and grades of economic interest have been reported from that exploration. Whilst an adit and underground development completed at one of the sites did not intersect the mineralisation, this is the only underground exploration (there is no drillhole information) amongst the four sites. It is Snowden's opinion that all of the Rufigar sites remain prospective for at least small tonnages of high grade gold mineralisation.

12.0 OPINION

In Snowden's opinion the Pakrut Licenced area represents an exploration project with merit. In particular, the Pakrut Gold Deposit appears to have a high potential to be an economically viable deposit. Additionally, there are several occurrences of mineralisation within the licence area that are worthy of additional exploration and could provide important synergies with the Pakrut Gold Deposit should it go into production.

13.0 DISCLOSURE

In this report, Snowden has been cognisant of the guidelines of the Australasian Code for Reporting Mineral Resources and Ore Reserves ("the JORC Code") issued by the Australasian Institute of Mining and Metallurgy ("AusIMM"). Snowden has undertaken a detailed geological review of the Pakrut deposit. Mr Ivor Jones of Snowden's Johannesburg office visited the project on 2 to 8 September 2004.

14.0 INFORMATION SOURCES

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15.0 GLOSSARY OF TECHNICAL TERMS

Alteration	A change in mineralogical composition of a rock commonly brought about by reactions with hydrothermal solutions or by pressure changes.
Alluvial	Detrital material transported by flowing water.
Anomalous	A departure from the expected norm. In mineral exploration this term is generally applied to either geochemical or geophysical values higher or lower than the norm.
Anticline/Antiform	Applied to strata that dip in opposite directions from a common ridge or axis.
Axial Plane	A plane that intersects the trough or crest of a fold in such a manner that the limbs or sides of the fold are more or less symmetrically arranged with reference to it.
Chemical symbols	Au – Gold, As – Arsenic, Sb – Antimony, Ag – Silver
Chevron Fold	A fold that has an angular fold hinge, straight limbs and is symmetrical about the axial plane.
Chloritic	Containing abundant amounts of the silicate mineral chlorite.
Devonian	A time period in the Palaeozoic era ranging from 395 million years ago to 345 million years ago.
Diamond (core) drilling	Method of obtaining rock core by drilling with a diamond impregnated bit.
Fault	A fracture in rocks along which rocks on one side have been moved relative to the rocks on the other.
Fire assay	The assaying of metallic ores by methods requiring high temperatures.
Folding	A term applied to the bending of strata or a planar feature about an axis.
Fold Limb	The term referring to lithological layering between one axial plane and the next.
Footwall	The mass of rock below a fault plane, vein lode or bed of ore.
Geophysical exploration	The exploration of an area in which physical properties (e.g. resistivity, gravity, conductivity, magnetic properties) unique to the rocks in the area are quantitatively measured by one or more geophysical methods.
Grade (g/t)	Grams per tonne. The unit measurement of grade.
Granite	A medium to coarse-grained felsic intrusive rock that contains 10-50% quartz.
Granitoid	A term describing rocks with similar textures to granites.
Granodiorite	

	A coarse-grained igneous rock consisting essentially of quartz (20% to 40%), plagioclase (feldspar) and hornblende, or biotite.
Hangingwall	The mass of rock above a fault plane, vein lode or bed of ore.
Hydrothermal	The name given to any processes which involved heated or super-heated water and can involve the alteration and/or deposition of minerals.
Igneous Rocks	Rocks formed by the solidification from a molten or partially molten state.
Limonite	A mineral composed of hydrated iron oxides.
Lithology	A term pertaining to the general characteristics of rocks. It generally relates to descriptions based on hand sized specimens and outcrops rather than microscopic or chemical features.
Masl	metres above sea level.
Mesothermal	Hydrothermal mineralisation formed at intermediate temperatures and depths.
Mesozoic	The era in time ranging from 230 million years ago to 70 million years ago.
Metalliferous	Containing metal.
Metamorphism (metamorphic rocks)	The process by which changes are brought about in earth's crust by the agencies of heat, pressure and chemically active fluids.
Metasediments	Partly metamorphosed sedimentary rocks
Metasomatism (metasomatic processes)	A metamorphic change which involves the introduction of material from an external source.
Metrograms	A metrogram is the value of an intersection determined by multiplying the width of the intersection by the grade.
Ordovician	A time period in the Palaeozoic era ranging from 500 million years ago to 435 million years ago
Palaeozoic	The era ranging in time from 600 million years ago to 230 million years ago.
Quartz	Mineral species composed of crystalline silica.
Rock chip sample	A series of rock chips or fragments taken at regular intervals across a rock exposure.
Schist	A metamorphic rock characterised by subparallel alignment of most of the constituent minerals.
Schistose	Having schist like characteristics.
Sedimentary rock	Rocks formed by deposition of particles carried by air, water or ice.
Shear	A zone of ductile displacement with little or no brittle deformation.
Silicified	Replacement of the minerals in a rock by silica.
Sinistral	A term applied to the apparent direction of movement to the left across a fault.
Strike	The direction of bearing of a bed or layer of rock in the horizontal plane.
Sulphides	Minerals consisting of a chemical combination of sulphur with a metal.
Syncline	Applied to strata that dip towards a common valley or axis.
Tectonic	A rock deforming process, i.e. faulting or folding of the rocks.
Triassic	A time period in the Mesozoic era ranging from 225 million years ago to 195 million years ago.

PART 5

STATUTORY AND GENERAL INFORMATION

1 Incorporation and Registration

1.1 The Company was incorporated in England and Wales with registration number 05190505 on 27 July 2004 as a public limited company with the name Kryso Resources plc. The principal legislation under which the Company operates is the Act and the regulations made under it. The liability of the members of the Company is limited.

1.2 On 8 November 2004, the Company was issued with a certificate permitting it to commence business and borrow under section 117(1) of the Act.

1.3 Kryso Resources Limited was incorporated in the Territory of the British Virgin Islands with registration number 549304 on 25 June 2003 as an international business company. The principal legislation under which Kryso Resources Limited operates is the International Business Companies Act (No. 8) 1984 of the Territory of the British Virgin Islands (as amended) and regulations made under it. Kryso Resources Limited is a wholly-owned subsidiary of the Company.

1.4 Limited Liability Company Pakrut is a wholly owned subsidiary of Kryso Resources Limited. It was incorporated on 16 April 2003 under the laws of Tajikistan under the name of ''Limited Liability Company Pakrut''. It was registered at the State Notary's Office of the Firdavsy district of the city of Dushanbe on 17 April 2003 under register No 13P-45. Pursuant to an increase in the authorised share capital it was re-registered on 16 September 2003 in the Ministry of Justice under register No 001-372. On Kryso Resources Limited becoming the sole shareholder, its Charter was revised to comply with Tajikistan laws on foreign investments and it was re-registered on 12 May 2004 in the Ministry of Justice under register No 001-372''A''.

1.5 Limited Liability Company Kuhi Zarrin is a wholly owned subsidiary of Kryso Resources Limited. It was incorporated on 3 January 2003 under the laws of Tajikistan under the name of ''Limited Liability Company Kuhi Zarrin''. It was registered at the Main State Notary's Office of Tajikistan on 10 January 2003 under register No 4K-3. Pursuant to an increase in the authorised share capital and the revision of its Charter to comply with Tajikistan laws on foreign investments, it was re-registered on 12 May 2004 in the Ministry of Justice under register No 001-921.

1.6 International Mining Supplies and Services Limited was incorporated in England and Wales with registration number 05005875 on 5 January 2004 as a private limited company with the name International Mining Supplies and Services Limited. The principal legislation under which International Mining Supplies and Services Limited operates is the Act and regulations made under it. International Mining Supplies and Services Limited is a wholly-owned subsidiary of Kryso Resources Limited.

2 Share Capital

2.1 On incorporation, the share capital of the Company was £50,000 divided into ordinary shares of £1 each of which 2 were issued to the subscribers to the Company's Memorandum of Association.

2.2 Since incorporation, there have been the following changes in the Company's authorised share capital:

(a) on 1 November 2004, resolutions of the Company were passed for the following purposes:

(i) to increase its authorised share capital from £50,000 to £1,000,000 by the creation of 950,000 Ordinary Shares; and

(ii) to subdivide each of its issued and unissued ordinary shares of £1 each into 100 Ordinary Shares.

2.3 Since incorporation, there have been the following changes in the issued share capital of the Company:

(a) on 27 July 2004, 1 subscriber share was transferred to Craig Brown and the remaining subscriber share was transferred to Vassilios Carellas;

(b) on 1 November 2004, resolutions of the Company were passed for the following purposes:

(i) to authorise the Directors pursuant to and in accordance with Section 80 of the Act to exercise all the powers of the Company to allot relevant securities (as defined in section 80 of the Act) up to an aggregate nominal amount of £600,000, such authority to expire five years after the passing of the resolution; and

(ii) to empower the Directors pursuant to Section 95 of the Act to allot equity securities up to the amount of the authorised but unissued share capital of the Company (as defined in section 94 of the Act) for cash pursuant to the section 80 authority as if Section 89(1) of the Act did not apply to any such allotment, such power to expire five years after the date of the resolution.

(c) Pursuant to a share exchange agreement dated 5 November 2004, 29,999,800 Ordinary Shares were allotted and issued credited as fully paid to the shareholders of Kryso Resources Limited and the 200 subscriber shares of the Company were credited as fully paid up as set out in paragraph 4.1 below.

(d) Save as disclosed in paragraphs 2.2 and 2.3, there has been no issue of share capital of the Company since its incorporation.

2.4 By Deeds of Option dated 24 November 2004 the Company granted to:

(a) to Ruegg, options to subscribe for £40,000 worth of Ordinary Shares at the Placing Price at any time until the fifth anniversary of Admission; and

(b) to Hichens, Harrison options to subscribe for £30,000 worth of Ordinary Shares at the Placing Price at any time until the fifth anniversary of Admission.

2.5 Save to the extent disapplied as disclosed in paragraph 2, the provisions of section 89 of the Act confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash.

2.6 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.

2.7 Save as disclosed in this paragraph 2 and in paragraph 12 below, no share capital or loan capital of the Company has been issued and save for the Placing Shares and Ordinary Shares to be issued upon exercise of options referred to in paragraphs 2.4 and 12, no share or loan capital of the Company is now proposed to be issued, either fully or partly paid or for cash or any other consideration. Save as disclosed in this paragraph 2 and in paragraph 12 below, no share or loan capital of the Company or any other member of the Group is proposed to be issued or is under option or is agreed conditionally or unconditionally to be put under option.

2.8 Save for the issue of the Placing Shares and on the exercise of the options as described in this paragraph 2 and the shares subject to the share option scheme, the Company has no present intention to issue any of the authorised but unissued share capital of the Company.

2.9 Except as stated in this Part 5:

(a) the Company does not have in issue any securities not representing share capital; and

(b) there are no outstanding convertible securities issued by the Company.

3 Memorandum and Articles of Association

3.1 The Memorandum of Association of the Company states that its principal object is to carry on the business of a general commercial company. The objects of the Company are set out in full in clause 4 of the Memorandum of Association. The liability of the members is limited.

3.2 The Company's articles of association contain, *inter alia*, provisions to the following effect:

(a) *Rights attaching to shares*

(i) Income

The profits of the Company which may be distributed in respect of any financial year or other period shall be distributed *pari passu* among the holders of the Ordinary Shares according to the nominal amounts (excluding any premium) paid up on the Ordinary Shares held by them respectively.

(ii) Capital

On a distribution of assets on liquidation or otherwise, the surplus assets of the Company remaining after payment of its liabilities shall be distributed amongst the holders of Ordinary Shares in proportion to the number of such Ordinary Shares held by them respectively after deducting in respect of any Ordinary Share not fully paid up the amount remaining unpaid thereon (whether or not then payable).

(iii) Voting

Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with the articles of association and or any resolution authorising the creation of such shares, on a show of hands every member who is present in person at a general meeting of the Company shall have one vote and, on a poll, every member who is present in person or by proxy shall have one vote for every share held by him.

(b) *Variation of class rights*

Subject to the Act, all or any of the rights and restrictions attached to any class of shares may be altered, added to or abrogated with the consent in writing of the holders of not less than 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 such shares. To any such separate general meeting the provisions of the articles of association relating to general meetings shall apply but, the necessary quorum shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the relevant class, that any holder of shares of the class present in person or by proxy may demand a poll and shall on a poll be entitled to one vote for every share of the class held by him and that at any adjourned meeting of such holders one holder present in person or by proxy shall be a quorum. The rights attached to any shares or class of shares shall have been deemed to have been varied or abrogated by the reduction of the capital paid up on any such shares or by the allotment of further shares ranking in priority thereto for payment of a dividend or repayment of capital but shall not, unless otherwise expressly provided by the terms of issue of such shares or by the articles of association, be deemed to be altered by the creation or issue of further shares ranking *pari passu* therewith or by a purchase by the Company of its own shares.

(c) *Alteration of Capital*

The Company may from time to time by ordinary resolution

(i) consolidate and divide all or any of its share capital into shares of larger amount, sub-divide all or any of its shares into shares of smaller amount (subject, nevertheless, to the Act) and so that the resolution whereby any share is sub-divided may determine that as between the holders of the shares resulting from the sub-division one or more shares may have any such preferred or other special rights over, or may have such deferred or qualified rights or be subject to any such restrictions as compared with, the other or others as the Company has power to attach to unissued or new shares and cancel any shares not at the date of the resolution taken or agreed to be taken by any person;

(ii) Subject to any consent required by law, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account;

(iii) Subject to the provisions of the Act and the articles of association, all unissued shares of the Company are at the disposal of the Directors;

(iv) Subject to the provisions of the Act, any shares may, with the sanction of a special resolution, be issued on terms that they are, or at the option of the Company are, liable to be redeemed on the terms and in the manner provided for by special resolution passed before the issue of such shares; and

(v) Subject to the provisions of the Act, the Company may purchase all or any of its shares of any class, including any redeemable shares.

(vi) Upon any consolidation of fully paid shares into shares of larger amounts, the Board may settle any difficulty which may arise as it thinks expedient and in particular (but without prejudice to the generality of the foregoing) may:

(1) as between the holders of shares to be consolidated, determine which particular shares are to be consolidated into each consolidated shares; and

(2) in the case of any share registered in the name of one holder or joint holders being consolidated with shares registered in the name of another holder or joint holders, make such arrangements as may be thought fit for the sale of the consolidated share or any fractions thereof and for such purpose may appoint some person to transfer the consolidated share to the purchaser and arrange either for the distribution among the persons entitled thereto of the net proceeds of such sale after deduction of expenses of sale or (when such net proceeds in respect of any holding do not exceed £3 or such greater sum as may be permitted from time to time by the London Stock Exchange) for the payment of such net proceeds to the Company.

The transferee shall not be bound to see to the application of the purchase monies nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

(vii) Provided that the necessary unissued shares are available, the Board may alternatively, in each case where the number of shares held by any holder is not an exact multiple of the number of shares to be consolidated into a single share, issue to each such holder credited as fully paid up by way of capitalisation the minimum number of shares required to round up his holding to such a multiple (such issue being deemed to have been effected immediately prior to consolidation) and the amount required to pay up such shares shall be appropriated at its discretion from any of the sums standing to the credit of any of the Company's reserve accounts (including share premium account and capital redemption reserve) or to the credit of profit and loss account and capitalised by applying the same in paying up such shares.

(d) *Transfers of Shares*

(i) In the case of certificated shares any member may, subject to the articles of association, transfer all or any of his shares by an instrument of transfer in the usual common form or in any manner (whether or not by written instrument) which the Directors may approve. Any written instrument of transfer of a share shall be signed by or on behalf of the transferor (and, in the case of a share which is not fully paid by or on behalf of the transferee) and the transferor shall be deemed to remain the holder of the shares until the name of the transferee is entered in the register of members of the Company in respect thereof. All instruments of transfer, when registered, shall (except in the case of fraud) be retained by the Company but any instrument of transfer which the Board may refuse to register shall (except in the case of fraud) be returned to the party presenting the same.

(ii) In the case of uncertificated shares and subject to the Companies Act but notwithstanding any other provision of the Articles of Association, a member is entitled to transfer his shares and other securities by means of a relevant system as referred to in the Uncertificated Securities Regulations (S.I. 1995 No. 3755) (the "Regulations") including the relevant system of which CRESTCo Limited is the operator. Any provision of the articles of association which is inconsistent with the holding of shares in uncertificated form, the transfer of shares by means of such a relevant system or the Regulations shall, to that extent, not apply.

(iii) The Directors may refuse to register the transfer of a share which is not fully paid, providing that any such refusal will not prevent dealings in the shares from taking place on an open and proper basis.

(iv) The Directors may refuse to register any transfer in favour of a person known to be a minor, bankrupt or person who is mentally disordered or a patient for the purpose of any statute relating to mental health.

(v) The Directors may decline to register any transfer of a certificated share unless any written instrument of transfer, duly stamped, is lodged with the Company, accompanied by the relevant certificate and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, the instrument is in respect of only one class of share and, in the case of a transfer to joint holders the number of joint holders does not exceed four.

(vi) The register of members may be closed by the Directors at such times and for such periods (not exceeding 30 days in any year) upon notice being given by advertisement in a leading national daily newspaper and in such other newspaper as may be required by the Act.

(e) *Section 212 of the Act*

Without limitation to the powers of the Directors under section 216 of the Act, where a member fails to comply with any notice (a "statutory notice") given by the Directors under section 212 of the Act requiring such member or any other named person to give particulars of any interest in respect of shares in the Company, the Company may, no earlier than fourteen days after the service of the statutory notice, give the registered holder of such shares a notice (a "restriction notice") stating or to the effect that, the shares in respect of which the default has occurred ("default shares"), are subject to certain sanctions for so long as the default continues. For a shareholding of less than 0.25% of the relevant class, the only sanction is that the member may be prohibited from attending and voting at meetings; for a shareholding of 0.25% or more of the relevant class, the articles of association also provide for the withholding of the payment of dividends (including shares issued in lieu of dividend) on the default shares; and, subject to those limitations approved by the London Stock Exchange, restrictions on the transfer of the default shares.

(f) *Directors*

(i) Unless and until the Company in general meeting shall otherwise determine, the number of Directors shall not be less than two and there shall not be any maximum number.

(ii) Subject to the Act and the articles of association, no Director shall be disqualified by his office from entering into any contract or arrangement with the Company either with regard to his tenure of any office or employment or as a vendor, purchaser or otherwise. Nor shall any such contract be liable to be avoided. Nor shall any Director so contracting be liable to account to the Company for any remuneration, profit or other benefit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established, but such Director shall declare the nature of his interest in accordance with the Act.

(g) *Restrictions on Voting by Directors*

Save as otherwise provided by the articles of association, a Director shall not vote nor be counted in the quorum on any resolution of the Directors concerning his own appointment as the holder of any office or place of profit with the Company. Save as otherwise provided by the articles of association a Director shall not vote on any resolution of the Directors concerning a matter in which he has directly or indirectly an interest or duty which is material and which conflicts or may conflict with the interests of the Company unless his interest or duty only arises because the case falls within one or more of the following paragraphs:

(i) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning his participation in any offer of shares in or debentures or other securities of the Company or any of its subsidiaries issued or to be issued pursuant to any offer or invitation to holders of securities or concerning his participation for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;

(iv) any contract or arrangement in which he is interested by virtue of his interest in shares or debentures or other securities of the Company or by reason of any other interest in or through the Company;

(v) any proposal concerning retirement, death or disability benefits scheme or a share option scheme, share incentive scheme or profit-sharing scheme which either relates to both employees and Directors of the Company and/or directors of any subsidiary and does not provide any Director as such any privilege or advantage not accorded to the employees to whom such scheme or fund relates or has been approved by or is conditional on approval by the Inland Revenue for tax purposes;

(vi) any proposal concerning an insurance which the Company is empowered to purchase and/or maintain for the benefit of and against any liability incurred by any Directors or persons who include the Directors.

(h) *Remuneration of Directors*

(i) The remuneration (whether by way of salary, commission, participation in profits or otherwise) of any executive Director shall be such as the Directors may determine, and either in addition to or in lieu of his remuneration as Director.

(ii) Each of the Directors may be paid a fee at such rate as the Directors may from time to time determine provided that the aggregate of all such fees so paid to Directors (excluding amounts payable under any other Article) shall not exceed £250,000 per annum or such larger amount as the Company may by ordinary resolution determine.

(iii) Each Director may be paid his reasonable travelling, hotel and other expenses properly and reasonably incurred by him in attending and returning from meetings of the Directors or any committee of the Directors or meetings of shareholders or debenture holders of the Company or otherwise in connection with the business of the Company or the discharge of his duties as a Director. Any Director who, by request, goes to reside abroad for any purposes of the Company or who performs services which in the opinion of the Directors go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profit or otherwise) as the Directors may determine and such extra remuneration shall be in addition to any remuneration provided for by or pursuant to any other Article.

(i) *Appointments to office*

Subject to the Act, the Directors may from time to time appoint one or more of their body to hold any other employment or executive office or place of profit with the Company for such period and upon such terms as they may determine and may revoke or terminate any of such appointments. Any such revocation or termination shall be without prejudice to any claim for damages such Director may have against the Company or the Company have against the Director for breach of any service contract between him and the Company.

(j) *Retirement of Directors*

Save as may be otherwise resolved by the Company in general meeting convened on special notice a person shall not be appointed as a Director if, at the time when the appointment would take effect, he would have attained the age of 70. A Director shall vacate his office at the conclusion of the annual general meeting of the Company which next follows his attaining the age of 70; but acts done by a person as Director are valid notwithstanding that it is afterwards discovered that, by reason of this Article, he should not have been appointed or his appointment had terminated. No provision in these articles of association for the automatic reappointment of retiring Directors in default of the appointment of another applies to such a retiree.

(k) *Rotation of Directors*

(i) At every annual general meeting one-third of the Directors for the time being or, if their number is not a multiple of three, then the number nearest to and not exceeding one-third shall retire from office and each Director shall retire from office at least once every three years. A Director retiring at a meeting shall retain office until the close or adjournment of the meeting.

(ii) The Directors to retire on each occasion shall be those subject to retirement by rotation who have been longest in the office since their last election, but as between persons who became or were re-elected Directors on the same day those to retire shall (unless they otherwise agree amongst themselves) be determined by lot. The Directors to retire on each occasion (both as to number and identity) shall be determined by composition of he Board at the date of the notice convening the annual general meeting, and no Director shall be required to retire or be relieved from retiring by reason of any change in the number or identify of Directors after the date of such notice but before the close of the meeting.

(iii) A Director who retires at the annual General Meeting shall be eligible for re-election. If he is not reappointed he shall retain office until the meeting appoints someone in his place, or if it does not do so, until the end of the meeting.

(iv) Subject to the provisions of the articles of association, the Company at the meeting at which a Director retires in the manner aforesaid may fill the vacated office by electing a person and in default the retiring Director shall, if willing to continue to act, be deemed to have been re-elected, unless at such meeting it is expressly resolved not to fill such vacated office or unless a resolution for the re-election of such Director shall have been put to the meeting and lost or such Director has given notice in writing to the Company that he is unwilling to be re-elected or such Director has attained any retiring age applicable to him as Director pursuant to the Companies Acts.

(l) *Borrowing Powers*

The Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge the whole or any part of its undertaking, property and uncalled capital, and to issue debentures and other securities. The Directors must ensure that the aggregate amount for the time being of all borrowings of the Company and its subsidiaries (other than owing by the Company and any of its subsidiary undertakings in respect of the intra group borrowings) shall not at the date of any such borrowings, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to four times four times the Adjusted Capital and Reserves (as defined by the Articles of Association).

(m) *Pensions, gratuities etc.*

The Directors may, subject to the provisions of the Act, exercise all the powers of the Company to grant pensions, annuities or other allowances and benefits in favour of any person including any Director or former Director or the relations, connections or dependants of any Director or former Director, provided that no pension, annuity or other allowance or benefit (except such as may be provided for by the articles of association) shall be granted to a Director or former Director who has not been an executive Director or held any other office or place of profit under the Company or any of its subsidiaries or to a person who has no claim on the Company except as a relation, connection or dependant of such a Director or former Director without the approval of an ordinary resolution of the Company.

(n) *Dividends*

(i) Subject to the provisions of the Act, the Directors may pay such interim dividend as they think fit.

(ii) Subject to the Act, the Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors. Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provides, all dividends shall be declared and paid according to the nominal amounts paid up on the shares (excluding any premium), but no amount paid up on a share in advance of calls shall be treated for this purpose as paid up on such share, and all dividends shall be apportioned and paid *pro rata* to the amounts paid up on the shares during any portion of the period in respect of which the dividend is paid.

(o) *Unclaimed dividends*

Any dividend unclaimed for a period of 12 years after it became due for payment shall be forfeited and shall revert to the Company.

(p) *Untraced shareholders*

(i) When the registered address of a member appears to be incorrect or out of date such member may, if the Directors so resolves, be treated as if he had no registered address and thereafter the Company is not obliged to send cheques, warrants, notices or accounts to that member. No such resolution shall be proposed unless cheques or warrants sent to the registered address of such member have been returned by the Post Office or left uncashed on at least two consecutive occasions or, following one such occasion, reasonable enquiries have failed to establish any new address of such member.

(ii) If for a period of 12 years at least three dividends have become payable and not been cashed and no communication has been received from the member (or any person entitled to the member's shares by transmission), the Company may sell such shares at the best reasonably obtainable price if, after giving notice in a leading national newspaper and a newspaper circulating in the region of the member's registered address, it has not had any communication from the member (or anyone entitled to his shares or stock by transmission) within three months.

(q) *Return of Capital*

Save as otherwise provided in the articles of association and subject to the rights attached to any shares issued on any special terms and conditions, on return of assets on a winding up or otherwise the surplus assets of the Company after discharge of its liabilities shall belong to and be distributed amongst the holders of shares in proportion to the number of such shares held by them respectively after deducting in respect of any share not fully paid up the amount remaining unpaid thereon (whether or not then payable).

4 Directors' shareholdings and other interests

4.1 The interests of the Directors (all of which are beneficial) in the issued share capital of the Company as at the date of this document and immediately following completion of the Offer assuming full subscription under the Offer, such interests being those which are required to be notified by each Director to the Company under the provisions of section 324 or 328 of the Act or which are required to be entered in the register of interests required to be maintained pursuant to section 325 of the Act or which are interests of persons connected with the Directors within the meaning of section 346 of the Act, the existence of which is known or which could, with reasonable diligence, be ascertained by the Directors are, and will be, as follows:

	Existing and Following Admission (assuming full subscription)			
Director	*Number of Ordinary Shares*	*Percentage of issued ordinary share capital*	*Number of Ordinary Shares*	*Percentage of issued ordinary share capital*
Simon Cawkwell*	0	0%	700,000	1.25%
Vassilios Carellas	7,000,000	23.33%	7,000,000	12.5%
Craig Brown**	7,000,000	23.33%	7,000,000	12.5%
Trevor Davenport	0	0%	0	0%
Abuali Ismatov	7,000,000	23.33%	7,000,000	12.5%

* Of the shares in which Simon Cawkwell is interested 200,000 are beneficially owned by his daughter, Sophia Lucy Cawkwell.

** These shares are held by Westrock Resources Limited, a Bahamian company in which Craig Brown is interested.

4.2 On 24 November 2004 each of the Directors was granted 400,000 options under the share option scheme referred to in paragraph 12 below to vest as follows:

(a) after 12 months, 100,000 exercisable at the Placing Price and 100,000 exercisable at the Placing Price plus 50 per cent;

(b) after 24 months, 50,000 exercisable at the Placing Price and 50,000 exercisable at the Placing Price plus 50 per cent; and

(c) after 36 months, 50,000 exercisable at the Placing Price and 50,000 exercisable at the Placing Price plus 50 per cent.

4.3 As at 24 November 2004 (being the last practicable date prior to the publication of this document), insofar as it is known to the Directors, the following persons (in addition to those disclosed in paragraph 4.1 above) were or will immediately following Admission be interested in 3 per cent. or more of the Company's issued share capital:

	Immediately before admission		*Following Admission*	
	Number of Ordinary Shares	*Percentage of issued ordinary share capital*	*Number of Ordinary Shares*	*Percentage of issued share capital*
RAB Special Situations LP*	9,000,000	30%	9,000,000	16.07%
Société Privée de Gestion de Patrimoine	—	—	2,500,000	4.46%
Chase Nominees Limited	—	—	2,000,000	3.57%
Gartmore Smaller Companies Trust	—	—	2,000,000	3.57%

* These shares are registered in the name of CSFB Nominees Limited.

4.4 As at 24 November 2004 (being the latest practicable date prior to publication of this document) and save as disclosed in this paragraph 4, the Directors are not aware of any person who is, or will immediately following Admission, be interested (within the meaning of the Act) directly or indirectly in three per cent or more of the issued share capital of the Company or of any persons who directly or indirectly, jointly or severally, will exercise or could exercise control over the Company.

4.5 Save as disclosed in this document, no Director has or has had any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions significant to the business of the Group and which was effected by any member of the Group during the current or immediate preceding financial year, or during any earlier financial year and which remains in any respect outstanding or unperformed.

4.6 None of the Directors or persons connected with them within the meaning of section 346 of the Act has a related financial product (as defined in the AIM Rules) referenced to the Ordinary Shares.

5. Additional Information on the Directors

The directorships of the Directors currently held and held over the 5 years preceding the date of this document (other than of the Company, Kryso Resources, LLC Pakrut, LLC Kuhi Zarrin and International Mining Supplies and Services Limited) are as follows:

Director	*Current directorships*	*Past directorships*
Simon Cawkwell	Merchant & City Investments Limited	
Vassilios Carellas	—	—
Craig Brown	Westrock Resources Limited (Bahamas) Johnson Brown Holdings Limited (New Zealand)	CWB Investments Limited (New Zealand)
Trevor Davenport	—	—
Abuali Ismatov	—	—

In May 2003 Simon Cawkwell was excluded from membership of the Institute of Chartered Accountants of England and Wales following an alleged breach of the Financial Services Act 1986 in relation to alleged unauthorised investment advice. Mr Cawkwell pleaded guilty to the allegations in order to prevent a prolonged enquiry and significant costs.

Save as disclosed above none of the Directors have any unspent convictions (other than an offence under road traffic legislation in respect of which a custodial sentence was not imposed on him), have been declared bankrupt or have been the subject of an individual voluntary arrangement. None of the Directors were directors of any company at the time of, or within the 12 months preceding, its bankruptcy, receivership, administration, liquidation, company voluntary arrangement or composition or arrangement with its creditors generally. Sure as disclosed above there have been no public criticisms of any of the Directors by any statutory or regulatory authority and no Director has ever 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. No Director was partner in any partnership at the time or within 12 months preceding its compulsory liquidation, dissolution, administration or partnership or voluntary arrangement. None of the Directors has been contacted by the Department of Trade and Industry in connection with their conduct with respect to any of the companies set out above.

6 Directors' Service Agreements and Emoluments

6.1 The executive Directors have entered into agreements with Kryso Resources as follows:

(a) Pursuant to an agreement dated 1 July 2004, as amended pursuant to a deed of variation dated 24 November 2004 Vassilios Carellas was appointed Managing Director with an annual salary of £48,000 payable monthly in arrears increasing to £60,000 with effect from the later of Admission or 1 January 2005. The appointment can be terminated by at three months' written notice by either party.

(b) Pursuant to an agreement dated 1 July 2004, as amended pursuant to a deed of variation dated 24 November 2004, Craig Brown was appointed as Finance Director with an annual salary of £48,000 payable monthly in arrears increasing to £60,000 with effect from the later of Admission or 1 January 2005. The appointment can be terminated by at three months' written notice by either party.

(c) Pursuant to an agreement dated 1 July 2004 Abuali Ismatov was appointed as an Executive Director with an annual salary of £48,000 payable monthly in arrears. The appointment can be terminated by at three months' written notice by either party.

6.2 The non-executive Directors have entered into letters of appointment with the Company as follows:

(a) Pursuant to a letter of appointment dated 24 November 2004, Simon Cawkwell agreed to act as a non-executive director of the Company for an annual fee of £12,000. The appointment is for an initial period of one year from appointment date and is subject to termination thereafter on 3 months' written notice by either party.

(b) Pursuant to a letter of appointment dated 24 November 2004, Trevor Davenport agreed to act as a non-executive director of the Company for an annual fee of £12,000. The appointment is for an initial period of one year from appointment date and is subject to termination thereafter on 3 months' written notice by either party.

6.3 The aggregate remuneration paid and benefits in kind granted to the Directors for the financial year ended 31 December 2003 amounted to £Nil. It is estimated that the aggregate remuneration (including benefits in kind) of the Directors for the financial year ending 31 December 2004, under the arrangements currently in force will amount to approximately £72,000.

Save as set out above, there are no existing or proposed service agreements between any of the Directors and the Company.

7 United Kingdom Taxation

The statements below are intended only as a general guide to the United Kingdom tax position as at the date of this document for United Kingdom residents beneficially entitled to their Ordinary Shares held as investments, and is based on current legislation and practice. It may not apply to certain classes of shareholders such as dealers in securities or to persons who are not resident or ordinarily resident in the United Kingdom. Investors should consult their own tax advisers. This summary is not exhaustive and does not generally consider tax reliefs or exemptions.

(a) Taxation of dividends

Under current United Kingdom taxation legislation, no withholding tax will be deducted from dividends paid by the Company.

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

The effect will be that taxpayers who are otherwise liable to pay tax at only the lower rate or basic rate of income tax will have no further liability to income tax in respect of such a dividend. Higher rate taxpayers will have an additional tax liability (after taking into account the tax credit) of 22.5 per cent of the aggregate of the cash dividend and associated tax credit. Individual shareholders whose income tax liability is less than the tax credit will not be entitled to claim a repayment of all or part of the tax credit associated with such dividends.

A United Kingdom resident corporate shareholder should not be liable to corporation tax or income tax in respect of dividends received from the Company unless that company is carrying on a trade of dealing in shares.

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

(b) Taxation of Chargeable Gains

If a shareholder disposes of all or any of the Ordinary Shares acquired in the Placing, he or she may, depending on the shareholder's particular circumstances, incur a liability to taxation on chargeable gains. Individuals, personal representatives and trustees may be entitled to taper relief, which will serve to reduce the chargeable gains. Companies are not entitled to taper relief, but are due indexation allowance, which may reduce the chargeable gain. The Finance Act 2002 introduced exemptions from chargeable gains in respect of substantial shareholders by trading companies.

(c) Stamp Duty and Stamp Duty Reserve Tax

Generally, no stamp duty or stamp duty reserve tax ("SDRT") will be payable by subscribers on the issue to them of Ordinary Shares pursuant to the Placing.

Any subsequent transfer or sale of Ordinary Shares will generally give rise to a liability on the purchaser to ad valorem stamp duty, currently at a rate equivalent to 0.5 per cent of the consideration paid subject to a minimum of £5.

Special rules apply to agreements made by market makers in the ordinary course of their business, broker dealers and certain other persons. Agreements for the transfer of shares to charities will not give rise to SDRT or stamp duty.

(d) Loss Relief

Where a loss is incurred by an investor on the disposal of his or her shares, the net loss may be set against chargeable gains.

If you are in any doubt as to your tax position, or are subject to taxation in a jurisdiction other than the United Kingdom, you should consult an appropriate professional adviser without delay.

(e) Inheritance Tax (IHT) Relief

Unquoted ordinary shares in companies such as the Company may qualify for up to 100 per cent. IHT Business Property Relief, provided that they have been held for two years prior to giving rise to a potential charge to IHT.

If an individual shareholder makes a lifetime gift of shares or dies whilst still the holder of the shares, IHT may not be payable provided the shares have been held for at least two years prior to the gift or death. In the event of a lifetime gift, the transferee may need to retain the shares for up to seven years to ensure Business Property Relief remains available to the investor.

8 Working Capital

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

9 Minimum Subscription

In the opinion of the Directors, the minimum amount which must be raised from the Offer for the purposes mentioned in paragraph 21 of Schedule 1 of the POS Regulations is £1,000,000 made up as follows:

Purchase price of property –	Nil
Expenses of the Offer and commission –	£192,895
Repayment of borrowings –	Nil
Working capital –	£807,105

10 Premises

The Group has a licence to occupy office premises at 260a Fulham Road, London SW10 and a short-term lease of office premises at 17 Kuibisheva Street, Dushanbe, Tajikistan.

11 Litigation

Neither the Company or any of its subscribers is engaged in any litigation or arbitration of material importance and, so far as the Directors are aware, there is no litigation or claim pending or threatened against the Company or any of its subsidiaries.

12 Share Option Scheme

The Company has adopted an unapproved employee share option scheme (for the purposes of this paragraph referred to as the "Scheme"). Under the Scheme the Directors have the discretion to grant options to subscribe for Ordinary Shares up to a maximum of 5 per cent of the Company's issued share capital, with a maximum of one per cent. to any one individual. Options can be granted to any employee of the Group. The option price is not to be less than the Placing Price. The options cannot be exercised for a period of one year from the date of grant. In the event of any employee to whom options have been granted ceasing to be an employee of the Group he or she will have a set period in which to exercise those options (depending on the reasons for leaving) failing which the options will lapse.

13 Material Contracts

The following material contracts, not being a contract entered into in the ordinary course of business, have been entered into by the Company and its subsidiaries during the two years immediately prior to the date hereof and are, or may be, material:

13.1 Provision of Nominated Adviser Services

Under an agreement dated 29 July 2004 between the Company and Ruegg & Co, the Company appointed Ruegg & Co as Nominated Adviser to the Company for the purposes of the AIM Rules. Under this Agreement the Company paid or will pay the following fees.

(a) £12,500 upon commencement of the agreement;

(b) £12,500 four weeks after commencement of the engagement;

(c) £15,000 upon Admission; and

(d) an option to subscribe £40,000 worth of Ordinary Shares for a period of 5 years exercisable at a price per share equal to the Placing Price.

In addition the Company will pay an annual fee of £17,000 to Ruegg and Co for acting as Nominated Adviser following Admission, payable quarterly in advance, with the first payment being due on the date of Admission. The agreement will continue for 18 months from Admission and thereafter may be terminated by either party giving 6 months prior written notice.

13.2 Provision of Broker Services

On 24 August 2004, the Company entered into a broker appointment letter with Hichens, Harrison pursuant to which the Company appointed Hichens, Harrison as broker to the Company for a minimum period of 12 months. Under this agreement the Company will pay Hichens, Harrison a fee of £20,000, commission of 5 per cent. of funds raised by Hichens, Harrison and grant Hichens, Harrison the options referred to in paragraph 2.4 above. In addition the Company will pay an annual fee of £15,000 to Hichens, Harrison for acting as broker following Admission.

13.3 Placing Agreement

Under a Placing Agreement dated 24 November 2004 between the Company, the Directors, Ruegg and Hichens, Harrison, Ruegg and Hichens, Harrison were appointed as agents of the Company to use their reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. Pursuant to the Placing Agreement, the Company and its Directors have given certain warranties to Ruegg and Hichens, Harrison regarding, *inter alia*, the accuracy of information in this Document. The Placing is not underwritten. The Placing Agreement is conditional, *inter alia*, on Admission taking place no later than 2 December 2004 or such later date as may be agreed by the Company, Ruegg and Hichens, Harrison and the Company and its Directors complying with certain obligations under the Placing Agreement. Under the Placing Agreement, the Company has agreed to pay to Ruegg or Hichens, Harrison a commission of 5 per cent. of the aggregate value of the Placing Shares at the Placing Price, together with all costs and expenses and VAT thereon, where appropriate and to grant options to Ruegg and to Hichens, Harrison as set out in paragraph 2.4 above. Ruegg and Hichens, Harrison are entitled, in certain limited circumstances, to terminate the Placing Agreement prior to Admission and to the payment of its outstanding costs on such termination.

13.4 Subscription and Shareholders Agreement

Pursuant to a subscription and shareholders agreement dated 26 May 2004 between Craig Brown, Vassilios Carellas, Abuali Ismatov, RAB Special Situations LP ("RAB SSL") and Kryso Resources Limited (the "Subscription and Shareholders Agreement"), RAB SSL agreed to subscribe for a total of 36,000 ordinary shares or US$0.01 each for a total of GBP£500,000 or its US Dollar equivalent at the time of payment. The subscription by RAB SSL was to be made in three tranches with the final tranche having been paid on 29 October 2004.

Under the Subscription and Shareholders Agreement, Kryso Resources Limited, Craig Brown, Vassilios Carellas and Abuali Ismatov gave certain warranties to RAB SSL concerning Kryso Resources Limited.

Pursuant to the Share Exchange Agreement dated 5 November 2004, the parties to the Subscription and Shareholders Agreement agreed, *inter alia*, to terminate the agreement with effect from the date of Admission.

13.5 Licence to Use Minerals

Pursuant to a licence granted to LLC Pakrut on 27 March 2004, LLC Pakrut was granted a licence to carry out geological exploration work and mining of up to 300,000 tonnes of ore within the Pakrut Licenced Area. The licence period is from 1 April 2004 to 1 April 2014.

13.6 Geological Lease

Pursuant to a Geological Lease granted to LLC Pakrut on 1 April 2004, LLC Pakrut was granted the rights for geological exploration of the Pakrut Licenced Area, located in the Vahdat area of Tajikistan. The lease comprises approximately 6,300 hectares shown on a plan attached to the lease documentation. The lease period is from 1 April 2004 to 1 April 2014.

14 General

14.1 The auditors of the Company are CLB of Aldwych House, 81 Aldwych, London WC2B 4HP.

14.2 The financial information contained in this document does not amount to full accounts within the meaning of the Act.

14.3 The expenses of or incidental to Admission and the Placing (including London Stock Exchange fees, printing, advertising and distribution costs, legal, accounting, corporate finance fees and expenses) payable by the Company are estimated to amount to £253,400 (excluding VAT), including commission of £130,000 payable pursuant to the Placing Agreement.

14.4 CLB Corporate Finance LLP has given and not withdrawn its written consent to the inclusion of references to the firm herein in the form and context in which they appear and to the inclusion of its reports and letters in the document and have not become aware, since the date of such reports, of any matter affecting the validity of its reports at that date.

14.5 Ruegg has given and not withdrawn its written consent to the issue of this document with its name included in it and references to it in the form and context in which they appear.

14.6 Snowden has given and note withdrawn its written consent for the inclusion of references to its name in the form and context in which it appears and to the inclusion of their report set out in Part 4 and to all statements referring to that report.

14.7 The Company's accounting reference date is 31 December.

14.8 The Company will be a close company (as defined in the Income and Corporation Taxes Act 1988) immediately following the Offer.

14.9 The nominal value of each Ordinary Share is 1p and they are being placed at 10p per Ordinary Share, giving a premium of 9p per Ordinary Share.

14.10 This document has been prepared in accordance with current UK tax legislation, practice and concession and interpretation thereof. Such legislation and practice may change and the current interpretation may therefore no longer apply.

14.11 Save for remuneration received in respect of services rendered to the Company, no payment or other benefits have been paid or given or are now proposed to be paid or given to any promoter. The Directors are the promoters of the Company.

14.12 Save as disclosed in this document the Directors are not aware of any exceptional factors which have influenced the Company's activities.

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

14.14 At the date of this document the Company has no intention to make any new principal investments save as set out herein.

14.15 Simon Cawkwell will receive a fee of £19,803.64 from Hichens, Harrison in consideration for the introduction of investors under the Placing (which fee will reduce the commission that would otherwise be payable to Hichens, Harrison). Save as disclosed above and in paragraphs 12 and 13 above, no person directly or indirectly (excluding the Company's professional advisors to the extent disclosed elsewhere in this document and trade suppliers) in the twelve months preceding the Company's application for Admission received, directly or indirectly, from the Company or has entered into any contractual arrangement to receive, directly or indirectly from the Company on or after Admission any of the following:

(i) fees totalling £10,000 or more;

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

(iii) any other benefit with a value of £10,000 or more at the date of Admission.

15 Documents Available for Inspection

Copies of the following documents will be available for inspection at the offices of Edwin Coe at 2 Stone Buildings, Lincoln's Inn, London WC2A 3TH during usual business hours on weekdays, Saturdays and public holidays excepted for a period of 14 days following the date of this document:

15.1 the Memorandum and Articles of Association of the Company;

15.2 the independent expert's report set out in Part 4 of this document

15.3 Accountants' reports contained in Part 3;

15.4 the Directors' service and other agreements referred to in paragraphs 6 and 13 of this Part 5;

15.5 this document.

16 Availability of Document

Copies of this document will be available to the public during normal business hours on any week day (Saturdays and public holidays excepted) free of charge from the offices of Ruegg & Co at 39 Cheval Place, London SW7 1EW for a period of one month from the date of Admission.

25 November 2004

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