

**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.**

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the United Kingdom Listing Authority.**

**A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.**

**London Stock Exchange plc has not itself examined or approved the contents of this document.**

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## **EUROPEAN MINERALS CORPORATION**

### **APPENDIX**

#### **FURTHER INFORMATION ON EUROPEAN MINERALS CORPORATION IN CONNECTION WITH ITS PROPOSED ADMISSION TO AIM**

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This Appendix has been prepared in accordance with the Supplement to Schedule One of the AIM Rules published by London Stock Exchange plc. It includes, *inter alia*, all information that would otherwise have had to be included in the Corporation's Admission Document and which is not found in the Corporation's current public disclosure record, or in current public disclosure filed by the directors and senior officers of the Corporation, all as filed with the Canadian securities regulatory authorities (collectively, the "Public Record"). The Public Record can be accessed freely on [www.sedar.com](http://www.sedar.com) and [www.sedi.ca](http://www.sedi.ca). This Appendix should be read in conjunction with the Form of Announcement to be made by an applicant at least 20 business days prior to Admission (the "Announcement Form") and the Public Record. (This Appendix and the Announcement Form together constitute the "Announcement".)

The Directors of the Corporation, whose names appear in the Announcement Form, accept responsibility for the information contained in the Announcement. 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 the Announcement is in accordance with the facts and, when read in conjunction with the Public Record, does not omit anything likely to affect the import of such information.

Canaccord Capital (Europe) Limited ("Canaccord"), which is regulated by The Financial Services Authority, is acting as Nominated Adviser and Broker exclusively for the Corporation in relation to the Admission. Canaccord is not acting for any other person and will not be responsible to anyone other than the Corporation for providing the protections afforded to customers of Canaccord or for providing advice in relation to the contents of this Announcement. No liability is accepted by Canaccord for the accuracy of any information or opinions contained in, or for the omission of any material information from, this document for which the Directors are solely responsible.

A copy of this document, which is dated 31 August 2004 (as updated on 23 September 2004), is available, free of charge to the public via the Corporation's website at [www.europeanminerals.com](http://www.europeanminerals.com) from 31 August 2004 until the date one month from the date of Admission.

## DEFINITIONS

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

“Admission”	admission of all the Common Shares in issue to trading on AIM in accordance with the AIM Rules
“AIM”	a market operated by the London Stock Exchange
“AIM Rules”	the rules for companies admitted to trading on AIM, as published by London Stock Exchange
“Articles”	the articles of continuance of the Corporation
“Broker Warrants”	750,000 share purchase warrants to subscribe for Common Shares at a price of US\$0.85 per Common Share
“Canaccord”	Canaccord Capital (Europe) Limited
“Common Shares”	the common shares without par or nominal value in the capital of the Corporation
“Companies Act”	the Companies Act 1985, as amended
“CREST”	the system for paperless settlement of trades and holdings of uncertificated shares administered by CRESTCo Limited
“Cdn\$”	Canadian Dollars
“Directors” or “Board of Directors”	the directors of the Corporation whose names are set out in the Announcement Form
“EMC” or the “Corporation”	European Minerals Corporation
“EMC Group” or “the Group”	EMC and its subsidiaries
“London Stock Exchange”	London Stock Exchange plc
“Options”	incentive stock options to subscribe for Common Shares granted to directors, officers and employees of the Group and service providers under the Option Plan, details of which are set out in paragraph 3
“Option Plan”	the incentive stock option plan dated 13 May 2003
“Shareholder”	a holder of Common Shares
“TSX”	Toronto Stock Exchange
“UK”	United Kingdom
“United States” or “US”	United States of America
“US\$” or “United States Dollars”	United States Dollars

“Varvarinskoye Project”	the gold/copper project in the Republic of Kazakhstan, in which the Corporation owns an 86% interest
“Warrants”	7,500,000 share purchase warrants to subscribe for Common Shares at a price of US\$1.20 per Common Share, listed on the TSX with the trading symbol EPM.WT.U
“YBCA”	The Business Corporations Act (Yukon), R.S.Y. 2002, c.20, as from time to time amended, and including any regulations promulgated thereunder
“£”	British pounds sterling

## ADVISERS

Nominated Adviser and Broker:	Canaccord Capital (Europe) Limited Brook House 27 Upper Brook Street London W1K 7QF
UK Solicitors to the Corporation:	Charles Russell 8-10 New Fetter Lane London EC4A 1RS
Canadian Solicitors to the Corporation:	Goodman and Carr LLP 200 King Street West Suite 2300 Toronto, ON M5H 3W5
UK Solicitors to the Nominated Adviser and Broker:	McCarthy Tétrault 1 Plough Place London EC4A 1DE
Auditors:	PriceWaterhouseCoopers LLP 250 Howe Street Suite 700 Vancouver British Columbia V6C 3S7
UK Reporting Accountants:	PKF Farringdon Place 20 Farringdon Road London EC1M 3AP
Registrar and Transfer Agent:	Computershare Trust Corporation of Canada 100 University Avenue Toronto Ontario M5J 2Y1

## 1 CURRENT TRADING AND OBJECTIVES

- 1.1 Information about EMC's principal interests is set out in the Annual Information Form of the Corporation as at 17 May 2004 and in the Public Record available on [www.sedar.com](http://www.sedar.com).
- 1.2 Since 31 December 2003, the following events have taken place:-
- 1.2.1 Althames Holdings Limited (now a wholly owned subsidiary of Oriel Resources plc), purchased the 14% interest in the Varvarinskoye Project from JSC Acier. The Corporation continues to own the remaining 86% in the Varvarinskoye Project.
- 1.2.2 the original exploration and mining licence MG866 for the Varvarinskoye Project expired on 30 May 2004 and an extension to 30 May 2006 has been agreed by the Government of the Republic of Kazakhstan and the amendment to the licence is expected to be executed shortly.
- 1.3 The Board intends to continue its efforts to build a portfolio of mineral projects in parallel with advancing the Varvarinskoye Project. During the remainder of the current financial year, it is planned to complete the optimisation of the 1998 Bateman Feasibility Study on the Varvarinskoye Project and to seek project finance to construct a mine on the site.

## 2 INCORPORATION

- 2.1 The Corporation was incorporated in Ontario and was continued into the Yukon on 1 November 1995, as set out in the Public Record. The liability of the Shareholders is limited.
- 2.2 The Corporation is the holding company for the Group. The Group has interests in a number of companies, details of which can be found at [www.europeanminerals.com](http://www.europeanminerals.com).

## 3 SHARE CAPITAL

- 3.1 The authorised and issued share capital of the Corporation as at the date of this Document will be as follows:-

Authorised Number	Type of Security	Issued and Fully Paid Number
Unlimited	Common Shares without par or nominal value	57,902,122 Common Shares

- 3.2 There are no limits on the duration of the authorisation of the Directors to issue any of the authorised share capital of the Corporation. All the issued Common Shares are fully paid and non-assessable.
- 3.3 Under the rules of the TSX the aggregate number of shares of a listed company which are issued or made subject to issuance (i.e., issuable under a share purchase warrant or option or other convertible security) by way of one or more private placement transactions during any particular six-month period must not exceed 25% of the number of shares outstanding (on a non-diluted basis) prior to giving effect to such transactions (the "TSX 25% Rule"), unless there has been shareholder approval of such transactions. The application of the TSX 25% Rule may, therefore, restrict the availability to a corporation of funds which it may wish to raise by private placement of its securities.

The Corporation considers it to be in its best interest to solicit private placement funds for working capital and its operations. The TSX has a working practice that it will accept advance approval by shareholders in anticipation of private placements that may exceed the TSX 25% Rule, provided such private placements are completed within twelve months of the date such advance shareholder approval is given.

On June 28, 2004, Shareholders approved (the "Advance Approval") the issuance by the Corporation in one or more private placements during the twelve month period commencing 28 June 2004 of such number of securities that would result in the Corporation issuing or making issuable such number of Common Shares aggregating up to 57,902,122 Common Shares, subject to the restrictions and as set out in the Public Record.

## Options

3.4 The Corporation has outstanding 4,880,000 Options to subscribe for Common Shares. The Option Plan was approved by the Board and by the Shareholders on 13 May 2003 for up to (but not exceeding) 6,500,000 Common Shares less (i) that number of Common Shares issuable upon exercise of the options outstanding under the Corporation's former stock option plan (being 2,355,000 Common Shares as at 13 May 2003) and (ii) that number of Common Shares issued after 13 May 2003 upon exercise of such options. No fractional Common Shares may be purchased or issued under the Option Plan. Details of the Options are as follows:-

### 3.4.1 *Participation*

Options may be granted to an "Eligible Person", defined as (a) any director, officer or employee or insider (as defined in subsection 1(1) of the *Securities Act* (Ontario)) of the Corporation or any affiliate (as defined in subsection 1(2) of the *Business Corporations Act* (Ontario) or any person or company engaged to provide management or consulting services for the Corporation or for any entity controlled by the Corporation other than any director, officer or employee of the Corporation or any affiliate (an "Eligible Individual") or (b) a corporation controlled by an Eligible Individual, the issued and outstanding voting shares of which are, and will continue to be, beneficially owned, directly or indirectly, by such Eligible Individual and/or the spouse, children and/or grandchildren of such Eligible Individual (an "Employee Corporation").

### 3.4.2 *Entitlement*

The option Plan is administered by the Board, which has the power to grant Options to any Eligible Person, to determine the number of Common Shares covered by each Option and to determine the Option Price of each Option.

### 3.4.3 *Grant of Options*

The Options may be granted at any time and the Board shall determine the time or times when Options will be granted and exercisable.

### 3.4.4 *Expiry of Options*

The term of an Option shall not exceed 10 years from the date of the grant of the Option and shall expire and terminate immediately upon the option holder ceasing to be an Eligible Person.

### 3.4.5 *Exercise of Options*

Subject to the provisions of the Option Plan, an Option may be exercised from time to time by delivery to the Corporation of a written notice of exercise addressed to the secretary of the Corporation specifying the number of Common Shares with respect to which the Option is being exercised. Such notice shall be delivered to the office of the Corporation specified in the Option (or such other office as may be notified from time to time by the Corporation to the option holder for the receipt of such notices) and accompanied by payment in full, by cash or cheque or other form of cash payment acceptable to the Corporation, of the Option Price, as may be adjusted from time to time, of the

Common Shares then being purchased. Subject to any provisions of the Option Plan or the Option to the contrary, certificates for such Common Shares shall be issued and delivered to the Option holder within a reasonable time following the receipt of such notice and payment.

3.4.6 *Exercise Price*

Subject to any adjustments in accordance with the Option Plan, the Option Price for any Option shall in no circumstances be lower than the Market Price on the trading day immediately preceding the day upon which the Option is granted. If, as and when any Common Shares have been duly purchased and paid for under the terms of an Option and all conditions relating to the exercise of an Option have been fulfilled to the satisfaction of the Board, such Common Shares will be conclusively deemed allotted and issued as fully paid Common Shares at the price paid therefor.

3.4.7 *Limitation on number of options*

No Options shall be granted to any option holder if the total number of Common Shares issuable to such Option holder under the Option Plan, together with any Common Shares reserved for issuance to such Option holder under options for services or any other stock option plans, would exceed 5% of the issued and outstanding Common Shares.

Subject to regulatory approval and unless approved by the Shareholders (excluding insiders and their associates (as defined in the *Securities Act* (Ontario) to whom Options may be granted under the Option Plan, other than persons who are deemed insiders solely by virtue of being a director or senior officer of a subsidiary of the Corporation):-

- (a) the number of Common Shares reserved for issuance pursuant to Options or other stock options granted to insiders and under all other share compensation arrangements may not exceed 10% of the issued and outstanding shares excluding any Common Shares issued pursuant to the Option Plan or other share compensation arrangements;
- (b) the issuance of Common Shares to insiders under the Option Plan and under all share compensation arrangements, within a one-year period, may not exceed 10% of the issued and outstanding Common Shares; and
- (c) the issuance of Common Shares to any one insider and such insider's associates under the Option Plan and under all other share compensation arrangements, within a one-year period, may not exceed 5% of the issued and outstanding Common Shares.

3.4.8 *Dividends*

An option holder shall not have any rights as a Shareholder with respect to any of the Common Shares covered by such Option until the date of issuance of a certificate for Common Shares upon the exercise of such Option, in full or in part, and then only with respect to the Common Shares represented by such certificate or certificates. Without in any way limiting the generality of the foregoing, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such share certificate is issued.

### 3.4.9 *Adjustments*

In the event that the Common Shares are at any time changed or affected as a result of the declaration of a stock dividend thereon or their subdivision or consolidation, the number of Common Shares reserved for Option shall be adjusted accordingly by the Board to such extent as the Board deems appropriate in its absolute discretion. In such event, the number of, and the price payable for, any Common Shares that are then subject to Option may also be adjusted by the Board to such extent, if any, as the Board deems appropriate in its absolute discretion.

If at any time after the grant of an Option to an option holder and prior to the expiration of the term of such Option, the Common Shares shall be reclassified, reorganised or otherwise changed, otherwise than as specified above or, subject to the provisions of the following paragraph, the Corporation shall consolidate, merge or amalgamate with or into another corporation (the corporation resulting or continuing from such consolidation, merger or amalgamation being herein called the "Successor Corporation") the option holder shall be entitled to receive upon the subsequent exercise of his or her Option in accordance with the terms of the Option Plan and shall accept in lieu of the number of Common Shares to which he or she was entitled upon such exercise but for the same aggregate consideration payable therefore, the aggregate number of shares of the appropriate class and/or other securities of the Corporation or the Successor Corporation (as the case may be) and/or other consideration from the Corporation or the Successor Corporation (as the case may be) that the option holder would have been entitled to receive as a result of such reclassification, reorganisation or other change or, subject to the provision of the following paragraph, as a result of such consolidation, merger or amalgamation, if on the record date of such reclassification, reorganisation or other change or the effective date of such consolidation, merger or amalgamation, as the case may be, he or she had been the registered holder of the number of Common Shares to which he or she was theretofore entitled upon such exercise.

In the event the Corporation proposes to amalgamate, merge or consolidate with any other corporation (other than a wholly-owned subsidiary) or to liquidate, dissolve or wind-up, or in the event an offer to purchase or repurchase the Common Shares of the Corporation or any part thereof shall be made to all or substantially all holders of Common Shares, the Corporation shall have the right, upon written notice thereof to each Option holder, to permit the exercise of all such Options within the 20 day period next following the date of such notice and to determine that upon the expiration of such 20 day period, all rights of the option holders to such Options or to exercise same (to the extent not theretofore exercised) shall ipso facto terminate and cease to have further force or effect whatsoever.

### 3.4.10 *Others*

An Option is personal to the Option holder and non-assignable (whether by operation of law or otherwise), except as provided for in the Option Plan. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of an Option contrary to the provisions of the Option Plan, or upon the levy of any attachment or similar process upon an Option, the Option shall, at the election of the Corporation, cease and terminate and be of no further force or effect whatsoever.

Notwithstanding the above paragraph, Options may be transferred or assigned between an Eligible Individual and the related Employee Corporation provided the assignor delivers notice to the Corporation prior to the assignment and the



Board approved such assignment. The Board may decline to approve any such transfer or assignment in its sole discretion.

3.4.11 As at the date of this document, the details of the Options which are outstanding are as follows:-

Grant Date	Exercise Price (US\$)	Number of Options	Expiry Date
10 December 2002	0.70	75,000	10 December 2004
10 December 2002	1.00	75,000	10 December 2004
10 December 2002	1.20	75,000	10 December 2004
10 December 2002	1.50	75,000	10 December 2004
16 May 2002	0.37	400,000	16 May 2005
5 September 2002	0.50	835,000	5 September 2005
23 January 2003	0.76	330,000	23 January 2006
1 October 2003	0.41	565,000	1 October 2006
16 October 2003	0.425	2,250,000	16 October 2006
3 March 2004	0.86	200,000	3 March 2007

### 3.5 Warrants

The Corporation has outstanding 8,250,000 warrants to subscribe for Common Shares. As at the date of this document, the details of the warrants which are outstanding are as follows:-

Description	Date of Grant	Exercise Price (US\$)	Number of warrants	Expiry Date
Warrants	23 December 2003	1.20	7,500,000	23 December 2008
Broker Warrants	23 December 2003	0.85	750,000	23 June 2005

The 7,500,000 Warrants which expire on 23 December 2008 are listed on the TSX under the symbol EPM.WT.U. The 750,000 Broker Warrants are not listed.

## 4 SUMMARY OF CORPORATE AND CONSTITUTIONAL DOCUMENTS OF THE CORPORATION

The Corporation is governed by the YBCA. The following is a summary of the most significant provisions of the YBCA and the articles and by-laws of the Corporation.

### 4.1 Articles and By-laws

The Corporation's articles and by-laws are pursuant to the provisions of the YBCA. The articles are not required to specify the objects of the Corporation.

Under the YBCA, any amendment to the articles generally requires approval by special resolution (see "Vote Required for Extraordinary Transactions").

The YBCA provides that, unless the articles, by-laws or an unanimous shareholders agreement otherwise provide, the Directors may, by resolution, make, amend or repeal any by-laws that regulate the business or affairs of a Corporation.

Where the Directors make, amend or repeal a by-law, they are required under the YBCA to submit the by-law, amendment or repeal to the Shareholders at the next meeting of Shareholders, and the Shareholder may confirm, reject or amend the by-law, amendment or repeal by an ordinary resolution (i.e. a resolution passed by a majority of the votes cast by shareholders who voted in respect of the resolution).

### 4.2 Directors

The number of Directors of the Corporation is a minimum of three and a maximum of ten.

Directors of corporations governed by the YBCA have fiduciary obligations to the corporation. Under the YBCA, every director, in exercising his or her powers and discharging his or her duties, must act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The by-laws of the Corporation provide that at each annual meeting of Shareholders the then directors of the Corporation shall retire from office (but, if qualified, will be eligible for re-election) and the Shareholders of the Corporation shall elect Directors to hold office for a term expiring not later than the close of the next annual meeting of Shareholders following such election.

At all meetings of the Board of Directors, every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes, the chair of the meeting shall not be entitled to a second or casting vote.

A Director or officer who is a party to, or who is a director or officer of a party to, or has a material interest in a party to a material contract or material transaction, whether made or proposed, with the Corporation is required to disclose the nature and extent of his or her interest at the Directors' meeting at which the contract or transaction is first considered or at the first meeting after he or she becomes interested or, if an individual who is interested in, a contract or transaction later becomes a Director, at the first meeting after he or she becomes a Director. Such a Director shall not vote on any resolution to approve the contract or transaction except as provided by the YBCA.

Subject to the provisions of the YBCA and any unanimous shareholders agreement, the Directors shall be paid such remuneration for their services as the Board of Directors may from time to time determine. Pursuant to the by-laws of the Corporation, the Directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the Board of Directors or any committee thereof.

#### 4.3 *Indemnification of Directors and Officers*

Subject to the provisions of the YBCA, the Corporation shall indemnify a Director or officer of the Corporation, a former director or officer of the Corporation, or any other individual who acts or acted at the Corporation's request as a director or officer of another body corporate of which the Corporation is or was a shareholder or creditor (or a person who undertakes or has undertaken any liability on behalf of the Corporation or any such body corporate) and such person's heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal or administrative action or other proceeding in which such individual is made a party because of that association with the Corporation, or such body corporate, if the individual acted honestly and in good faith with a view to the best interests of the Corporation, and in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful. The Corporation shall also indemnify such person in such other circumstances as the YBCA permits or requires.

#### 4.4 *Voting Rights*

Each Common Share entitles the holder to one vote at meetings of shareholders. Subject to the YBCA, a show of hands shall decide any question at a meeting of shareholders unless a ballot is required or demanded. Upon a show of hands every person who is present and entitled to vote shall have one vote. At any meeting of Shareholders every question shall be determined by the majority of the votes cast on the question unless otherwise required by the Articles or by-laws of the Corporation or by law. In case of an equality of votes either upon a show of hands or upon a poll, the chair of the meeting shall not be entitled to a second or casting vote.

A shareholder entitled to vote at a meeting of Shareholders may, by means of a proxy, appoint a proxyholder or one or more alternate proxyholders who are not required to be shareholders, to attend and act at the meeting in the manner and to the extent authorised by the proxy and with the authority conferred by the proxy.

On any question proposed for consideration at a meeting of Shareholders, and whether or not a show of hands has been taken thereon, any shareholder or proxyholder entitled to vote at the meeting may require or demand a ballot. A ballot so required or demanded shall be taken in such manner as the chair of the meeting shall direct. If a ballot is taken each person present shall be entitled, in respect of the shares which such person is entitled to vote at the meeting upon the question, to that number of votes provided by the YBCA or the Articles, and the result of the ballot so taken shall be the decision of the Shareholder upon the said question.

#### 4.5 *Dividends*

Subject to the YBCA, the Board of Directors may from time to time declare and the Corporation may pay dividends to its Shareholders according to their respective rights and interests in the Corporation. Dividends may be paid by issuing fully paid shares of the Corporation or, subject to the YBCA, may be paid in money or property.

Pursuant to the provisions of the YBCA, a Corporation shall not declare or pay a dividend if there are reasonable grounds for believing that (i) the Corporation is, or would after the payment be, unable to pay its liabilities as they became due or (ii) the realisable value of the Corporation's assets would thereby be less than the aggregate of its liabilities and stated capital of all classes.

#### 4.6 *Redemption*

Under section 37(l) of the YBCA, a Corporation, subject to its articles, may purchase or redeem any redeemable shares issued by it at prices not exceeding the redemption price thereof stated in the Corporation's articles or calculated according to a formula stated in the Corporation's articles with respect to such redeemable shares. None of the shares of the Corporation are redeemable.

#### 4.7 *Transferability of Shares*

Unless the articles of a Corporation contain a restriction on the transfer of shares, under the YBCA, shares are presumed to be freely transferable. The Corporation's articles do not contain any restriction on the transfer of shares.

#### 4.8 *Return of Capital and Winding-Up*

See "Liquidation or Dissolution of the Corporation" below.

#### 4.9 *Liquidation or Dissolution of the Corporation*

Under section 27(3)(c) of the YBCA, the holders of the Common Shares have the right to receive the remaining property of the Corporation on dissolution.

#### 4.10 *Rights of Pre-Emption Attaching to Shares*

Section 31 of the YBCA provides that the articles of a corporation or a unanimous shareholders agreement to which a corporation is bound may contain a pre-emptive right, and in such case, no shares of that class may be issued unless the shares have first been offered to the shareholders holding shares of that class at such price and on such terms as those shares are to be offered to others. The articles of the Corporation do not contain a pre-emptive right provision and the Corporation is not to be governed by a unanimous shareholders agreement.

#### 4.11 *Vote Required for Extraordinary Transactions*

Under the YBCA, certain extraordinary corporate actions, such as certain amendments of its articles, amalgamations, continuances, and sales, leases or exchanges of all or substantially all the property of a Corporation other than in the ordinary course of business, and other extraordinary corporate actions such as certain liquidations, dissolutions and (if ordered by a court) arrangements, are required to be approved by special resolution. A special resolution is a resolution passed at a meeting of shareholders by a majority, not less than two-thirds of the votes cast by the shareholders who voted in respect of the resolution. In certain cases, a special resolution to approve an extraordinary corporate action is also required to be approved separately by the holders of a class or series of shares, including in certain cases a class or series of shares not otherwise carrying voting rights.

#### 4.12 *Alteration of Capital*

Under the YBCA, an alteration of a corporation's share capital, such as a change in the authorised capital, creation of a new class of shares, or changes to the rights or privileges of a class of shares, is considered a fundamental change and requires an amendment to the articles of a corporation. Such an amendment must be approved by a special resolution. In cases where a particular class or series of shares is more prejudicially affected or affected in a manner different from other shares of the same class by the adoption of the amendment, a separate special resolution passed by the holders of such class or series of shares must also be obtained. Once the amendment is approved, the directors must file articles of amendment with the Registrar of Corporations appointed under the YBCA, unless the shareholders have authorised the directors to revoke the special resolution before it is acted upon without further approval of the shareholders.

#### 4.13 *Borrowing Powers*

Unless the articles, by-laws or a unanimous shareholders agreement relating to a corporation otherwise provide, section 104(1) of the YBCA provides that the directors of a corporation may, without authorisation of the shareholders, (a) borrow money on the credit of the corporation, (b) issue, reissue, sell or pledge debt obligations of the corporation, (c) give a guarantee on behalf of the corporation to secure performance of an obligation of any person, and (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the corporation, owned or subsequently acquired, to secure any obligation of the corporation. The articles and by-laws of the Corporation do not restrict these powers of the Directors, nor is the Corporation subject to a unanimous shareholders agreement.

#### 4.14 *Dissenters' Rights*

The YBCA provides that shareholders of a corporation are entitled to exercise dissent rights and to be paid the fair value of their shares in connection therewith. Such matters include (i) any amalgamation with another corporation (other than with certain affiliated corporations); (ii) an amendment to the articles to add, change or remove any provisions restricting the issue or transfer of shares; (iii) an amendment to the articles to add, change or remove any restriction upon the business or businesses that the corporation may carry on; (iv) a continuance under the laws of another jurisdiction; (v) a sale, lease or exchange of all or substantially all the property of the corporation other than in the ordinary course of business; (vi) a court order permitting a shareholder to dissent in connection with an application to the court for an order approving an arrangement proposed by the corporation; or (vii) certain amendments to the articles of a corporation which require a separate class or series vote, provided that a shareholder is not entitled to dissent if an amendment to the articles is effected by a court order approving a reorganisation or by a court order made in connection with an action for an oppression remedy. Under the YBCA, a shareholder may, in addition to exercising dissent rights, seek an oppression remedy for any act or omission of a corporation which is oppressive, unfairly prejudicial to or that unfairly disregards a shareholder's interests.

#### 4.15 *Oppression Remedy*

The YBCA provides an oppression remedy that would enable the court to make any order, both interim and final, to rectify the matters complained of if the court is satisfied upon application by a complainant that: (i) any act or omission of the corporation or any of its affiliates effects a result; (ii) the business or affairs of the corporation or any of its affiliates are or have been carried on or conducted in a manner; or (iii) the powers of the directors of the corporation or any of its affiliates are or have been exercised in a manner, that is oppressive or unfairly prejudicial to or that unfairly disregards the interests of any security holder, creditor, director or officer of the corporation. A complainant includes (a) a present or former registered holder or beneficial owner of securities of a corporation or any of its affiliates; (b) a present or former officer or director of the corporation or any of its affiliates; and (c) any other person who in the discretion of the court is a proper person to make such application.

The oppression remedy provides the court with an extremely broad and flexible jurisdiction to intervene in corporate affairs to protect all reasonable expectations of shareholders and other complainants. While conduct which is in breach of fiduciary duties of directors or that is contrary to the legal right of a complainant will normally trigger the court's jurisdiction under the oppression remedy, the exercise of that jurisdiction does not depend on a finding of a breach of such legal and equitable rights. Furthermore, the court may order the corporation to pay the interim expenses of a complainant seeking an oppression remedy, but the complainant may be held accountable for such interim costs on final disposition of the complaint (as in the case of a derivative action).

#### 4.16 *Derivative Action*

Under the YBCA, a complainant may apply to the court for leave to bring an action in the name of and on behalf of a corporation or any subsidiaries, or to intervene in an existing action to which any such body corporate is a party for the purpose of prosecuting, defending or discontinuing the action on behalf of the body corporate. Under the YBCA, no action may be brought and no intervention in an action may be made unless the complainant has given reasonable notice to the directors of the corporation or its subsidiary of the complainant's intention to apply to the court if (i) the directors of the corporation or its subsidiary do not bring, diligently prosecute or defend or discontinue the action; (ii) the complainant is acting in good faith; and (iii) it appears to be in the interests of the corporation or its subsidiary that the action be brought, prosecuted, defended or discontinued.

The court in a derivative action may make any order it thinks fit. In addition, a court may order a corporation or its subsidiary to pay the complainant's interim costs, including reasonable legal fees and disbursements. Although the complainant may be held accountable for the interim costs on final disposition of the complaint, it is not required to give security for costs in a derivative action.

### 5 **MARKETING AND TRADING OF SHARES**

The Common Shares are listed on TSX, and notwithstanding Admission will continue to be listed on TSX, and the Corporation has made application for all of its issued Common Share capital to be admitted to trading on AIM. The Warrants are listed and notwithstanding Admission will continue to be listed, on the TSX. It is emphasised that the Corporation has not made an application for either of the Warrants or the Broker Warrants to be admitted to trading on AIM.

It is emphasised that, although the Common Shares will trade on AIM, the Corporation will not be subject to takeover regulation in the UK. The City Code on Takeovers and Mergers will not apply to the Corporation. However, it is subject to provisions regulating takeovers under the relevant Canadian law.

In Canada, securities laws are generally a matter of provincial/territorial jurisdiction and as a result, bids are governed by the securities legislation in each province or territory.

In Alberta, British Columbia and Ontario a takeover bid is generally defined as an offer to acquire outstanding voting or equity securities of a class made to any holder of securities in the respective provinces subject to the offer to acquire, if the securities subject to the offer to acquire, together with securities held by the offeror and any person acting in concert with the offeror, constitute in aggregate 20 per cent or more of the outstanding securities of that class of securities at the date of the offer to acquire. Subject to limited exemptions, a takeover bid must be made to all holders of securities of the class that is subject to the bid who are in Alberta, British Columbia or Ontario and must allow such security holders 35 days to deposit securities pursuant to the bid. The offeror must deliver to the security holders a takeover bid circular which describes the terms of the takeover bid and the directors of the reporting issuer must deliver a directors' circular within fifteen days of the date of the bid, making a recommendation to security holders to accept or reject the bid.

## 6 DIRECTORS' AND OTHER INTERESTS

- 6.1 The Directors' interests as set out below have been determined, as required by the AIM Rules, by reference to the Companies Act. It should be noted, however, that the Corporation, as a company incorporated in Yukon Territory, Canada, is not subject to the Companies Act.
- 6.2 As at the date of this document, the interests of the Directors and persons connected with the Directors (within the meaning of Section 346 of the Companies Act), in the share capital of the Corporation, which are known to the Directors or could with reasonable due diligence be ascertained by them, all of which are beneficial, unless otherwise stated, as at the date of this document are as follows:-

Directors	No. of Common Shares	% of Issued Share Capital
Anthony Williams	725,000	1.25
William Kennedy	Nil	Nil
Dr. Barry Rayment	100,000	0.17
Marvin Singer	50,000	0.09

6.3 As at the date of this document, the Directors hold the following outstanding options in the Common Share capital of the Corporation:-

<b>Name</b>	<b>Grant Date</b>	<b>Exercise Price</b>	<b>No. of Options</b>	<b>Expiry Date</b>
<b>Anthony Williams</b>	16 May 2002	0.37	125,000	16 May 2005
	5 September 2002	0.50	250,000	5 September 2005
	23 January 2003	0.76	100,000	23 January 2006
	16 October 2003	0.425	800,000	16 October 2006
<b>William Kennedy</b>	16 May 2002	0.37	100,000	16 May 2005
	5 September 2002	0.50	150,000	5 September 2005
	23 January 2003	0.76	75,000	23 January 2006
	16 October 2003	0.425	700,000	16 October 2006
<b>Dr. Barry Rayment</b>	16 May 2002	0.37	50,000	16 May 2005
	5 September 2002	0.50	75,000	5 September 2005
	23 January 2003	0.76	10,000	23 January 2006
	16 October 2003	0.425	200,000	16 October 2006
<b>Marvin Singer</b>	16 May 2002	0.37	25,000	16 May 2005
	5 September 2002	0.50	75,000	5 September 2005
	23 January 2003	0.76	10,000	23 January 2006
	16 October 2003	0.425	100,000	16 October 2006

6.4 None of the Directors or any person connected with them is interested in any related financial product referenced to Common Shares (being a financial product whose value in whole or in part is determined directly or indirectly by reference to the price of the Common Shares including a contract for difference or a fixed odds bet).

## 7 **ADDITIONAL INFORMATION ON THE DIRECTORS**

7.1 In addition to the directorships in the Group, the Directors hold or have held the following directorships or have been partners in the following partnerships within the five years immediately prior to the date of this Announcement as follows:

Name	Current Directorships/Partnerships	Past Directorships/Partnerships
Anthony Williams	African Copper plc African Platinum Ltd Dragon Capital Holdings Ltd Dragon Capital Corp Ltd Dragon Capital Ltd Dragon Equities Ltd Dragon Geological Estates Ltd Dragon Management Int'l Services Ltd Dragon Capital (Canada) Ltd Dragon Capital Corp (USA) Inc Dragon Management Int'l Services (Canada) Ltd European Diamonds plc Endeavour Financial Corp Inc. Endeavour Mining Capital Corp Endeavour Holdings Corp Iron County Investment Ltd Ridgeway Consulting Service	Dragon Capital (Wales) Ltd Dragon Imagery Ltd Dragon Investment Management Ltd Dragon Investment Management (Ireland) Ltd Dragon Management Int'l Services (USA) Inc Endeavour Financial Ltd EPICcentrix Technology Inc First Beacon Investments Ltd Minegem Inc. Track Events Limited Winvillage.com Ltd
William Kennedy	Sutton International Management Services Ltd	Nedra Mining Services Limited African Platinum Limited Dragon Management International Services Ltd
Dr. Barry Rayment	Bema Gold Corporation Bema Gold (US) Inc. Arizona Star Resource Corporation Delta Mining & Exploration Latin American Copper plc Mining Assets Corporation International Resource Management Corporation Dragon Capital Corporation Limited Equities Financial Investment Corporation	Consolidated Puma Minerals El Callao Mining Corporation Victoria Resource Corporation International Minerals Corporation Southern Metals Corporation Dragon Imagery Ltd Minera Oro Vega S.A. Ecuador Minerals Corporation Gaby Panama Corporation Chorrera Corporation Dragon Natural Resources Fund
Marvin Singer	RJK Explorations Ltd Advantex Marketing International Inc. GLR Resources Inc. International Architectural Ceiling Tiles Inc. GVIC Communications Inc.	Greater Lenora Resources Corporation Spherical Industrial Solutions Corporation Atikwa Minerals Corporation

7.2 Save as disclosed in this Announcement, none of the Directors has:-

- 7.2.1 any unspent convictions in relation to indictable offences; or
- 7.2.2 had any bankruptcy order made against him or entered into any voluntary arrangements; or
- 7.2.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director in that company; or
- 7.2.4 been a partner in any partnership at the time of, or within the 12 months preceding the date of, its compulsory liquidation, administration, or partnership voluntary arrangement or the receivership of any assets of such partnership nor have any of their assets been the subject of receivership; or
- 7.2.5 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
- 7.2.6 been disqualified by a court from acting as a director of any company or from acting in the management or conduct of affairs of a company.



## 8 DIRECTORS' SERVICE CONTRACTS AND REMUNERATION

- 8.1 In the financial year ended 31 December 2003 the aggregate remuneration paid in respect of the services of Mr Anthony Williams and Mr William Kennedy was US\$210,000. The Corporation for the same period paid US\$45,291 in respect of the provision of consulting services and related expenses of Mr Barry Rayment. The Corporation for the same period paid US\$95,536 in respect of legal fees and reimbursable expenses to a law firm in which Mr Marvin Singer is a partner. The Corporation, Dragon Capital Holdings Limited ("DCH") and Mr Anthony Williams entered into a consulting services agreement dated 1 January 2004, pursuant to which DCH shall perform management, investor relations and fiscal advisory services for the Corporation and shall provide the services of Mr Williams to act as Chairman of the Corporation. The Corporation, Sutton International Management Services Limited ("SIMS") and Mr William Kennedy entered into a consulting services agreement dated 1 January 2004, pursuant to which SIMS shall perform geological, mining, management and administrative services for the Corporation and shall provide the services of Mr Kennedy to act as President and Chief Executive Officer of the Corporation. Further details of the agreements and fees paid are set out in the Management Information Circular dated 27<sup>th</sup> May 2004, available at [www.sedar.com](http://www.sedar.com).
- 8.2 It is estimated that under the arrangements currently in force the aggregate remuneration and benefits in kind to be paid in respect of the services of Mr Williams and Mr Kennedy for the year ending 31 December 2004 will be approximately £204,000. It is estimated that Mr Barry Rayment will receive US\$120,000 in consulting fees for the same period. It is estimated that the law firm in which Mr Marvin Singer is a partner will receive US\$180,000 in respect of legal fees for the same period.

## 9 SUBSTANTIAL SHAREHOLDERS

The Corporation is aware of the following persons, who as at 21 September 2004 (being the latest practicable date prior to this Announcement) directly or indirectly, jointly or severally, holds or will hold 3 per cent or more of the common share capital of the Corporation or exercises or could exercise control over the Corporation:

Name	No. of Common Shares Owned	Percentage of issued share capital
CDS & Co	42,552,481	73.49
CEDE & Co	12,851,622	22.20

These shareholders are depositories, which hold Common Shares on behalf of beneficial shareholders. The Corporation is not aware of the beneficial holders of such shares. Save as disclosed above, the Corporation is not aware of any other interests or any person who will, immediately following Admission, be interested directly or indirectly, in three per cent or more of the issued and outstanding Common Shares, or who, directly or indirectly, jointly or severally, exercises or could exercise control of the Corporation.

## 10 TAXATION

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

The following comments are intended as a general guide to the UK and Canadian tax treatment of the acquisition, ownership and disposal of Common Shares for persons who are the absolute beneficial owners of those shares. The comments are based on the law and understanding of the practice of tax authorities in those jurisdictions at the date of this document. The comments do not apply to certain categories of shareholder, such as persons owning shares as securities to be realised in the course of a trade. All persons

are advised to obtain their own professional advice on the tax implications of acquiring, owning and/or disposing of Common Shares in the Corporation.

## 10.2 **United Kingdom Taxation**

### *Dividends*

The Corporation will not be required to withhold UK tax from dividends paid on the Common Shares.

Any holder of Common Shares who is resident in the UK, and who carries on a trade, profession or vocation in the UK to which the Common Shares are attributable, will generally be subject to UK tax on income in respect of any dividends paid on the Common Shares. As these dividends are foreign income for the purposes of UK taxation, they are subject to a different tax regime from that applying to dividends received from UK companies. In particular, there will be no notional tax credit attaching to the dividends.

If the dividend has been subject to Canadian dividend withholding tax ("WHT") the amount of the dividend received plus the WHT will be included in the taxable income of the UK Shareholder. In these circumstances, the Shareholder should be entitled to a credit for the WHT. The credit would be limited to the lesser of the WHT or the UK tax payable on the dividend. If the WHT exceeds the UK tax payable on the dividend, the excess is neither creditable nor repayable.

### *UK Resident Corporation*

Dividends paid to a UK resident corporate Shareholder will be taxable income of the Shareholder. If the dividend has been subject to WHT, it will be treated broadly as described above.

If the UK corporate Shareholder is unable to use the foreign tax credits (for example, because of tax losses) it may be able to set these against UK tax on certain dividends received from non-UK companies.

### *Non-Portfolio Interest*

If a Shareholder which is a UK Corporation has an interest of at least 10 per cent of the voting power in the Corporation, the rate of WHT payable on the dividend may be reduced to 5% of the gross amount of the dividend.

### *Capital Gains*

Any Shareholder who is resident or ordinarily resident in the UK in the relevant year of assessment, or who carries on a trade, profession or vocation in the UK to which the Common Shares are attributable, may be subject to UK tax on capital gains in respect of a disposal of Common Shares. In addition, a Shareholder who has previously been resident or ordinarily resident in the UK may in some cases be subject to UK tax on capital gains in respect of a disposal of Common Shares.

In some circumstances a chargeable gain may arise in both the UK and Canada on a disposal of Common Shares. In these circumstances a tax credit or deduction may be available in respect of the Canadian capital gains tax against the UK tax liability arising from the disposal.

The Corporation is not at present a close company for the purposes of UK taxation nor is it expected to be following the Admission to AIM.

### *Inheritance Tax*

If any Shareholder is regarded as domiciled in the UK for inheritance tax purposes, inheritance tax may be payable in respect of the Common Shares on the death of the Shareholder or on any gift of the Common Shares.

In the case of a Shareholder who is not regarded as domiciled in the UK for these purposes, no such UK inheritance tax will be payable if the Common Shares are not situated in the UK for inheritance tax purposes. The Common Shares must be regarded as situated in the UK for these purposes if they are registered on a UK branch register. The Corporation does not currently have a UK branch register.

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

The following comments do not apply to Common Shares issued or transferred into depository or clearance arrangements, to which special rules apply.

Any agreement to transfer, or any transfer of, Common Shares if registered on a UK branch register of the Corporation will generally be subject to UK stamp duty or stamp duty reserve tax at the rate of 0.5 per cent of the consideration for the transfer. UK stamp duty may potentially arise on transfers of other Common Shares depending on the circumstances, such as whether the transfer is executed in the UK.

### *Domicile*

Any individual who owns shares and is resident or ordinarily resident in the UK, but who is not regarded as domiciled in the UK for tax purposes, may be subject to UK income tax or capital gains tax as described above only to the extent that his income or disposal proceeds are treated as remitted to the UK. Any such individual is advised to obtain his own professional advice on the UK tax implications of the acquisition, ownership and disposal of Common Shares, including the implications of registration on the Corporation's UK branch Register. The Corporation currently does not have a UK branch register.

## **10.3 Canadian Taxation**

### *Canadian Federal Income Tax Considerations*

The following summarises the principal Canadian federal income tax considerations under the Income Tax Act (Canada) (the "Tax Act") generally applicable to the holding and disposition of Common Shares by a holder who at all relevant times for purposes of the Tax Act, is not resident, or deemed to be resident in Canada, deals at arm's length with and is not affiliated with the Corporation, acquires and holds the Common Shares as capital property and does not use or hold the Common Shares in a business carried on in Canada, or otherwise in connection with, a business in Canada and who, for purposes of the Canada-United Kingdom Income Tax Convention (the "Treaty"), is a resident of the United Kingdom and has never been a resident of Canada, and has not held or used (and does not hold or use) Common Shares in connection with a permanent establishment or fixed base in Canada (a "UK Holder"). This summary is not applicable to UK holders who are non-resident insurers carrying on an insurance business in Canada.

This summary assumes that the Common Shares will at all relevant times be listed on a prescribed stock exchange for purposes of the Tax Act, which currently includes the TSX.

This summary is based upon the provisions of the Tax Act and the regulations thereunder ("Tax Regulations") in force as of the date hereof, all specific proposals to amend the Tax Act and the Tax Regulations that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, and the current published administrative practices of the Canada Revenue Agency.

### *Dividends*

Dividends paid or credited or deemed to be paid or credited to a UK Holder by the Corporation are subject to Canadian withholding tax. Under the Treaty, the rate of withholding tax on dividends paid or credited to a UK Holder is generally limited to 15% of the gross amount of the dividend. In the case of a UK Holder that is a corporation beneficially owning at least 10% of the Corporation's voting shares, the withholding tax rate is reduced to 10%; for dividends paid or credited to such holders after December 31, 2004, the rate is reduced to 5%.

### *Dispositions*

A UK Holder will not be subject to tax under the Tax Act in respect of a capital gain realised on the disposition or deemed disposition of a Common Share in the open market.

## **11 MATERIAL CONTRACTS**

In addition to the agreements summarised in the Public Record which can be found at [www.sedar.com](http://www.sedar.com), the following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Corporation or its subsidiaries during the two years immediately preceding the date of this Announcement and are, or may be, material as of the date of this Announcement:-

### **11.1 October 2002 Private Share Placement**

11.1.1 Agreement dated 11 October 2002 by which Zo Media Group PLC agreed to subscribe for 1,666,666 Common Shares at a price of US \$0.45 per share and a Warrant certificate of the same date in respect of 833,333 Common Shares exercisable at a price of US \$0.60 per share for a period of 18 months.

11.1.2 Agreement dated 11 October 2002 by which Nirland Limited agreed to subscribe for 1,666,666 Common Shares at a price of US \$0.45 per share and a Warrant certificate of the same date in respect of 833,333 Common Shares exercisable at a price of US \$0.60 per share for a period of 18 months.

### **11.2 Oranmore Agreement**

An agreement dated 1 July 2003 between the Corporation and Oranmore Resources Limited ("Oranmore") whereby Oranmore agreed to provide consultancy services relating to the maintenance of the Corporation's interests in Kazakhstan as well as development of new business opportunities. The agreement provides for a term of three years and a fee of US \$350,000 which, at the election of Oranmore, may be settled by an issue of the Corporation's Common Shares. Oranmore has made such election as a result of which the Corporation has issued to it 400,000 Common Shares in settlement of the fee.

### **11.3 December 2003 Private Share Placement**

11.3.1 Engagement letter dated 2 December 2003 between Canaccord and the Corporation setting out terms up on which Canaccord would be appointed by the Corporation in connection with a proposed admission of the Corporation to AIM and private placement financing. Remuneration payable to Canaccord for its services are 6% commission on the gross proceeds of the private placing, a corporate finance fee of £75,000 in connection of the proposed AIM admission (of which £25,000 is non-refundable) and a Nomad and Broker fee of £50,000 per annum together with expenses.

11.3.2 Agency agreement dated 23 December 2003 between Canaccord and the Corporation whereby Canaccord was appointed agent to the private placement fund raising by the Corporation of up to 15 million units (each unit comprising one common share and one-half common share purchase warrant) at a price of

US\$0.80 per unit. The agreement provided for a commission of 6% of the proceeds of the sale of the units and share purchase warrants ("Brokers Warrant") equal to 5% of the number of units sold exercisable at \$0.80 per share for a period of 18 months from closing of the offering.

11.3.3 Warrant agreement dated 23 December 2003 Canaccord Capital (Europe) Limited and the Corporation relating to the issue of the Brokers Warrant.

11.3.4 Indenture dated 23 December 2003 between the Corporation and Computershare Trust Company of Canada ("Warrant Agent") which sets out the terms relating to the creation and issue of up to 7.5 million warrants exercisable at a price of US\$1.20 per warrant up to 23 December 2008 and the appointment of the Warrant Agent.

11.3.5 Subscription agreements and Warrant certificates between the Corporation and the relevant subscribers, accepted by the Corporation on 23 December 2003, relating to the subscription for a total of 15 million common shares of the Corporation at a price of US\$0.80 per share and warrants to subscribe for a total of 7.5 million common shares of the Corporation exercisable for a period of five years at an exercise price of US\$1.20 per share.

#### 11.4 Admission

##### 11.4.1 Nominated Adviser and Broker Agreement

A Nominated Adviser and Broker Agreement dated 31 August 2004 between Canaccord and the Corporation under which Canaccord has agreed to act as the Corporation's nominated adviser and broker for 12 months from Admission and thereafter unless and until terminated by either party giving the other not less than 3 months' prior written notice. Under the Agreement, the Corporation has agreed to pay Canaccord a fee at the annual rate of £50,000, payable in two equal six monthly instalments. The agreement contains certain undertakings by the Corporation and certain warranties and an indemnity given by the Corporation.

##### 11.4.2 Flotation Agreement

A deed dated 31 August 2004 between Canaccord and the Corporation pursuant to which the Corporation has given certain warranties to Canaccord in connection with Admission.

## 12 **LEGAL PROCEEDINGS**

No member of the Group has engaged in, nor is currently engaged in, any legal or arbitration proceedings which have had in the twelve months preceding the date of this Announcement or may have a significant effect on the financial position of the Corporation and, so far as the Directors are aware, there are no such proceedings pending or threatened by or against the Corporation or any member of the Group.

## 13 **GENERAL**

13.1 Other than those disclosed in this Appendix or as otherwise disclosed on the Public Record, there are no investments in progress by the Group which are significant.

13.2 Other than as disclosed in this Appendix or as otherwise disclosed on the Public Record, there are no patents or other intellectual property rights, licences or particular contracts which are or may be of fundamental importance to the Group's business.

- 13.3 Other than as disclosed in this Appendix or as otherwise disclosed on the Public Record, the Directors are not aware of any exceptional factors which have influenced the Group's recent activities.
- 13.4 Save as disclosed in this Appendix or as otherwise disclosed on the Public Record, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:
- 13.4.1 received directly or indirectly, from the Corporation within 12 months preceding the Corporation's application for Admission; or
- 13.4.2 entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Corporation on or after Admission any of the following:-
- (a) fees totalling £10,000 or more; or
- (b) securities in the Corporation with a value of £10,000 or more calculated by reference to the expected opening price on Admission; or
- (c) any other benefit with a value of £10,000 or more at the date of Admission.

The following are payments by the Corporation within the 12 months preceding the date of this Announcement with a value of over £10,000:-

Payee	Amount
C. Petrov (Consultant) of 21 Krlvolac Str, Sofia 1000, Bulgaria	US\$35,392
C. Staneff (Consultant) of Haydutchka Gora Str, Bl. 17/A, Fl.7, Ap 44, Sofia 1404, Bulgaria	US\$31,141

- 13.5 Canaccord has given and has not withdrawn its written consent to the inclusion in this Announcement of references to its name in the form and context in which they appear.
- 13.6 The total costs, charges and expenses payable by the Corporation in connection with or incidental to Admission, including registration and London Stock Exchange fees, fees for printing, advertising and distribution costs, legal and accounting fees and expenses are estimated to amount to approximately £215,600 (excluding VAT).

Dated 31 August 2004  
Updated on 23 September 2004