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This document has been drawn up in accordance with the Public Offers of Securities Regulations 1995 as amended (“the POS Regulations”) and the rules set out in Chapter 16 of the Rules of the London Stock Exchange (“the AIM Rules”). This document does not contain an offer of shares to the public. A copy of this document has been delivered to the Registrar of Companies in England & Wales in accordance with Regulation 4(2) of the POS Regulations.

The Directors of the Company whose names appear on page 5 of this document accept responsibility for the information contained in this document, including individual and collective responsibility for 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.

Application has been made for all the Ordinary Shares of the Company to be admitted to trading on the Alternative Investment Market of the London Stock Exchange (“AIM”). AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk than that associated with established companies tends to be attached. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and consultation with his or her own independent financial adviser.

The rules of AIM are less demanding than those of the Official List of the London Stock Exchange. It is emphasised that no application is being made for admission of any Ordinary Shares to the Official List. Further, the London Stock Exchange itself has not approved the contents of this document.

TERTIARY MINERALS PLC

(Incorporated and registered in England and Wales with Registered Number 3821411)

Admission of the Ordinary Shares to trading on the Alternative Investment Market

Nominated Adviser

Seymour Pierce Limited

Nominated Broker

Ellis & Partners Limited

Seymour Pierce Limited, which is regulated by the Securities and Futures Authority Limited, is the Company’s nominated adviser for the purpose 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. No representation or warranty, express or implied, is made by Seymour Pierce Limited as to any of the contents of this document.

Ellis & Partners Limited, which is regulated by the Securities and Futures Authority Limited, is the Company’s nominated broker. Persons receiving this document should note that, in connection with matters described in this document, Ellis & Partners Limited is acting for the Company and no one else and will not be responsible to any such recipient for providing the protections afforded to customers of Ellis & Partners Limited nor for providing advice in relation to the contents of this document or any matters referred to in it.

The whole of the text of this document should be read. Investment in Tertiary Minerals plc is speculative and involves a degree of risk. Your attention is drawn to the section entitled “Risk Factors” set out on pages 13 and 14 in Part I of this document.

CONTENTS

	<i>Page</i>
Definitions	3
Market Statistics	4
Exchange Rates	4
Directors, Secretary and Advisers	5
Part I The Group	6
Introduction and History	6
Strategy and Prospects	6
Introduction to Sweden	7
Sweden's Mining History	7
Sweden's Mineral Code	8
Summary of Projects	8
Technical Review	10
Directors	10
Dividend Policy	11
Reasons for Admission	12
Crest	12
Corporate Governance	12
Fundraising	12
Ordinary Shares and Warrants	13
Risk Factors	13
Additional Information	14
Part II Accountant's Report	15
Part III Consultant Geologist's Report (including Glossary)	23
Part IV Additional Information	44

DEFINITIONS

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

“Act”	The Companies Act 1985, as amended;
“Admission”	Admission of the Ordinary Shares to trading on AIM becoming effective;
“AIM”	The Alternative Investment Market of the London Stock Exchange;
“AIM Rules”	The rules of AIM as set out in chapter 16 of the Rules of the London Stock Exchange;
“Board” or “Directors”	The directors of the Company;
“Company” or “Tertiary Minerals”	Tertiary Minerals plc, company number 3821411;
“Deed of Warrant Grant”	A deed the terms and conditions of which are set out in paragraph 6 of Part IV of this document;
“Ellis & Partners”	Ellis & Partners Limited;
“Fundraising”	The fundraising by way of a conditionally underwritten placing of the Underwritten Shares at the Issue Price described on pages 12 and 13 of this document;
“Group”	The Company and its subsidiary undertakings;
“Issue Price”	8p per Ordinary Share;
“London Stock Exchange”	London Stock Exchange Limited;
“Ordinary Shares”	Ordinary shares of 1p each in the capital of the Company;
“POS Regulations”	Public Offers of Securities Regulations 1995, as amended;
“Seymour Pierce”	Seymour Pierce Limited;
“SEK”	Swedish Kroner;
“Tertiary Gold”	Tertiary Gold Limited, company number 3098061, the subsidiary of the Company, and its branch in Sweden “Svensk filial till Tertiary Gold Limited, United Kingdom”, organisation number 516402-5727;
“Underwriters”	The underwriters of the Fundraising described in paragraph 10.4.1 of Part IV of this document;
“Underwritten Shares”	The 7,503,336 Ordinary Shares placed by the Company pursuant to the Fundraising;
“Warrants”	The warrants granted and to be granted, pursuant to the Deed of Warrant Grant.

MARKET STATISTICS

Number of Shares in issue on Admission	16,882,506
Market Capitalisation at Issue Price	£1,350,600
Warrants outstanding on Admission	14,855,004
Expected date of Admission	18 November 1999

EXCHANGE RATES

On 5 November 1999 £1 was worth approximately 13.6 Swedish Kroner.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Patrick Lyn Cheetham Michael Allan Price Donald Alexander Robert McAlister	Executive Chairman Non-Executive Director Non-Executive Director
	<i>All of:</i> Harrop Brow Shrigley Road Pott Shrigley Macclesfield Cheshire SK10 5SE	
Registered Office	Sovereign House Queen Street Manchester M2 5HR	
Company Secretary	Steven Leeming ACIS	
Nominated Adviser	Seymour Pierce Limited 29/30 Cornhill London EC3V 3NF	
Nominated Broker	Ellis & Partners Limited Talisman House 16 The Courtyard, East Park Crawley Sussex RH10 6AS	
Consultant Geologist	CSA Group Limited Units 6 & 7 Dundrum Business Park Windy Arbour Dublin 14 Ireland	
Solicitors	Fox Brooks Marshall Century House St Peter's Square Manchester M2 3DN	
Auditors and Reporting Accountants	Pannell Kerr Forster Sovereign House Queen Street Manchester M2 5HR	
Auditor Swedish Branch	Deloitte & Touche Box 10152 Arenavägen 55 12 126 Stockholm - Globen Sweden	
Registrars	IRG plc Bourne House 34 Beckenham Road Beckenham Kent BR3 4TU	
Financial Advisers	Loeb Aron & Company Ltd. Georgian House 63 Coleman Street London EC2R 5BB	
Bankers	National Westminster Bank plc 2 Spring Gardens Buxton Derbyshire SK17 6DG	

PART I

THE GROUP

Introduction and History

Tertiary Minerals is the holding company of Tertiary Gold, a mineral exploration company that has interests in six mineral exploration projects in Sweden, including projects already at the drilling stage, projects where drill targets may be developed and grass roots projects.

The Company was formed in August 1999 and became the holding company for Tertiary Gold in September 1999 when all of the shareholders of Tertiary Gold exchanged their shares in that company for shares in Tertiary Minerals. Following this share exchange, further details of which are given in paragraph 10.6 of Part IV of this document, the Company made a conditionally underwritten placing of Underwritten Shares and the proposed Warrants to raise £600,267 before expenses. Further details of the Fundraising and use of the proceeds are given on pages 12 and 13 of this document.

Tertiary Gold was formed in September 1995 and is named after the “Tertiary” geological time period.

Tertiary Gold has financed its activities prior to the Fundraising principally through two private equity seed capital fundraisings and has established its corporate office in Cheshire.

The initial seed capital raised by Tertiary Gold was applied to:

- the acquisition and evaluation of a portfolio of exploration prospects in Sweden;
- reconnaissance exploration in East and South West Greenland;
- data compilation and reconnaissance sampling on several of the Group’s Swedish exploration projects;
- a drilling programme on the Windfall zinc-silver project; and
- general administration of Tertiary Gold.

Tertiary Gold conducts operations in Sweden through a Swedish branch called “Svensk filial till Tertiary Gold Limited, United Kingdom”.

Strategy and Prospects

The Group’s objective is to become a successful mineral explorer and create capital growth through the discovery of economic mineral deposits. If successful the Directors intend to exploit those deposits for the benefit of shareholders and, at the appropriate time, to participate in mining operations. The Group has sought to reduce risk by restricting its exploration activities to countries that have the following characteristics:

- geologically prospective terrain;
- democratic or stable political system;
- economic stability;
- attractive mining codes; and
- attractive corporate tax rates.

Sweden was identified by the Group as meeting these criteria.

A systematic approach to project acquisition has been taken, resulting in a project portfolio having both advanced exploration projects that might generate early cash flow to add value and support the growth of the Group and projects that are under-explored and considered by the Directors to be highly prospective. The Windfall project has mineralization, which, with further exploration success, could form the basis for production of zinc and silver. This project is a priority target of the Group.

Other projects such as Boliden East, Lake Hill and Juniper Ridge are located adjacent to historic and existing gold mines and host combinations of structural and other features, including geochemical anomalies, which might indicate the existence of additional mineral deposits.

Grass roots projects are also represented in the portfolio.

The strategy of the Directors is to maintain this spread of grass roots to advanced exploration projects such that the Company has, as far as is possible, mature drill-stage projects at all times and thus continuing exposure to the opportunity for the discovery of commercial ore-bodies.

The Group's existing projects target a range of commodities including zinc, silver and gold.

The Group will consider entering into joint venture or farm-in agreements with other mineral companies on its projects where this would allow it to accelerate exploration and/or development of a project beyond the financial resources available to it, or in order to explore further its projects at minimal cost to the Group.

In the short term the Group plans to focus its activities in Sweden but will consider exploration activities elsewhere if suitable opportunities arise.

Introduction to Sweden

Sweden is one of the larger European countries with an area of approximately 450,000 km². Half of Sweden's land is forested and less than one-tenth is farmland.

Sweden's population is 8.8 million of which over half lives in the south of the country. The northern two thirds of Sweden is very sparsely populated.

Sweden is a constitutional monarchy with a parliamentary democracy. It has been a Member of the European Union since 1995. The current minority government is led by the Social Democratic Party.

Natural resources have always formed the foundation for Sweden's economic success. Infrastructure is well developed and financial and professional services are widely available. The currency is the Swedish Kroner (SEK).

Sweden's Mining History

Mining is a traditional industry in Sweden with a history extending back several hundred years. The copper mine at Falun was for hundreds of years the most important industrial site in the country producing, at times, up to two-thirds of Europe's copper requirements.

The following centuries saw deposits of base metals, silver and iron ore discovered and exploited. Notable early discoveries include the giant iron ore mines of Kiirunavaara and Luossavaara discovered during the 1730's and operated today by Luossavaara – Kiirunavaara AB.

In 1924 prospecting in the Skellefte district led to the discovery of the Boliden deposit and the foundation of Boliden Limited now listed in Toronto.

Historical restrictions on foreign participation in Sweden's mining industry has led to its domination by a small number of large domestic mining companies.

Mining has traditionally been concentrated in the Bergslagen region, north-west of Stockholm, and in the Skellefte and Kiruna districts in the north and far north of Sweden.

Sweden's Mineral Code

Until recently the State took a major role in the mining industry through State run exploration and the right to acquire a major stake in any new mining venture.

In 1991 however, following a change in Government and an application to join the European Union, Sweden adopted new policies to encourage foreign investment including cuts in the level of taxation, better business conditions and the privatisation of state industrial interests.

These new policies extended to the mining industry with the lifting of foreign investment restrictions and the abolition of State participation in mining projects. A new mining law was introduced to give effect to these new policies.

The attraction of post 1991 Sweden has been recognised by a number of major exploration companies that have developed a significant exploration presence in recent years.

Summary of Projects

The Group's projects are all located within or close to the established mining districts in Sweden, as shown in the plan opposite.

The Windfall Project

The Windfall project is an advanced base metal exploration project which the Directors consider has potential for the definition of an open-pittable zinc-silver deposit.

Previous exploration from the 1960's in Proterozoic acid volcanic and sediments has reportedly identified stratabound base metal mineralisation and resources have been reported of 150,000 tonnes grading 9.5 per cent zinc, 69 g/t silver, 0.2 per cent copper and 3.3 per cent lead in the Sörtärnan deposit and 210,000 tonnes grading 5.8 per cent zinc, 91 g/t silver, 0.8 per cent copper and 2.4 per cent lead in the nearby Vindfall deposit.

Drilling carried out by Tertiary Gold has confirmed the potential of the project with mineralisation intersected over a significant strike length and a best intersection of 7.7m at 10.9 per cent zinc, 4.3 per cent lead and 96 g/t silver. Mineralisation is shallow and open along strike and at depth.

A number of ore-boulder trains within the project area may point to further, as yet undefined base metal deposits.

The Rocky Bay Project

The Rocky Bay project is an early stage gold exploration project.

It covers a sequence of Archaean basic to intermediate volcanics containing outcrops of gold anomalous, apparently stratabound, arsenopyrite bearing horizons. Only limited reconnaissance sampling has been carried out to date but, with further prospecting, drilling of these targets could in due course be warranted.

The Boliden East Project

The Boliden East project has an area of 96 km² adjacent to the historic Boliden gold mine that has produced some 8 million tonnes of epithermal gold ore at a grade of 15.5g/t gold.

The project area, which is largely underlain by Proterozoic meta-sediments, may contain an extension of the fault hosting the Boliden deposit. Along this fault, a possible repeat of the

Tertiary Minerals plc
Location of Projects in Sweden Map
to go here

structural and stratigraphic setting of the Boliden deposit has been identified by the Company and this presents a drill target.

Elsewhere within the project area interpretation of regional exploration data collected by the State has identified additional exploration targets.

The Lake Hill Project

The Lake Hill project covers over 105 km² of ground located between the Åkerberg and Björkdal gold mines. A major target has been identified on a NE trending tectonic zone hosting the nearby Boliden and Björkdal gold mines where regional surface geochemical samples are anomalous in gold and other gold pathfinder elements.

The project area is underlain by sedimentary rocks intruded by granites and gabbro and covers some 7km strike length of the prospective tectonic zone. Additional targets have been defined by interpretation of regional geophysical and geochemical data.

The Grey Mountain Project

The Grey Mountain project is a porphyry copper deposit previously explored during the 1970's. Low grade copper mineralisation has been drilled over a strike length of at least 800m and geophysical anomalies coincident with the mineralisation occur over a strike length of 1.7 km and a width of 500m.

The Directors consider Grey Mountain has potential for gold mineralisation as gold is found elsewhere in the district in association with porphyry copper type mineralisation.

A recent geophysical survey has identified a possible new and as yet untested induced polarisation anomaly that may represent additional mineralisation.

The Juniper Ridge Project

The Juniper Ridge project covers some 255 km² surrounding the Enåsen gold mine in central Sweden which produced 1.7 million tonnes of gold ore grading 3g/t gold before closing in 1991. The project covers a sequence of metamorphosed volcanics and sediments of the Bothnian Basin which are considered by the Directors to be prospective for VMS base metal deposits, epithermal gold deposits similar to Enåsen and other types of gold deposits.

The project area is cut through by a 22 km long section of the major regional Storsjön-Edsbyn shear zone and its associated splay faults. This is currently a major target for the Company and limited previous exploration has identified a number of anomalies that will be the focus for further work.

Technical Review

The mineral assets of the Group have been reviewed by the Consultant Geologist, CSA Group Limited, a copy of whose review, which includes a glossary, is contained in Part III of this document.

Directors

Patrick Cheetham – Executive Chairman (aged 39)

Patrick Cheetham has a first class honours degree in Mining Geology from the Royal School of Mines, Imperial College, University of London. He is also a former winner of the Cominco (Europe) prize for mining geology. Patrick co-founded Archaean Gold N.L. in 1993 with his wife, Karen. At the 1995 “Diggers and Dealers” mining forum in Western Australia, Archaean Gold N.L. was awarded “Best Junior Explorer of the Year”, and in July 1996 it was the subject of a successful \$50 million takeover bid by Lachlan Resources NL. Prior to founding Archaean Gold, Patrick was, from 1986 to 1993 joint managing director of Dragon Mining NL, during which time he was responsible for the formation of that company, the identification of and acquisition of its

exploration projects, its listing on the Australian Stock Exchange and the subsequent development of its exploration projects. Patrick operated a private mineral exploration company, Sovereign Mining Limited, in the UK from 1983 to 1985 and prior to that worked for Western Mining Corporation in Western Australia, and for Imperial Metals Corporation in British Columbia, Canada.

Dr. Michael Price – Non-Executive Director (aged 43)

Michael Price holds a B.Sc. and PhD. in Mining Engineering from University College, Cardiff. He also holds a South African Mine Manager's Certificate of Competency and is a Chartered Mining Engineer. Michael is a director of N. M. Rothschild & Sons Limited where he has, since 1989, been responsible for their lending and trading activities with mining companies worldwide. He was appointed a director in 1994 and is head of Resource Banking and Metals Trading in London. Michael is also a director of N. M. Rothschild & Sons (Denver) Inc and N. M. Rothschild & Sons (Australia) Ltd. Prior to joining Rothschilds, Michael worked as a mining engineer with BP Coal and BP Minerals and gained mine management, technical and operating experience at mines in South Africa, Indonesia, Australia and the USA.

Donald McAlister – Non-Executive Director (aged 40)

Donald McAlister was previously finance director of Reunion Mining plc prior to its takeover by Anglo-American. He has fifteen years experience in all financial aspects of the resource industry, latterly with Reunion since 1990. He was appointed to the board of Reunion in 1994 having worked previously at Enterprise Oil plc, Texas Eastern N Sea Inc and Cluff Oil Holdings plc.

Donald's experience includes the economic evaluation of gold and base metal mines and the arranging of project finance for feasibility studies and mine developments. He has also been involved in the listing of Reunion Mining plc on the Luxembourg and London Stock Exchanges. He is familiar with all financial aspects of resource companies including metal hedging, tax planning and economic modelling. He is presently working as a consultant for a number of junior British mining companies.

In accordance with Rule 16.8(d) of the AIM Rules, each of the Directors has agreed not to dispose of any interest in Ordinary Shares held by him on the date of Admission within a period of twelve months following Admission, save in the event of an intervening court order, a takeover becoming or being declared unconditional, or the death of the Director.

Under the terms of an Underwriting Agreement between the Company and Mr R. B. Rowan described in paragraph 10.4 of Part IV of this document, the Directors of the Company shall, if so requested by Mr R. B. Rowan within 12 months of Admission, and in so far as they are able, procure the appointment to the Board of a non-executive director nominated by Mr R. B. Rowan provided that such nominee is approved by both the Board and the Company's nominated adviser and provided that the remuneration of such non-executive director does not exceed that of any other non-executive director of the Company.

Further details of the arrangements with the Board are set out in paragraph 3 of Part IV of this document.

Dividend Policy

It is the Directors' principal objective to achieve capital growth through an increase in the value of the Group's resource projects based on successful exploration.

The future payment of dividends is dependent on the successful development of mining operations on the Group's existing and future mineral projects. The dividend policy will be reviewed annually by the Directors but at this stage it is not envisaged that a dividend will be paid in the foreseeable future.

Reasons for Admission

The Company will apply for the Ordinary Shares to be admitted to trading on AIM. Without a market for trading in the Company's shares the opportunities for raising further exploration funds would be limited. Whilst the Company has no current plans for raising fresh capital it is likely that the Company will need to raise additional capital in the future. The Directors believe that there will be a recovery in the junior exploration sector. Admission to AIM will position the Company to take advantage of any such recovery and of any future exploration success.

The Directors also believe that admission to AIM may encourage the exercise of the Warrants that will be outstanding following Admission and thus provide additional working capital for the Group. It also may provide a mechanism for shareholders to realise value and trade their shares if they so wish.

CREST

CREST is a paperless settlement procedure enabling securities to be evidenced other than by certificate and transferred other than by written instrument. The Directors have applied for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in Ordinary Shares following Admission may take place within the CREST system if the relevant shareholder so wishes. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

Corporate Governance

The Directors acknowledge the importance of the guidelines set out in the Principles of Good Corporate Governance and Code of Best Practice ("Combined Code"). They therefore intend to comply with the Combined Code so far as is appropriate having regard to the size and nature of the Group.

An Audit Committee has been established consisting of non-executive directors. It will be responsible both for ensuring that the financial information of the Group is properly reported upon and monitored and for meeting the auditors and reviewing their reports relating to the interim and annual accounts and to the internal control systems.

A Remuneration Committee has been established consisting of non-executive directors. It will review the performance of executive directors and recommend the scale and structure of their remuneration and review the basis of their service agreements with due regard to the interests of shareholders. No director will participate in decisions regarding his own remuneration.

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

Fundraising

In September 1999 the Company made a conditionally underwritten private offer of 7,503,336 Underwritten Shares to raise £600,266.88 before expenses. Each Underwritten Share was offered with one nil paid Warrant entitling the holder to subscribe for one new Ordinary Share exercisable as described in paragraph 6.2.1 of Part IV of this document.

The Fundraising was underwritten by the Underwriters conditional on the Company's Ordinary Shares being admitted to trading on AIM by 31 December 1999 or such later date as the Underwriters unanimously agree. In consideration of the Underwriters agreeing to underwrite the Fundraising each Underwriter will on Admission be issued with one nil paid Warrant for each two Underwritten Shares that he has underwritten exercisable as described in paragraph 6.2.2 of Part IV of this document. Further details of the Underwriters and the underwriting agreements are given in paragraph 10.4 of Part IV of this document.

On 7 October 1999, following the close of the Fundraising, 751,336 Underwritten Shares and associated nil paid Warrants were issued raising £60,106.88 for the Company. Pursuant to the underwriting agreements the Company has since received from the Underwriters applications for 6,752,000 Underwritten Shares and associated Warrants together with application monies of £540,160. These Underwritten Shares and Warrants will be issued and granted on Admission.

A part of the Fundraising has been arranged by Loeb Aron & Company Ltd. for which Loeb Aron will be paid fees and issued with 600,000 nil paid Warrants exercisable as described in paragraphs 6.2.3 and 10.1 of Part IV of this document.

The funds raised by the Fundraising (after payment of expenses) will be used by the Company to meet the costs of listing on AIM and to provide working capital for the Group to further the exploration of its current and future mineral exploration projects as described above and as detailed in the Consultant Geologist's Report comprising Part III of this document.

Ordinary Shares and Warrants

At the date of this document there are 10,130,506 Ordinary Shares in issue and Warrants have been granted with rights to subscribe for 2,751,336 new Ordinary Shares as detailed in paragraphs 2.2.5 and 6 of Part IV of this document.

Upon Admission a further 6,752,000 Ordinary Shares will be issued to the Underwriters, and further Warrants will be granted to various parties with rights to subscribe for an additional 12,103,668 new Ordinary Shares as detailed in paragraphs 2.2.6 and 6 of Part IV of this document.

Upon Admission the issued capital will increase to 16,882,506 Ordinary Shares and Warrants will have been granted to subscribe for a total of 14,855,004 new Ordinary Shares representing 46.81 per cent of the issued capital on a fully diluted basis. If all of these warrants were to be exercised a further minimum amount of £1,470,467 would be raised for the Company.

Risk Factors

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

- The Group's activities are directed towards the search, evaluation and development of mineral deposits. Exploration for and development of mineral deposits is speculative. Whilst the rewards can be substantial, there is no guarantee that exploration on the Group's properties will lead to the discovery of commercially extractable mineral deposits.
- The Group has no mineral reserves and its existing and future net asset value is therefore, inter alia, dependent on the success or otherwise of the Group's future exploration programmes.
- Whether an ore deposit will be commercially viable in a mining operation depends on a number of factors, such as the size, grade and metallurgy of the particular ore-body, prices of the commodities being exploited, currency fluctuations, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, import and export regulations and environmental protection. The effect of these factors cannot always be accurately predicted, but any combination of these factors could make a deposit uneconomic.
- Environmental legislation may change in a manner that may require stricter standards and a heightened degree of responsibility for companies and their directors and employees. There may also be unforeseen environmental liabilities resulting from exploration and mining activities and these problems/liabilities may be costly to remedy.

- The Group, as a participant in exploration activities, may become subject to liability for hazards that cannot be insured against or against which it may elect not to be insured because of high premium costs or other reasons. The Group may incur liabilities to third parties (in excess of any insurance cover) arising from pollution or other damage or injury.
- The Company has a small management team and the loss of a key individual could affect the Company's business. Whilst the Company has entered into a service agreement with Patrick Cheetham and he is a substantial shareholder in the Company, the retention of his services cannot be guaranteed.
- Whilst the Directors have no current plans for raising further capital, and are satisfied that the working capital available to the Company will, from Admission, be sufficient for its present requirements, that is for at least the next twelve months, it is likely that the Company will need to raise extra capital in the future to exploit fully its interests in the Group's projects.
- There can be no assurance that changes to the legal or regulatory framework within which the Group operates may not have an adverse effect on the Group's business.

The Ordinary Shares will not be listed on the Official List of the London Stock Exchange and although the Ordinary Shares are to be traded on AIM, this should not be taken as implying that there will be a "liquid" market in the Ordinary Shares or that the market price of the Ordinary Shares will reflect the underlying value of the Company's net assets. **Investment in mineral exploration companies is speculative.**

Additional Information

Your attention is drawn to the additional information in Parts II, III and IV of this document.

PART II

ACCOUNTANT'S REPORT



Pannell Kerr Forster

Sovereign House Queen Street Manchester M2 5HR

The Directors
Tertiary Minerals plc
Sovereign House
Queen Street
Manchester M2 5HR

The Directors
Seymour Pierce Limited
29-30 Cornhill
London EC3V 3NF

11 November 1999

Dear Sirs

We report on the financial information set out below relating to Tertiary Gold Limited ("Tertiary Gold"). This information has been prepared for inclusion in the Admission Document dated 11 November 1999 of Tertiary Minerals plc ("Tertiary").

Basis of Preparation

Tertiary was incorporated on 3 August 1999 as a public company with an authorised share capital of £1,500,000 divided into 150,000,000 ordinary shares of £0.01 each. As at 8 September 1999 the issued share capital of Tertiary was 9,379,170 ordinary shares of £0.01 each and the consideration for the issue of shares was a share for share exchange with the shareholders of Tertiary Gold on that date. The share for share exchange was 1 ordinary share of £0.01 in Tertiary for 1 ordinary share of £0.01 in Tertiary Gold. During October 1999, Tertiary has completed a conditionally underwritten placement of 7,503,336 new ordinary shares of £0.01 each at £0.08 per share to raise £600,267 before expenses. Save for these transactions, Tertiary has not traded, has made up no financial statements and no dividends have been declared or paid, and consequently our accountant's report is based solely on the results of the main subsidiary, Tertiary Gold.

The financial information set out in this report is based upon the audited financial statements of Tertiary Gold from 4 September 1995 to 30 September 1999, after making such adjustments, which we considered necessary.

Responsibility

The audited financial statements of Tertiary Gold are the responsibility of the directors of Tertiary Gold, who have approved their issue.

The directors of Tertiary are responsible for the contents of the Admission Document dated 11 November 1999, in which this report is included.

Pannell Kerr Forster is registered to carry on audit work and authorised to carry on investment business by the Institute of Chartered Accountants in England and Wales. The Pannell Kerr Forster International Association is an association of legally independent firms.

It is our responsibility to compile the financial information set out in our report from the audited 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. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that previously obtained by us, relating to the audit of the financial statements of each of the group companies underlying the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information, and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion, the financial information gives, for the purposes of an Admission Document dated 11 November 1999, a true and fair view of the state of affairs of Tertiary Gold at 31 December 1996 and 1997 and 30 September 1998 and 1999 and of its losses and recognised gains and losses for the periods then ended.

Consent

We consent to the inclusion in the Admission Document dated 11 November 1999 of this report and accept responsibility for this report for the purposes of paragraph 45(1)(b)(iii) of Schedule 1 to the Public Offers of Securities Regulations 1995.

ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial information set out in this report are as follows:

Basis of Preparation

The financial information has been prepared in accordance with applicable Accounting Standards and under the historical cost accounting rules.

Intangible fixed assets – Exploration and development

Accumulated costs incurred in relation to separate areas of interest (which may comprise more than one exploration license or exploration licence applications) are capitalised and carried forward where:

- a) such costs are expected to be recouped through successful development and exploitation of the area, or alternatively by its sale; or
- b) exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to the areas are continuing.

Accumulated costs in respect of areas of interest, which have been abandoned, are written off to the profit and loss account in the year in which the area is abandoned.

Costs in respect of reconnaissance exploration (where the company has no licences, or licence applications) are written off to the profit and loss account in the year in which the reconnaissance exploration took place.

Exploration and development costs are carried at the lower of cost and expected net realisable value.

Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

PROFIT AND LOSS ACCOUNT

	<i>Notes</i>	<i>16 months ended 31 December 1996 Audited £'000</i>	<i>Year ended 31 December 1997 Audited £'000</i>	<i>9 months ended 30 September 1998 Audited £'000</i>	<i>Year ended ended 30 September 1999 Audited £'000</i>
Turnover		–	–	–	–
Cost of sales		–	–	–	–
Gross loss		–	–	–	–
Administration expenses		(15)	(36)	(41)	(22)
Other operating income		–	–	6	–
Operating loss	a	(15)	(36)	(35)	(22)
Loss on disposal of intangible fixed asset	c	–	–	(109)	(82)
Amounts written off investments	h	–	–	(1)	–
Interest received	d	4	3	–	–
Loss before tax		(11)	(33)	(145)	(104)
Taxation	e	–	–	–	–
Retained loss for the period		<u>(11)</u>	<u>(33)</u>	<u>(145)</u>	<u>(104)</u>

All amounts relate to continuing operations.

There are no recognised gains or losses in any year other than those disclosed in the profit and loss account.

BALANCE SHEET

	<i>Notes</i>	<i>16 months ended 31 December 1996 Audited £'000</i>	<i>Year ended 31 December 1997 Audited £'000</i>	<i>9 months ended 30 September 1998 Audited £'000</i>	<i>Year ended ended 30 September 1999 Audited £'000</i>
Intangible fixed assets	f	<u>145</u>	<u>396</u>	<u>306</u>	<u>214</u>
Current assets					
Debtors	g	–	23	6	2
Investments	h	–	9	–	–
Cash at bank and in hand		<u>81</u>	<u>58</u>	<u>20</u>	<u>18</u>
		81	90	26	20
Creditors: amounts falling due within one year	i	<u>(57)</u>	<u>(12)</u>	<u>(3)</u>	<u>(9)</u>
Net current assets		<u>24</u>	<u>78</u>	<u>23</u>	<u>11</u>
Total assets less current liabilities		<u><u>169</u></u>	<u><u>474</u></u>	<u><u>329</u></u>	<u><u>225</u></u>
Capital and reserves					
Called up share capital	j	60	94	94	94
Share premium account	k	120	424	424	424
Profit and loss account	l	<u>(11)</u>	<u>(44)</u>	<u>(189)</u>	<u>(293)</u>
Shareholders' funds		<u><u>169</u></u>	<u><u>474</u></u>	<u><u>329</u></u>	<u><u>225</u></u>

Notes

(a) Operating loss

Operating loss is stated after charging:

	<i>16 months ended 31 December 1996 Audited £'000</i>	<i>Year ended 31 December 1997 Audited £'000</i>	<i>9 months ended 30 September 1998 Audited £'000</i>	<i>Year ended ended 30 September 1999 Audited £'000</i>
Audit fees	–	1	1	2
Exchange losses/(gains)	<u>5</u>	<u>(1)</u>	<u>6</u>	<u>1</u>

No directors received any emoluments in the periods under review

(b) Staff numbers and cost

The average number of persons employed by Tertiary Gold (including directors) and analysed by category was:

	<i>16 months ended 31 December 1996 Audited</i>	<i>Year ended 31 December 1997 Audited</i>	<i>9 months ended 30 September 1998 Audited</i>	<i>Year ended ended 30 September 1999 Audited</i>
Management	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

No staff costs or directors' remuneration were incurred in the periods under review

(c) Loss on disposal of intangible fixed assets

The loss on disposal of intangible fixed assets relates to the surrender of exploration licenses and the writing off of accumulated costs on these sites.

(d) Interest received

	<i>16 months ended 31 December 1996 Audited £'000</i>	<i>Year ended 31 December 1997 Audited £'000</i>	<i>9 months ended 30 September 1998 Audited £'000</i>	<i>Year ended ended 30 September 1999 Audited £'000</i>
Other interest receivable	<u>4</u>	<u>3</u>	<u>–</u>	<u>–</u>

(e) Taxation

	<i>16 months ended 31 December 1996 Audited £'000</i>	<i>Year ended 31 December 1997 Audited £'000</i>	<i>9 months ended 30 September 1998 Audited £'000</i>	<i>Year ended ended 30 September 1999 Audited £'000</i>
UK corporation tax at 21% (1997, 1998 and 1999) or 24% (1996)	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

(f) Intangible fixed assets

	<i>Exploration and development expenditure £'000</i>
Cost	
At 4 September 1995	–
Additions	145
Amounts written off in period	–
At 31 December 1996	145
Additions	251
Amounts written off in period	–
At 31 December 1997	396
Additions	19
Amounts written off in period	(109)
At 30 September 1998	306
Additions	2
Adjustment to opening balance	(17)
Amounts written off in period	(77)
At 30 September 1999	214
Net book value	
At 31 December 1996	145
At 31 December 1997	396
At 30 September 1998	306
At 30 September 1999	214

The adjustment to opening balances in the year ended 30 September 1999 relates to the credit for license fees already paid on part of the licenses at Juniper Ridge, which were released during the year.

(g) Debtors

	<i>16 months ended 31 December 1996 Audited £'000</i>	<i>Year ended 31 December 1997 Audited £'000</i>	<i>9 months ended 30 September 1998 Audited £'000</i>	<i>Year ended ended 30 September 1999 Audited £'000</i>
Trade debtors	–	2	2	2
Other debtors	–	–	1	–
Prepayments	–	21	3	–
	–	23	6	2

(h) Investments

<i>16 months ended 31 December 1996 Audited £'000</i>	<i>Year ended 31 December 1997 Audited £'000</i>	<i>9 months ended 30 September 1998 Audited £'000</i>	<i>Year ended ended 30 September 1999 Audited £'000</i>
–	9	–	–

On 7 January 1997, the company acquired the whole of the issued share capital of Tertiary Gold (Sweden) AB, a company incorporated in Sweden. Tertiary Gold (Sweden) AB was put into liquidation in the period ended 30 September 1998 and the amounts not recovered were written off to the profit and loss account in that year.

(i) Creditors : Amounts falling due within one year

	<i>16 months ended 31 December 1996 Audited £'000</i>	<i>Year ended 31 December 1997 Audited £'000</i>	<i>9 months ended 30 September 1998 Audited £'000</i>	<i>Year ended ended 30 September 1999 Audited £'000</i>
Trade creditors	–	10	–	1
Other creditors	2	–	–	–
Accruals	55	2	3	8
	<u>57</u>	<u>12</u>	<u>3</u>	<u>9</u>

(j) Share Capital

	<i>16 months ended 31 December 1996 Audited £'000</i>	<i>Year ended 31 December 1997 Audited £'000</i>	<i>9 months ended 30 September 1998 Audited £'000</i>	<i>Year ended ended 30 September 1999 Audited £'000</i>
Authorised				
150,000,000 Ordinary shares of £0.01 each	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>
Allotted, called up and fully paid				
Ordinary shares of £0.01 each	<u>60</u>	<u>94</u>	<u>94</u>	<u>94</u>

The company was incorporated with an authorised share capital of 1,000 £1 ordinary shares. On 3 February 1996, an ordinary resolution was passed increasing the authorised share capital to 1,500,000 £1 ordinary shares. On 26 February 1996, an ordinary resolution was passed to sub-divide each £1 ordinary share into 100 ordinary shares of £0.01.

On 3 February 1996, following the increase in the authorised share capital, the issued share capital was increased from £2 to £30,000 by the issue of 29,998 £1 ordinary shares. On 26 February 1996, the company raised £150,000 by the issue of 3,000,000 £0.01 ordinary shares at a premium of £0.04.

During the year ended 31 December 1997, a further 2,703,334 ordinary shares were issued as a result of a rights issue to existing shareholders at £0.10 per share. A further 675,836 shares not taken up from the rights issue were privately issued at £0.10 per share.

(k) Share premium

	<i>16 months ended 31 December 1996 Audited £'000</i>	<i>Year ended 31 December 1997 Audited £'000</i>	<i>9 months ended 30 September 1998 Audited £'000</i>	<i>Year ended ended 30 September 1999 Audited £'000</i>
Share premium account	120	424	424	424

(l) Retained Profits

	<i>16 months ended 31 December 1996 Audited £'000</i>	<i>Year ended 31 December 1997 Audited £'000</i>	<i>9 months ended 30 September 1998 Audited £'000</i>	<i>Year ended ended 30 September 1999 Audited £'000</i>
Balance brought forward	–	(11)	(44)	(189)
Retained loss for the period	(11)	(33)	(145)	(104)
	<u>(11)</u>	<u>(44)</u>	<u>(189)</u>	<u>(293)</u>

(m) Reconciliation of Movement in Shareholders' Funds

	<i>16 months ended 31 December 1996 Audited £'000</i>	<i>Year ended 31 December 1997 Audited £'000</i>	<i>9 months ended 30 September 1998 Audited £'000</i>	<i>Year ended ended 30 September 1999 Audited £'000</i>
Loss for the period	(11)	(33)	(145)	(104)
New share capital issued	180	338	–	–
Opening shareholder funds	–	169	474	329
	<u>169</u>	<u>474</u>	<u>329</u>	<u>225</u>

(n) Contingent liabilities

At 30 September 1998, the company had a contingent liability of £9,000 in relation to the surrender of its Special Exploration License in East Greenland.

(o) Controlling Party

Tertiary Gold is controlled by Tertiary Minerals plc.

(p) Subsequent Events

On 8 September 1999, the entire issued share capital of Tertiary Gold was acquired by Tertiary Minerals plc by way of a share for share exchange. The share for share exchange was one Ordinary Share of £0.01 in Tertiary Minerals plc for one Ordinary Share of £0.01 in Tertiary Gold.

Yours faithfully

PANNELL KERR FORSTER
Chartered Accountants

PART III
CONSULTANT GEOLOGIST'S REPORT

CSA Report No. 069.99.2291

11 November 1999

Tertiary Minerals plc

**Review of Exploration Projects
in Sweden**

**Dr. W.A. Sheppard
November 1999**

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The Directors
Tertiary Minerals plc
Harrop Brow Farm
Shrigley Road
Pott Shrigley
Nr. Macclesfield
Cheshire SK10 5SE
United Kingdom

11 November 1999

Dear Sirs,

Tertiary Minerals plc ('Tertiary Minerals'), a company incorporated in the United Kingdom, has secured exploration projects in Sweden through its wholly owned subsidiary Tertiary Gold Limited ('Tertiary Gold'). The CSA Group ('CSA') has been instructed by Tertiary Minerals to complete an Independent Expert Report ('The Report') on these projects. The Report is to be included in an admission document to be issued in connection with an application ('The Application') for admission of the Ordinary Shares of Tertiary Minerals to trading on the Alternative Investment Market ('AIM') of the London Stock Exchange. All of the Swedish projects of Tertiary Minerals consist of one or more exploration permits held by Tertiary Gold the operating company of Tertiary Minerals. Tertiary Minerals is the holding company of Tertiary Gold.

1.1 The CSA Study

The Report has been prepared by Dr. W.A. (Bill) Sheppard PGeo, MAusIMM., MIMM., on the basis of technical data acquired during field study and periods of data review in the UK, Ireland and Sweden. All project areas within the Tertiary Gold portfolio in Sweden were visited. The aim of The Report is to provide investors with a comprehensive account of the Tertiary Gold projects.

The Report is prepared with reference to international codes and guidelines, including 'Codes and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports' (the Valmin Code) which is applicable to Expert Reports in Australia.

Dr. Bill Sheppard has 20 years experience in the mineral exploration and economic geology fields and has completed or played a major role in a number of Independent Expert Reports for Listings on the London, Vancouver, Australian and Luxembourg Stock Exchanges. Before joining CSA in 1993, he was employed by Rio Tinto Zinc ('RTZ'), Conzinc Rio Australia ('CRA') and Mount Isa Mines ('MIM') to undertake exploration in Europe and Australia. Within CSA he has the role of Head of the Corporate Sub-division. Bill Sheppard has been Independent Expert for Tertiary Gold since September 1997 and during this time has been kept informed of the company's activity.

Pursuant to its engagement, CSA has relied upon and assumed the accuracy and fair representation of all technical information provided by Tertiary Gold, including geological notes and drillhole logs, analytical data, tabulated results and calculated variables. Subject to the exercise of professional judgement and except as expressly described herein, CSA has not verified the original data sets provided. Opinions in relation to exploration expenditure are based on the technical assessment of all projects by CSA and on CSA's experience in the minerals industry.

In the course of this review by CSA, Patrick Cheetham of Tertiary Gold gave of his time and opinions freely when requested. At no time did CSA become aware of either the withholding of information

or of the changing of records to influence the conclusions of its study. CSA is satisfied that sufficient data was acquired to enable a reliable assessment of the Tertiary Gold projects to be made.

CSA has not undertaken legal verification of permit documents and agreements related to the Tertiary Gold projects. Discussion of permit tenure and joint venture agreements is included in The Report solely for background information. CSA take no responsibility for any untruth within this report in relation to permit tenure or joint venture agreements. The inclusion of any such untruth is unintentional.

The views of CSA as presented in The Report will change with time in the light of new information obtained and changes in factors such as commodity prices and market conditions. CSA stresses that, while the exploration programme proposed in this report is justified, there is no guarantee of exploration success. It is also acknowledged that the exploration programme proposed by Tertiary Gold may change if priorities are adjusted in the light of results or information obtained in the future.

A draft copy of this report was forwarded to Tertiary Gold on 27 October 1999 to enable it to validate data and statements made and to advise CSA of any erroneous statements of fact which may fall within Tertiary Gold's knowledge. Tertiary Gold did not report a requirement for any material change.

1.2 Independence of CSA

CSA is an international geological consultancy group based in Dublin, Ireland with additional offices in Paris, France, in Perth, Western Australia and in Dar es Salaam, Tanzania. Using these offices as a base, CSA employs over 40 in-house scientists in the geological and engineering fields.

The Report is signed on behalf of the CSA Group of Unit 6 and 7, Dundrum Business Park, Windy Arbour, Dublin 14, Ireland by Managing Director, Viv Byrne. Viv Byrne is a Member of IAEG and of the Irish Mining and Exploration Group, IMEG. He has over 35 years experience in the exploration industry, primarily with RTZ. He was European Administration Manager for Rio Tinto Finance and Exploration Plc from 1983 to 1991. Since joining CSA in 1991, he has played a major role in management and has been Managing Director of CSA since 1998. His activities include liaison with national and international funding agencies. He is director of the public company of the Rockall Studies Group.

CSA will be paid a pre-arranged fee for the completion of The Report. Neither the quantum of this fee, nor whether or not CSA is engaged by Tertiary Gold or Tertiary Minerals to undertake exploration activities in the future, is dependent on the success of the Application. Neither Dr. W.A. Sheppard nor any other employees of CSA involved in the preparation of The Report hold shares in Tertiary Gold or Tertiary Minerals or any of their associates or have any other beneficial interest in the exploration projects of Tertiary Minerals. CSA understands that there will be no use of The Report or part thereof other than for the purposes here stated without the written permission of CSA.

The review of the Tertiary Gold projects in Sweden was based on a field visit and on data review. Dr. W.A. Sheppard of CSA undertook a field review of the Swedish projects of Tertiary Gold in September/October 1997. The study consisted of a two-day period of data review in Dublin, Ireland and in the Tertiary Gold office near Manchester, UK, prior to field study. Further data was reviewed in the UK in December 1997 and in Dublin in September 1999. The field review included a visit to all of the Tertiary Gold permit areas in the company of Karen and Patrick Cheetham of Tertiary Gold, during the period 27 September 1997 to 4 October 1997. The principal targets within each project area were examined and a number of mineral deposits were visited. Relevant drill core was examined at the Swedish Geological Survey ('SGU') office in Malå, northern Sweden. Only limited exploration has been undertaken by Tertiary Gold in Sweden since the CSA visit. The permit situation presented within The Report is as stated by Tertiary Gold on 27 October 1999.

Yours faithfully

Viv Byrne
Managing Director

CONTENTS

- 1. Tertiary Minerals Plc**
- 2. The Tertiary Gold Projects**
 - 2.1 *Geology Of Sweden*
 - 2.1.1 Basement Lithologies
 - 2.1.2 Caledonian Lithologies
 - 2.2 *Exploration in Sweden*
 - 2.3 *Windfall Project*
 - 2.3.1 Title Situation
 - 2.3.2 Geology
 - 2.3.3 Exploration History
 - 2.3.4 Exploration by Tertiary Gold
 - 2.3.5 Proposed Exploration Programme
 - 2.4 *Rocky Bay Project*
 - 2.4.1 Title Situation
 - 2.4.2 Geology
 - 2.4.3 Exploration History
 - 2.4.4 Exploration by Tertiary Gold
 - 2.4.5 Proposed Exploration Programme
 - 2.5 *Boliden East Project*
 - 2.5.1 Title Situation
 - 2.5.2 Geology
 - 2.5.3 Exploration History
 - 2.5.4 Exploration by Tertiary Gold
 - 2.5.5 Proposed Exploration Programme
 - 2.6 *Lake Hill Project*
 - 2.6.1 Title Situation
 - 2.6.2 Geology
 - 2.6.3 Exploration History
 - 2.6.4 Exploration by Tertiary Gold
 - 2.6.5 Proposed Exploration Programme
 - 2.7 *Grey Mountain Project*
 - 2.7.1 Title Situation
 - 2.7.2 Geology
 - 2.7.3 Exploration History
 - 2.7.4 Proposed Exploration Programme
 - 2.8 *Juniper Ridge Project*
 - 2.8.1 Title Situation
 - 2.8.2 Geology
 - 2.8.3 Exploration History
 - 2.8.4 Exploration by Tertiary Gold
 - 2.8.5 Proposed Exploration Programme
- 3. Conclusions**

FIGURES

- Figure 1 Bedrock Geology of the Windfall Project Area
Figure 2 Plan Showing Drillhole Locations at the Windfall and Sörtärnan Prospects
Figure 3 Bedrock Geology of the Boliden East and Lake Hill Project Areas
Figure 4 Bedrock Geology of the Juniper Ridge Project Area

Glossary

REVIEW OF EXPLORATION PROJECTS IN SWEDEN

1. Tertiary Minerals Plc

Tertiary Minerals plc ('Tertiary Minerals'), through its wholly owned subsidiary Tertiary Gold Limited ('Tertiary Gold'), has by timely exploration permit application, acquired a number of exploration projects within prospective areas of Sweden. Each project consists of one or more exploration permits. Full use of available open-file data and the exploration experience of Director Patrick Cheetham have been the cornerstone of Tertiary Gold's target selection.

Tertiary Gold intends to recruit geologists to join its exploration team on a full time or part time basis as required. Within Sweden, it is the intention of Tertiary Gold to maximize the use of Swedish personnel and explorationists with previous experience in the Tertiary Gold project areas.

2. The Tertiary Gold Projects

2.1 *Geology Of Sweden*

In Sweden, the fundamental geological division is between Basement lithologies of Archaean and Proterozoic age in the east and Caledonian sequences in the west. The terrain is dominated by glacial deposits rather than by glacial erosion features. Thus, glacial deposits have a major influence on exploration strategy. Till cover is typically 3m to 8m thick in the south, but less than 5m in the north.

2.1.1 Basement Lithologies

Archaean lithologies are restricted to the Karelian Province in the north of Sweden. These include gneisses, migmatites, diorite, granodiorite and granite.

The early Proterozoic Svecofennian Province hosts all of the Tertiary Gold project areas. It lies south of the Karelian Province and extends southwards to over 100km south of Stockholm. This Province is dominated by granitoid lithologies from a number of periods, dated at between 1,900Ma and 1,600Ma. Gabbro intrusions are locally prominent. The Province incorporates the volcano-sedimentary sequences of the Skellefte Mining District in the north and the Bergslagen Mining District in the south both of which have had a long history of mining. The metasedimentary lithologies of the Bothnian Basin dominate the central area and contain the former Enåsen Gold Mine. This Province has had a complex deformation and metamorphic history. The geological terrains of southern Sweden include granitic and gneissic terrains of 1,760Ma and 1,000Ma of age respectively.

2.1.2 Caledonian Lithologies

The Caledonian sequences of western Sweden include sedimentary and volcano-sedimentary sequences within large-scale nappe structures. These sequences are of Lower Palaeozoic age and have been overthrust onto the Basement from the west. They contain a number of VMS deposits and the large sandstone-hosted Laisvall lead deposit.

2.2 *Exploration in Sweden*

Exploration Logistics

Infrastructure is well developed in Sweden with modern communication technology, power and a good road network throughout the country. Financial and legal services, and personnel ranging from field technicians to professional staff are available for employment or contract in all areas. Access to the Tertiary Gold permit areas is by sealed road and well maintained gravel tracks.

Much of Sweden is snow covered in the winter, restricting mapping activities. However, once winter is well established, lakes and swampy areas become frozen, facilitating personnel movement by skidoo and the movement of heavy equipment.

Terrain and Vegetation

Much of Sweden has a subdued topography, consisting of an undulating hummocky landscape with extensive till cover. Outcrop is typically poor. The terrain of a target area plays a major role in exploration strategy. The key geochemical exploration techniques used are surface till sampling and deep overburden sampling.

Some 50 per cent of Sweden is forested while less than 10 per cent is farmland. The forests are mostly under private ownership. Where the movement of drill rigs and grid preparation for prolonged exploration activity necessitates the cutting and felling of trees compensation is paid to the forestry owner for damage caused.

Exploration Databases

A wide range of data is available from the open-file system of the Swedish Geological Survey ('SGU'). All data has been entered into a GIS database and can be acquired by exploration companies. The data available includes a range of regional geochemical and geophysical data and geological maps. An extensive drill core archive is available for study at the SGU office in Malå in northern Sweden.

Permit Tenure

Permits are granted for an initial three-year period at a fee SEK15/ha and can be renewed at an annual fee of SEK21/ha for additional periods to a total tenure of 10 years. There is no standard exploration expenditure commitment, application and renewal is subject to assessment of proposed exploration programmes.

2.3 Windfall Project

The Windfall Zinc-Silver Project is on the edge of the Bergslagen Mining District, 50km northeast of Boliden's Garpenberg base metal mine and 15km from the coastal town and administrative centre of Gävle (Fig. 1).

2.3.1 Title Situation

Tertiary Gold was granted two exploration permits, Vindfall Nr.1 and Sörtärnan Nr. 1, on 28 January 1997 and 5 May 1997 respectively. Three additional permits, Vindfall Nr.2, Vindfall Nr.3 and Vindfall Nr.4 were granted to Tertiary Gold on 31 August 1998. The granted area totals 103km² and includes the Vindfall and Sörtärnan deposits.

G. & K. Eriksson has a 25 per cent free carried interest in the Sörtärnan Nr. 1 permit. Tertiary Gold has an option to purchase this interest at any time for a consideration of SEK600,000 in cash or shares of equivalent value.

2.3.2 Geology

The project area is underlain by Proterozoic metavolcanics, metasediments and granite. Upper Proterozoic sediments lie to the north while post-tectonic granitoids dominate the area to the south (Fig.1). The principal direction of ice movement was from the north-northeast. Till cover is up to 8m and there is little or no outcrop.

The Vindfall and Sörtärnan deposits are similar in style to those at Garpenberg and probably of stratabound volcanic-associated, limestone-replacement type. The Sörtärnan deposit lies some 1.4km north-northeast of the Vindfall deposit. Both deposits, and also an unexplored mineralised boulder train in the south, lie close to the western margin of a medium-grained granite. Within the granted permits, this granite contact extends for a total strike length of at least 9km. The host rocks include intercalations of schist, metaquartzite, marble, calc-silicate, amphibolite and dolerite dykes. In both areas, the hangingwall of the mineralised zone is composed of felsic volcanics with local pegmatitic and mafic dykes.

The galena and sphalerite within the Windfall area are fine-grained. In particular, the sphalerite is very fine-grained and appears to replace the matrix of the calc-silicate. The sphalerite is pale coloured. At Sörtärnan, these sulphides are coarser grained and the sphalerite is darker. The mineralised intersections drilled by Boliden were reportedly up to 20m thick and alternated with barren or weakly mineralised host rock. The mineralisation ranged from copper-rich, as in the centre of the Windfall area, to zinc-rich. Magnetite and accessory native silver are also present.

2.3.3 Exploration History

It is understood by Tertiary Gold that Boliden may have spent in the order of £1million, in today's terms, on exploration in the Windfall area. Most of this expenditure was within the Vindfall Nr. 1 and Sörtärnan Nr. 1 permits. Exploration of the Windfall area was abruptly terminated by Boliden in the early 1980's following a decision to close its Garpenberg exploration office in southern Sweden.

Boliden discovered the Vindfall deposit in the 1960's by tracing a 2km long boulder train. Subsequently, geochemical sampling and geophysical targeting led to the discovery by drilling of the Sörtärnan deposit. The mineralisation, in particular the zinc-rich mineralisation, has in the past proved difficult to detect geophysically. However, *mise à la masse* studies provided some useful data on the geometry of the copper-lead mineralised zone at Windfall.

Approximately 70 diamond drill holes were drilled by Boliden to test the Windfall and Sörtärnan targets (Fig.2). Numerous mineralised lenses were intersected. Resources of 210,000t at 5.8 per cent Zn, 91g/t Ag, 0.8 per cent Cu and 2.4 per cent Pb for the Vindfall deposit and 150,000t at 9.5 per cent Zn, 69g/t Ag, 0.2 per cent Cu and 3.3 per cent Pb for the Sörtärnan deposit were reported in a Government publication. Negotiation regarding the acquisition of data from previous exploration by Boliden was not successful. Thus, published resource estimates cannot be verified.

In 1999, results of a Government funded regional airborne geophysical survey were released on open file.

2.3.4 Exploration by Tertiary Gold

Work by Tertiary Gold has included data acquisition, compilation and review and drilling (Fig.2). At Windfall, one diamond drillhole (308m) and 10 reverse circulation drillholes (991m) were completed. A total of five diamond drillholes (366m) were completed at Sörtärnan. These holes tested the Vindfall deposit over a strike extent of some 450m and tested a strike length of 100m at Sörtärnan. Reverse circulation chip-samples were collected and assayed every metre and, outside of visibly mineralised zones, were composited to up to 4m for assay. Zones of high water pressure were intersected below 80m resulting in poor recovery of reverse circulation chip-samples. A mechanical rotary splitter was used for sample collection below the water table. Drill core was cut by diamond saw for half-core assay. The siting of holes by Tertiary Gold was based on a published summary plan of copper-bearing mineralisation. Thus, the intersections obtained do not necessarily reflect the potential of the zinc mineralisation. All collar locations were accurately surveyed. Best intersections include:

<i>Prospect</i>	<i>Hole</i>	<i>Type</i>	<i>From (m)</i>	<i>To (m)</i>	<i>Width (m)</i>	<i>Zn (%)</i>	<i>Pb (%)</i>	<i>Cu (%)</i>	<i>Ag (g/t)</i>
Windfall	VD101	DDH	267	281	14	4.7	1.8	0.2	81
Windfall	VR105	RC	86	93	7	3.7	1.0	0.2	8
		Includes	90	93	3	7.0	2.1	0.3	40
Windfall	VR109	RC	71	75	4	9.7	2.4	0.3	30
Sörtärnan	SD104	DDH	62.6	70.3	7.7	10.9	4.3	0.4	96
Sörtärnan	SD105	DDH	31.7	36.6	4.9	1.8	4.8	0.5	226

Additional significantly mineralised intersections are shown in Figure 2.

In 1999, Tertiary Gold purchased all available open file geophysical and geochemical data covering the permitted area and carried out preliminary interpretation work. This highlighted that the Windfall project area is associated with bedrock of low magnetic response which could reflect alteration related to mineralising processes. A number of possible conductive targets that merit checking were also identified.

2.3.5 Proposed Exploration Programme

Within the Windfall project area, Tertiary Gold's exploration objective is to discover an economic stand alone deposit, of similar style to the Sörtärnan and Windfall mineralisation. To this end further drilling is proposed. Exploration will focus on the 1.4km zone between the Windfall and Sörtärnan prospects and on an additional 9km lateral extension of this zone close to the mapped granite contact. Ground geophysics will be investigated as a tool to target further drilling and till sampling is proposed throughout the permit area.

2.4 Rocky Bay Project

The Rocky Bay permit is located some 30km north of Gävle. Preliminary rock sampling of arsenopyrite occurrences by Tertiary Gold obtained a peak value of 0.5g/t Au. A strike extent of approximately 7km of prospective rocks requires testing for gold mineralisation.

2.4.1 Title Situation

Tertiary Gold was granted the 13.2km² Rocky Bay permit on 5 May 1997. A 25 per cent free carried interest in the permit is held by G. & K. Eriksson. Tertiary Gold can purchase the Eriksson interest at any time for SEK600,000 in cash, or shares of equivalent value.

2.4.2 Geology

The geological sequence within the permit area consists of folded Proterozoic intermediate volcanics, stratigraphically overlain by basic volcanics which pass up into quartzites. Monzonite and pegmatitic granites occur in the vicinity of the permit area. Outcrop is locally good. The overburden within the permit area dominated by bouldery till.

Coarse-grained, disseminated arsenopyrite mineralisation within the permit appears to be stratabound in nature. However, the strike continuity of individual mineralised zones is unknown. Fine- to coarse-grained, disseminated pyrrhotite mineralisation outcrops in a number of areas.

2.4.3 Exploration History

No company exploration data is known from within the permit area.

Best intersection from a 24 hole drill programme in 1985, approximately 2.5km west of Tertiary Gold's permit area was 1.3m at 10g/t Au within disseminated and vein-quartz associated arsenopyrite mineralisation.

Airborne magnetic data is available from a survey flown in 1984 using a 200m flight line spacing, a flying height of 30m and north-south flight lines. Airborne radiometric, Slingram and VLF data is understood to be available, but not yet purchased by Tertiary Gold.

2.4.4 Exploration by Tertiary Gold

There is strong arsenopyrite mineralisation in two areas of outcrop in the central part of the permit area. Initial sampling by Tertiary Gold, consisting of five samples from each locality, returned peak values of 0.5g/t Au and 0.2g/t Au, with 10 per cent As and 3 per cent As respectively. These results were from arsenopyritic amphibolite and vein quartz samples from the southern locality.

2.4.5 Proposed Exploration Programme

Tertiary Gold has targeted sulphide-associated gold mineralisation within the Rocky Bay permit. The aim of the proposed exploration programme is to establish drill targets for shallow drilling. The programme proposed by Tertiary Gold includes acquisition and thorough interpretation of

all available data from within the permit area and the adjacent area and reconnaissance geological mapping, rock sampling and surface till sampling.

2.5 *Boliden East Project*

The Boliden East project area lies within the Skellefte Mining District of northern Sweden (Fig.3). The Boliden Gold Mine which produced some 4Moz of gold is only some 300m from the permit area boundary. The permit area appears relatively unexplored and is largely underlain by Proterozoic meta-sediments.

An east-west trending fault associated with the Boliden Mine may extend into the project area. A number of other target areas are also present. Review of regional exploration data has defined east-west faults and also other structural targets within the area. Samples collected during preliminary prospecting have returned values in the range 1g/t Au to 3g/t Au.

2.5.1 Title Situation

The Boliden East project comprises four granted permits, namely Nyholm Nr.101, Nyholm Nr.102 and Nyholm Nr.103 granted in May 1998 and Tarsmyran Nr.2, granted on 30 April 1998. The total area is approximately 95.7km². The area of Tarsmyran Nr.2 permit, however, has also been granted to Terra Mining AB as a separate permit, both permits having been applied for on the same day. Thus, a competitive situation exists unless a joint venture arrangement relating to the area can be reached between the two companies.

2.5.2 Geology

The Skellefte Mining District lies within a Proterozoic greenstone sequence similar to that which hosts a number of significant gold deposits in northern Finland. The area is underlain by a thick felsic-dominated metavolcanic unit known as the Skellefte Group (Fig.3). The upper Skellefte Group volcanics includes an acid to intermediate volcanic sequence which hosts most of the District's 80 or more base metal-gold VMS deposits. In recent years a number of significant discoveries have been reported including a zinc-gold deposit at Renstrom Deep, zinc-copper at Storliden and gold mineralisation at Svartliden.

The Skellefte Group is overlain by greywackes, shales and basal graphitic mudstones of the Vargfors Group. The youngest sediments are conglomerates and sandstone. The volcanics are typically greenschist facies while to the south where sediments predominate, the metamorphic grade increases to amphibolite grade.

The Skellefte and Vargfors Groups were intruded by granites, including granites referred to as Jorn-type. These Jorn-type granites, interpreted to be "I" type, synvolcanic granites (1.89Ma to 1.85Ma) may have had a controlling influence on gold mineralisation.

The Boliden East permit area is underlain by Vargfors Group metasediments. Basic volcanics have been mapped in the centre of the area. The strike is typically east-west except adjacent to granitic bodies, for example in the extreme east and west of the permit area.

2.5.3 Exploration History

It is understood that some regional exploration was undertaken by Boliden and Terra Mining AB. However, most of the available regional exploration data was collected by the SGU. This regional data includes 1) data from two regional till sampling programmes, 2) Stream peat vegetation sampling and 3) regional gravity and airborne magnetic survey. The western half of the area was also covered by an airborne magnetic, VLF and EM survey.

2.5.4 Exploration by Tertiary Gold

Tertiary Gold employed Swedish consultants to develop a GIS database and to review and interpret data available on the Boliden East project area. Four high-priority, grass-roots targets were established based on a combination of structural geological, geochemical and geophysical interpretation. These targets are shown in Figure 3.

Preliminary float and outcrop sampling (11 samples) was undertaken by Tertiary Gold. Results from outcrop within the project area included three values in the range 1g/t Au to 3g/t Au. Float from within the project area but of uncertain bedrock source returned values including 35g/t Au and 0.4g/t Au.

2.5.5 Proposed Exploration Programme

Gold deposits within the Eastern Skellefte Mining District establish east-west trending and northeast trending structures as priority targets within the area. The principal target sought is gold mineralisation akin to that previously mined at Boliden and, until recently, mined at Björkdal. The exploration programme proposed by Tertiary Gold includes further synthesis and interpretation of available data prior to surface till sampling and general mapping and prospecting of the area.

2.6 *Lake Hill Project*

The Lake Hill project area is located some 4km north of the Boliden East permit area and lies between the Björkdal and Åkerberg gold mines (Fig.3). The intersection of two major tectonic zones within the area is regarded as a high priority target and a number of untested geochemical and geophysical anomalies have also been identified. A sample of vein quartz from within the project area returned a value of 2.7g/t Au.

2.6.1 Title Situation

The Lake Hill project area (Fig.3) consists of the Traskbacken Nr.1, Nr.2 and Nr.3 permits (95.64km²), granted on 4th November 1997 for a renewable three year period, and the Nyfors Nr.1 permit (9.71km²) granted on 29th May 1998.

2.6.2 Geology

The geology of the project area is poorly known. The area is underlain by north-northwest to north trending sediments of the Vargfors Group (Fig.3). These sediments are often pyritic or pyrrhotitic and are intruded by syn- and post-deformation granites and by gabbros. The area lies on a major, north-northwest trending, 100km long, structure defined by a gravity gradient. Quartz-arsenopyrite vein occurrences are reported within and adjacent to the project area.

2.6.3 Exploration History

The Lake Hill project area was included in most of the regional exploration surveys completed by the SGU in the Boliden East area. Some regional exploration may have been undertaken by Boliden or Terra Mining AB. Evidence of relatively recent prospecting was noted in the centre of the project area.

2.6.4 Exploration by Tertiary Gold

The Lake Hill project area was included in the Boliden East data review and interpretation (Section 2.5.4) which defined three target areas within the Lake Hill permit area (Fig.3). The most significant of these was a geochemical anomaly at the intersection of the targeted north-northwest striking gravity feature and a northeast striking tectonic zone.

2.6.5 Proposed Exploration Programme

The principal target sought by Tertiary Gold is structurally controlled gold mineralisation similar to the Björkdal deposit. The priority targets are geochemical anomalies which coincide with areas defined as prospective on geological grounds. The exploration programme as proposed by Tertiary Gold includes general mapping, prospecting and surface till sampling.

2.7 *Grey Mountain Project*

The Grey Mountain project area lies some 35km northwest of the town of Malå, in the northwest of the Skellefte District. The area contains a porphyry copper deposit which is inadequately tested for gold mineralisation. The peak value reported from very limited gold assaying is 1.2g/t Au. The

mineralisation and alteration at Grey Mountain is similar to that reported at the Tallberg copper-gold deposit. A number of magnetic and IP anomalies are targeted.

2.7.1 Title Situation

The Grey Mountain permit (15.8km²), Gråberget Nr 1, was granted to Tertiary Gold on 1st August 1997 for a renewable three year period.

2.7.2 Geology

The project area lies in the southern part of a sedimentary basin adjacent to a large granite body with porphyritic margins. The sediments, mostly conglomerates, are intruded by a large number of syenite and monzonite dykes. The Grey Mountain mineralisation is hosted by a pink-coloured porphyritic feldspar-quartz granitoid (1.82Ma to 1.80Ma). There is a broad magnetic halo associated with the mineralisation.

In the west of the mineralised area, chalcopyrite, pyrite and magnetite occur within a tourmaline-rich, brecciated granite. Molybdenite and scheelite are also present. Propylitic and phyllic alteration have been reported with abundant epidote and sericite. The mineralisation outcrops as narrow zones of strongly disseminated chalcopyrite and pyrite close to the margin of the porphyry. In the east, disseminated and veined chalcopyrite, pyrite and magnetite mineralisation is hosted by epidote-altered granite porphyry. Minor minerals present include bornite, sphalerite, uranium minerals and molybdenite. The mineralisation is haematitic in some areas. Silver values in the range 40g/t Ag to 60g/t Ag have been returned from drill core.

2.7.3 Exploration History

In the mid-1950's, low-grade copper porphyry mineralisation was discovered in the area and Slingram EM surveying and trenching were completed. Values in the range 0.8 per cent Cu to 1.4 per cent Cu were obtained. Exploration in the 1970s by the SGU included mapping, boulder hunting, IP and magnetic surveying, and drilling. A total of 47 diamond drill holes for 7,440m were drilled over a strike length of 1,500m. Previous drilling provides valuable geological information but was not of sufficient detail to establish the geometry of the copper mineralised zones with certainty. Very limited gold assaying has returned a peak value of 2m at 1.2g/t Au. Copper intersections include 1.06 per cent Cu over 10.23m and 0.61 per cent Cu over 18.51m.

Data review by the SGU for Tertiary Gold and by RioTinto were completed in recent years. RioTinto undertook limited IP surveying and obtained values in the range 0.01g/t Au to 0.3g/t Au from drill core resampling.

2.7.4 Proposed Exploration Programme

The exploration programme proposed by Tertiary Gold is designed to test the copper mineralised system for gold mineralisation and includes general mapping, prospecting and surface till sampling of targeted areas. Magnetic and IP targets between the two known mineralised zones require testing.

2.8 *Juniper Ridge Project*

The Juniper Ridge project area comprises five contiguous permits (Fig.4) in the Bothnian Basin of south-central Sweden. The project area surrounds the now closed Enåsen gold-copper mine held by Boliden Mining and contains a number of structures, geochemical anomalies and mineral occurrences targeted for gold and base metal mineralisation.

2.8.1 Title Situation

The Juniper Ridge project area comprises five contiguous permits. These are Enåsen Nr.1, granted on 31 March 1998, Enåsen Nr.2 and Enåsen Nr.3, granted on 20 April 1998 and Grundviksberget Nr.1 and Enstern Nr.1 granted on 1 February 1999. The total permitted area is 255km².

2.8.2 Geology

The project area is predominantly underlain by metasediments and syn-deformation granitoids (Fig.4). In the centre of the area, these lithologies have been strongly migmatized and much of the area is understood to have reached the granulite facies of metamorphism. Felsic volcanics are largely restricted to the east, while basic volcanics are best developed in the centre of the project area. Graphitic and sulphide-bearing sediments are locally associated with the basic volcanics. The project area lies within a zone of dilation within the Storsjön-Edsbyn Shear Zone, northwest of the Ljusdal Batholith (1.84Ma to 1.86Ma). This Zone is one of polyphase dextral shearing which trends north-northwestwards. It can be traced for over 200km along strike and ranges from 15km to 30km in width. A major granitoid of Rätan-type occurs west of the project area.

2.8.3 Exploration History

Away from the Enåsen gold mine, the area is not known to have been systematically explored for gold or base metals. Boliden discovered the Enåsen deposit by follow up of copper mineralisation at Flomyra to the southeast of the mine area. In the order of 1.7Mt at 3g/t Au were mined at Enåsen between 1984 and 1991. Considerable data is available from regional surveys by the SGU and from uranium exploration undertaken by SGAB up to 1984. The known uranium occurrences are typically associated with pegmatoid bodies in migmatized argillites and have been subject to drilling in the past. At Enstern, a zone of base metal mineralisation has been sporadically drill tested over a strike length of approximately 1km. Elsewhere, numerous other targets have been defined by geochemical anomalies or by the presence of mineral occurrences and/or alteration.

2.8.4 Exploration by Tertiary Gold

Tertiary Gold activities have been restricted to preliminary data compilation and target definition. A review of available data was completed by the SGU on behalf of Tertiary Gold. Limited prospecting at Enstern returned values of 59g/t Ag, 1.25 per cent Pb and 0.9 per cent Zn with anomalous mercury. The peak value obtained from preliminary re-assay of drill core from two uranium occurrences was 0.1g/t Au. Targets defined are shown in Figure 4.

2.8.5 Proposed Exploration Programme

The Enåsen deposit establishes a model for gold mineralisation applicable throughout the permit area. Magnetically anomalous targets and areas of sillimanite quartzite alteration, such as Kölaberget, merit geochemical testing and a number of structural and geochemical targets have been identified. Tertiary Gold considers the geological setting of the known uranium occurrences to be similar to the gold-uranium deposits of the Alligator River region of the Northern Territories in Australia. A number of these uranium occurrences require testing for gold mineralisation and the Enstern lead-zinc prospect merits evaluation. Key elements of the exploration programme proposed by Tertiary Gold are the acquisition and full synthesis and interpretation of all available data and general mapping and prospecting of the area. Surface till sampling of the entire permit area and ground geophysical surveying in the Enstern area are also proposed.

3. Conclusions

Tertiary Gold has acquired a substantial portfolio of exploration projects in Sweden. Targets within the portfolio are prospective for gold and base metal. The targets range from grass-roots to targets at the drilling stage.

- Two projects, the Windfall and Grey Mountain projects, contain drilled mineralisation which requires further drilling.
- Three other projects, the Lake Hill, Boliden East and Juniper Ridge projects, are located close to producing or past producing gold mines. These three projects are regarded by CSA as under explored.
- The programme outlined by Tertiary Gold is justifiable and appropriate for the commodities targeted. There is significant potential to add value to the Tertiary Gold's exploration portfolio.

Tertiary Minerals plc
Bedrock Geology of the
Windfall Project Area Map
to go here

Tertiary Minerals plc
Plan Showing Drillhole Locations at
Windfall & Sörtäran Map
to go here

Tertiary Minerals plc
Bedrock Geology of Lake Hill &
Boliden East Project Areas Map
to go here

Tertiary Minerals plc
Bedrock Geology of the Juniper
Ridge Project Area Map
to go here

GLOSSARY

Acid	Pertaining to an igneous rock containing more than 66 per cent silica.	Bedrock	Solid rock underlying surficial deposits.
Ag	Chemical Symbol for Silver.	Bornite	A copper-iron sulphide mineral (Cu_5FeS_4), often found in copper ores.
Alteration	Change in mineralogical composition of a rock commonly brought about by reactions with hydrothermal solutions.	Calcite	Calcium carbonate, $CaCO_3$.
Amphibolite	Metamorphosed basic rock, typically black or dark green in colour, composed predominantly of amphibole minerals such as hornblende or actinolite.	Calc-silicate	A rock comprising calcite and silica.
Anomaly	Value higher or lower than the expected or norm.	Caledonian	A deformation event which affected rocks in NW Europe in the Lower Palaeozoic Era.
Archaean	The oldest of the two divisions of the Pre-Cambrian Era; older than 2,500 million years ago.	Chalcopyrite	Copper sulphide mineral, $CuFeS_2$.
Argillite	A clay-rich sedimentary rock.	Cobra Sampling	Till sampling, using a hand-held percussion drill.
Arsenopyrite	An iron arsenic sulphide, $FeAsS$.	Conglomerate	Rock made up of rounded fragments
Au	Chemical symbol for gold.	Craton	An area of ancient granitic crust
Auriferous	Of or pertaining to gold.	Cu	Chemical formula for copper.
Base metal	Generally a metal inferior in value to the precious metals, including copper, lead, zinc, nickel and aluminium.	Dextral shearing	Horizontal movement on a fault in which the opposite side of the fault has moved to the right.
Basement	The igneous and metamorphic crust of the Earth, underlying sedimentary deposits.	Diamond Drilling	Drilling method which obtains a cylindrical core of rock by drilling with an annular bit set with diamonds.
Basic	Descriptive term applied to igneous rocks containing silica in the range of 45 per cent to 52 per cent.	Dilation zones	Lower pressure zone usually in a fault system.
Basin	A regional depression which may be structural in origin.	Diorite	A coarse-grained, plutonic intermediate igneous rock.
Batholith	A large intrusive body of igneous rock.	Disseminated	Mineralization distributed throughout a rock.
		Dolerite	A dark coloured fine- to medium-grained mafic intrusive rock
		Dolomite	Calcium-magnesium carbonate mineral ($(Ca,Mg)CO_3$), or a rock composed largely of the mineral dolomite.

Drill core	Rock samples recovered by diamond drilling.	Gabbro	A coarse grained mafic intrusive rock composed of pyroxene and plagioclase feldspar, similar in composition to dolerite.
Dyke	A tabular intrusive rock cross cutting the host strata at a high angle.	Galena	Lead sulphide mineral (PbS).
EM (Electromagnetic)	Geophysical exploration method employing the related electric and magnetic fields which can be set up in a conductive body by an artificial electric field at surface.	Geochemistry	The study of the abundance of elements in rocks by chemical means.
Epidote	A green mineral often related to alteration or metamorphism of carbonate-bearing rocks or basic igneous rocks.	Geophysics	The study of the physical characteristics of the Earth.
Epithermal	Said of hydrothermal mineral deposit formed within about 1 kilometre of the Earth's surface and in the temperature range 50-200 degrees Centigrade occurring mainly in veins.	Glacial deposits	Material deposited in glacial environments, either directly from ice or from glacial meltwater.
Exhalative	Pertaining to chemical sediments formed from hydrothermal fluids released in a submarine environment.	Gneiss	Metamorphic rock, often of granitic origin.
Fault	A fracture in rock along which there has been relative displacement of the two sides.	Granite	A medium to coarse grained granular acid intrusive rock.
Feldspar	A group of silicate minerals (Potassium feldspar, $KAlSi_3O_8$; albite, $NaAlSi_3O_8$; anorthite, $CaAl_2Si_2O_8$), which are the main components of acid, intermediate and basic igneous rocks.	Granulite Facies	Metamorphism at high pressure and at temperatures exceeding 650°C
Felsic	Descriptive of a light coloured rock containing an abundance of one or all of feldspar, quartz and felspathoids.	Grass Roots	Initial stages of a mineral exploration programme involving the preliminary assessment or potential.
Float	Loose fragments of mineralisation, displaced from source.	Gravity Survey	A geophysical technique which measures variations in the Earth's gravity related to variations in rock type and structure.
		Greenstone	A field term for altered mafic and ultramafic igneous rocks.
		Greywacke	A type of fine grained water-lain sediment containing rock fragments.
		Haematite/ Hematite	A mineral composed of ferric iron oxide.
		Hanging Wall	The mass of rock above a fault vein or bed of mineralization.
		Hydrothermal	Descriptive of hot magmatic emanations rich in water.
		Igneous	Applied to rocks that have solidified from a molten state.

Induced Polarisation (IP)	A method of ground geophysical surveying which employs the passing of an electrical current into the ground to test for indications of conductive metallic sulphides.		conductive zones in a drillhole.
Intermediate	Pertaining to rocks whose composition lies between that of acid and basic rocks.	Molybdenite	A molybdenium-bearing sulphide mineral with the formula MoS ₂ .
I-type	Said of granites formed almost exclusively from source rocks of mafic to intermediate composition.	Monzonite	A coarse grained igneous rock
Limestone	A sedimentary rock containing a significant proportion of carbonate minerals such as calcite and dolomite.	Muscovite	A white mica (K ₂ Al ₆ Si ₆ O ₂₀ [OH] ₄) which occurs as characteristic silvery flakes in granites, schists and other metamorphic rocks.
Lithology	A synonym for rock type.	Nappe	An anticlinal fold in which the lower limb is overturned.
Mafic	Descriptive of rocks composed predominantly of magnesium and iron rock-forming silicates.	Native	Said of a metal, particularly gold and silver, when found in nature in its metallic state.
Magnetite	A magnetic iron oxide Fe ₃ O ₄ .	Ore	Material which can be mined and/or treated at or for a profit.
Mantle	That part of the earth's interior lying beneath the crust.	Overburden	Material which overlies a deposit of useful material.
Marble	Metamorphosed limestone.	Palaeozoic	Epoch of Earth's history from 300 to 600 million years ago.
Meta	Of or pertaining to metamorphism (eg meta-sediment, meta-volcanic)	Pan Concentrate	A residue of heavy minerals, including Au, separated out from lighter sediment by repeated washing in a pan.
Metamorphism	The process by which a rock is altered by physical and chemical process involving heat, pressure and derived fluids.	Pegmatite	Very coarse-grained igneous rock which commonly occurs as dykes in granite intrusions. Forms by crystallisation of silicate minerals from high temperature aqueous fluids.
Migmatite	Rock formed by partial melting of a pre-existing rock.	Percussion drilling	A type of drilling method whereby the rock is broken by a hammering action into small chips.
Mineralization	The concentration of metals and their chemical compounds within a body of rock.	Phanerozoic	Referring to the last 570 million years of Earth's history.
Mise à la masse	An electromagnetic geophysical survey method typically used to test for	Phyllic	A style of sericite alteration often associated with mineralising processes.

Porphyry	A rock with conspicuous crystals in a fine-grained groundmass		thereby reducing contamination.
Porphyry copper	Copper mineralisation formed in a porphyritic host rock.	Rift valley	Down-faulted valley formed by the dropping of a block of the Earth's crust between two (or more) linear faults.
Precambrian	Referring to the period in Earth's history before 570 million years ago.	Sandstone	A sedimentary rock usually composed essentially of sand-sized quartz grains.
Propylitic	A style of clay alteration often associated with the margins of mineralised systems.	Schist	A metamorphic rock with a platy or foliated texture.
Proterozoic	The youngest of the two divisions of the Pre-Cambrian Era; 570-2500 million years ago.	Scheelite	A tungsten ore mineral.
Pyrite	Iron sulphide (FeS ₂).	Sediment	Solid material both mineral and organic that is in suspension, is being transported or has been moved from its site of origin by air, water or ice, and has come to rest on the Earth's surface with above or below sea-level.
Pyrrhotite	An iron sulphide mineral, often magnetic.		
Quartz	A mineral composed of silicon dioxide SiO ₂ .	Sericite	A fine grained white micaceous mineral with a composition similar to muscovite, often the product of alteration processes.
Quartzite	A silica rich metamorphic rock formed from sandstone.	Shale	A fine-grained laminated sediment.
Radiometric Survey	The measurement of radiation from radionuclides present at or near the Earth's surface.	Shear (-zone)	Plane of failure in faulted body of rock.
Rapakivi	A particular porphyritic texture found in some granitic rocks.	Sillimanite	An aluminium silicate mineral, Al ₂ SiO ₅ , formed by high-temperature metamorphism of an aluminium-rich rock such as shale.
Reconnaissance	First pass exploration of an area to provide an indication of its prospectivity.	Slingram	An electromagnetic geophysical survey method.
Resource	An identified insitu mineral occurrence which excludes "Pre-Resource" from which valuable or useful minerals may be recovered. A resource may be reported as an inferred resource; an indicated resource, or a measured resource.	Sphalerite	Zinc sulphide mineral, (ZnS).
Reverse Circulation (RC)	A drilling method in which the sample is brought to the surface inside the drill rods,	Splay fault	A fault diverging from a larger fault.
		Stratabound	Pertaining to mineral deposits contained between distinct rock layers.

Stratigraphic	Pertaining to rocks of a generally layered nature, in a geometric or time sense.	Abbreviations	
		g	gramme.
Strike	Horizontal direction or trend of a bed of rock or a geological structure.	Ha	hectare.
		km	kilometre.
Sulphide	A (metallic) compound of sulphur.	m	metre.
Syenite	An intermediate igneous rock containing <20 per cent quartz.	Ma	Million years
Syn-	A prefix meaning 'contemporaneous with'.	Mt	million tonne.
Syncline	An upwardly concave fold of a rock formation.	ppm	Parts per million (the same as grams per tonne g/t).
Tectonic	Pertaining to deformation episodes in the earth's history.	t	tonne.
Tertiary	Period of Earth's history from 65 to 2.8 million years ago.	AAS	Atomic Absorption Spectrophotometry (Analytical technique).
Till	A glacial sediment composed of rounded fragments in a clay rich matrix.	CSA	Crowe Schaffalitzky and Associates Ltd.
Ultramafic	Igneous rocks of mantle origin with low silica contents.	DDH	Diamond Drillhole
Vein	An occurrence of ore with a regular development in length, width and depth.	EM	Electromagnetic
VLF	A geophysical technique which utilises a Very Low Frequency radio transmitter/receiver to detect conducting bodies such as ore deposits.	GIS	Geographic Information Systems
Volcanic	Descriptive of rocks originating from volcanic activity.	IP	Induced Polarization (Geophysics).
Volcanogenic	Formed as a result of processes related to volcanic activity.	MAusIMM	Member of the Australasian Institute of Metallurgy.
Volcano-sedimentary	Assemblages of mixed volcanic and sedimentary rocks.	MIMM	Member of the Institution of Metallurgy.
Zn	Chemical symbol for Zinc.	RC	Reverse Circulation
		SEK	Swedish Kroner.
		SGU	Geological Survey of Sweden
		VMS	Volcanogenic Massive Sulphide Deposit.

PART IV

ADDITIONAL INFORMATION

1. The Company

1.1 The Company was incorporated and registered in England and Wales as a public limited company on 3 August 1999 under the Act with the name Tertiary Minerals plc and with registered number 3821411. The principal legislation under which the Company operates is the Act and the regulations made thereunder.

1.2 The liability of the members of the Company is limited.

2. Share capital

2.1 The authorised and issued share capital of the Company at the date of this document and upon admission to AIM is and will be as follows:

	<i>Existing</i>		<i>On Admission to AIM</i>	
	<i>Nominal Value</i>	<i>Number of Ordinary Shares</i>	<i>Nominal Value</i>	<i>Number of Ordinary Shares</i>
	£		£	
Authorised	1,500,000	150,000,000	1,500,000	150,000,000
Issued and fully paid	101,305	10,130,506	168,825	16,882,506

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

2.2.1 on 16 August 1999, 1 subscriber ordinary share of £0.01 was transferred to each of Mr. P L Cheetham and Mrs. K Cheetham.

2.2.2 on 8 September 1999, resolutions of the Company were passed for the following purposes:

- (a) to replace the existing Memorandum and Articles of Association of the Company in their entirety by the adoption of new Memorandum and Articles of Association;
- (b) to authorize 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 the authorized but unissued share capital (£1,500,000) of the Company, such authority to expire 5 years after the passing of the resolution; and
- (c) to empower the Directors pursuant to Section 95 of the Act to allot equity securities (as defined in section 94 of the Act) for cash pursuant to the authority conferred by resolution (b) above as if Section 89(1) of the Act did not apply to any such allotment, such power being limited to the allotment of 9,379,170 Ordinary Shares.

2.2.3 on 8 September 1999, 9,379,168 Ordinary Shares were issued to the then shareholders of Tertiary Gold as set out in paragraph 10.6 of this Part IV pursuant to these resolutions.

2.2.4 on 7 October 1999, resolutions of the Company were passed for the following purposes:

- (a) to empower the Directors pursuant to and in accordance with Section 95 of the Act to allot equity securities (as defined in Section 94 of the Act) for cash pursuant to the authority and for the purposes of Section 80 of the Act conferred by resolution 2.2.2 (b) above as if Section 89 (1) of the Act did not apply to any such allotment provided that this power shall be limited to: (i) the allotment of 7,503,336 new Ordinary Shares at a price of 8p per share and the allotment of 7,503,336 new Ordinary Shares pursuant to the grant of 7,503,336 nil paid Warrants with a right to subscribe for 1 new Ordinary Share exercisable at 8p per share at any time up to 1 year from the date of the grant, at 10p per share at any time between 1 year and 2 years from the date of grant and at 12p at any time between 2 years and 3 years from the date of grant; (ii) the allotment of 3,751,668 Ordinary Shares pursuant to the grant of 3,751,668 Underwriter Warrants with a right to subscribe for 1 new Ordinary Share exercisable at 12p per share at any time within 3 years from the date of the grant; (iii) the allotment of 600,000 new Ordinary Shares pursuant to the grant to Loeb Aron & Company Ltd. of 600,000 nil paid Warrants with a right to subscribe for 1 new Ordinary Share, 300,000 of such Warrants to be exercisable at 8p per share within 3 years from the date of grant and 300,000 of such Warrants to be exercisable at 12p per share within 3 years from the date of grant.
- (b) to empower the Directors pursuant to and in accordance with Section 95 of the Act to allot equity securities (as defined in Section 94 of the Act) for cash pursuant to the authority and for the purposes of Section 80 of the Act conferred by resolution 2.2.2 (b) above as if Section 89 (1) of the Act did not apply to any such allotment provided that this power shall be limited to the allotment of 500,000 new Ordinary Shares pursuant to the grant to the City of London PR Group plc of 500,000 nil paid Warrants with a right to subscribe for 1 new Ordinary Share exercisable at 12p per share at any time within 3 years from the date of grant.
- (c) to empower the Directors pursuant to and in accordance with Section 95 of the Act to allot equity securities (as defined in Section 94 of the Act) for cash pursuant to the authority and for the purposes of Section 80 of the Act conferred by resolution 2.2.2 (b) above as if Section 89 (1) of the Act did not apply to any such allotment provided that this power shall be limited the allotment of 2,500,000 new Ordinary Shares pursuant to the grant of 750,000 nil paid Director Warrants to Mr. P L Cheetham and 750,000 nil paid Director Warrants to Mrs. K E Cheetham and 1,000,000 nil paid Director Warrants to other future Directors of the Company all exercisable at a price of 12p per share within 3 years of their respective dates of grant.

2.2.5 on 7 October 1999 the following Ordinary Shares and Warrants were issued and granted:

- (a) 751,336 Underwritten Shares and 751,336 Warrants pursuant to the Fundraising described in Part I of this document.
- (b) 750,000 Warrants as described in paragraph 6.2.5 of this Part IV to each of the then Directors Mr. P.L.Cheetham and Mrs. K.E.Cheetham in recognition of unpaid services provided to Tertiary Gold since 1995. Mrs K. E. Cheetham was a director of Tertiary Gold and of the Company from formation until her resignation on 28 October 1999.
- (c) 500,000 Warrants as described in paragraph 6.2.4 of this Part IV to City of London PR Group plc in recognition of services provided to the Company.

2.2.6 On admission to AIM the following will be issued and granted:

- (a) 500,000 Warrants to each of Dr. M.A.Price and Mr. D.A.R. McAlister as detailed in paragraph 6.2.5 of this Part IV as a part of their remuneration.
- (b) 6,752,000 Underwritten Shares and 6,752,000 associated Warrants and 3,751,668 Warrants described in paragraph 6.2.2 of this Part IV to the Underwriters pursuant to the Underwriting Agreements described in paragraph 10.4 of this Part IV.
- (c) 600,000 Warrants to Loeb Aron & Company Ltd. as a part of the fee to be paid to it, further details of which are given in paragraph 6.2.3 and 10.1 of this Part IV.

2.3 Save as disclosed above, the provisions of section 89 of the Act, which, to the extent not disapplied pursuant to section 95 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 (other than in respect of an allotment to employees under and employees' share scheme) apply to the authorised but unissued share capital of the Company.

2.4 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.

2.5 Save for the issue of Ordinary Shares to the Underwriters or their nominees (pursuant to the Fundraising) and on the exercise of the Warrants described in paragraph 6 below, the Company has no present intention to issue any of the authorised but unissued share capital of the Company.

2.6 Except as stated in this Part IV:

2.6.1 the Company does not have in issue any securities not representing share capital; and

2.6.2 there are no outstanding convertible securities issued by the Company.

2.7 Save for the interests of the Directors, which are set out in paragraph 3, the Directors are aware of the following holdings of Ordinary Shares which, upon Admission will represent 3 per cent or more of the Company's issued share capital:

<i>Shareholder</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital on Admission</i>	<i>Number of Warrants held on Admission</i>	<i>Percentage of issued share capital fully diluted</i>
Mrs. Carole Rowan*	3,374,499	19.99%	5,249,499	27.17%
City of London PR Group plc	1,238,252	7.33%	1,374,916	8.23%
Langtry Trust Company (Channel Islands) Ltd.	1,166,667	6.91%	0	3.68%
Swan Alley (Nominees) Ltd.	1,166,667	6.91%	250,000	4.46%
The Teddy Bear Shop (London) Ltd	562,417	3.33%	874,917	4.53%
Mr. John C.Larking (A/C Larking Family Fund)	550,000	3.26%	0	1.73%

*Mr. R. B. Rowan has directed that his shares and Warrants be issued to Mrs. Carole Rowan.

3. Directors' and other interests

- 3.1 The interests of the Directors and of persons connected with them (within the meaning of Section 346 of the Act) in the issued share capital or Warrants of the Company, all of which are beneficial unless otherwise stated, as at the date of this document and immediately following Admission, which have been notified to the Company under the provisions of section 324 or 328 and Schedule 13 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, the existence of which is known or which could, with reasonable diligence, be ascertained by the Directors are set out below:

<i>Name</i>	<i>Number of Ordinary Shares held on Admission</i>	<i>Percentage of issued share capital on Admission</i>	<i>Number of Warrants held on Admission</i>	<i>Percentage of issued share capital fully diluted</i>
Patrick Cheetham	5,187,250	30.73%	4,124,750	29.34%
Michael Price	288,000	1.71%	628,000	2.89%
Donald McAlister	0	0.00%	500,000	1.58%

Note: The interests of Patrick Cheetham include 2,593,625 shares and 2,062,375 Warrants held by his wife, Karen Cheetham.

Mr. P.L.Cheetham and Mrs. K.E.Cheetham (“the Cheethams”) are likely to be deemed to be acting in concert for the purposes of the City Code on Takeovers and Mergers (“the Takeover Code”) and immediately following admission to AIM will hold an aggregate of 5,187,250 Ordinary Shares representing 30.73 per cent of the Company’s then issued share capital.

The Takeover Code provides that where any person, or group of persons acting in concert hold not less than 30 per cent but not more than 50 percent of the voting rights of a company to which the Takeover Code applies and such person, or any person acting in concert with it acquires in any period of 12 months additional shares carrying more than 1 per cent of the voting rights, such person will be required to make a general offer to all of the other shareholders for the remaining shares in the capital of that company.

Accordingly the Cheethams and anyone acting in concert with them may be restricted in their ability to acquire further shares without being required to make a general offer under Rule 9 of the Takeover Code.

3.2 Directors’ Service Agreements and Emoluments

The following service agreements have been entered into between the Company or its subsidiaries and the Directors:

3.2.1 On 28 October 1999 the Company entered into a service agreement with Patrick Cheetham for an initial period of 12 months years from Admission and thereafter until terminated by at least three months written notice, pursuant to which Patrick Cheetham is entitled to receive annual remuneration of £55,000.

3.2.2 Pursuant to a letter of engagement dated 28 October 1999, Michael Price agreed to act as a non-executive director of the Company for an annual fee of £7,500 payable quarterly in arrears. The appointment is for an initial period of one year and is subject to termination thereafter on three months’ written notice by either party.

3.2.3 Pursuant to a letter of engagement dated 28 October 1999, Donald McAlister agreed to act as a non-executive director of the Company for an annual fee of £7,500 payable quarterly in arrears. The appointment is for an initial period of one year and is subject to termination thereafter on three months’ written notice by either party.

3.2.4 There was no remuneration paid or benefits in kind granted to the Directors for the financial year ended 30 September 1999. It is estimated that the aggregate remuneration (including benefits in kind) of the Directors for the financial year ending 30 September 2000, under the arrangements currently in force, will amount to approximately £62,000.

4. Memorandum of Association

The Memorandum of Association of the Company provides that the Company's principal object is to act as a general commercial company. The objects of the Company are set out in full in Clause 4 of the Memorandum of Association.

5. Articles of Association

The Articles of Association of the Company contain provisions, inter alia, to the following effect:

5.1 Voting Rights

At general meetings of the Company, on a show of hands, every member who (being an individual) is present in person or (being a corporation) is present by a duly authorized representative shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share held by him. On a poll votes may be given either personally or by proxy.

No member shall, unless the Board otherwise determines, be entitled to vote if any call or other sum presently payable by him/her to the Company in respect of the shares remains unpaid.

5.2 Alteration of Capital

(i) The Company may from time to time by ordinary resolution (a) increase its capital as the resolution shall prescribe; (b) consolidate and divide all or any of its shares into shares of larger amount; (c) sub-divide all or any of its shares into shares of smaller amount and attach varying rights to the shares resulting from such sub-division; and (d) cancel any shares that at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

(ii) The Company may by special resolution reduce its share capital, any capital redemption reserve fund and any share premium account subject to the provisions of the Act.

5.3 Variation of Rights

Subject to the provisions of the Act if the capital of the Company is divided into different classes of shares, the rights attached any class may be varied, either whilst the Company is a going concern or during or in contemplation of a winding-up either (a) in such manner as may be provided by such rights or (b) in the absence of any such provision with the written consent of the Holders of the three fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the Holders of shares of that class.

Any meeting for the purposes mentioned above should be convened and conducted in all respects as nearly as possible in the same way as an Extraordinary General Meeting but no member who is not a Director shall be entitled to notice of the meeting and no person who is not a Director or a duly appointed proxy of a member entitled to shares of the class shall be entitled to attend at the meeting unless he holds shares of the class intended to be affected by the resolution. Votes shall only be given in respect of shares of that class and at any such meeting or any adjournment the quorum shall be persons holding or by proxy and entitled

to vote in respect of shares in the class being not less than one twentieth of the whole of the issued shares of the class.

5.4 Purchase of Own Shares

Subject to the provisions of the Act and to the sanction by an extraordinary resolution passed at a separate class meeting of the holders of any convertible shares, the Company may purchase any of its own shares of any class (including redeemable shares) at any price.

5.5 Transfer of Shares

Any member may transfer all or any of his shares. Save where any rules or regulations made under the Act permit otherwise, the instrument of transfer of a share shall be in any usual or common form or in any other form which the Board may approve and shall be executed by or on behalf of the transferor and (in the case of a share which is not fully paid) by the transferee. The Board may in its absolute discretion and without giving any reason decline to register any transfer of shares that are not fully paid or on which the Company has a lien. The provisions of the Articles of Association apply equally to uncertificated shares transferred under Crest as they do to certificated shares of the Company.

The Board may decline to register any instrument of transfer unless the duly stamped instrument of transfer

- (i) is in respect of only one class of share;
- (ii) is lodged at the registered office or such other place as the Board may appoint;
- (iii) is accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
- (iv) in the case of a transfer to joint Holders, the number of joint Holders does not exceed four.

5.6 Dividends and other distributions

The Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board. The Board may pay interim dividends if it appears that they are justified by the financial position of the Company.

All dividends shall be apportioned and paid pro rata to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid.

Any dividend unclaimed after a period of twelve years from the date when it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by the Company.

The Board may, if authorized by an ordinary resolution of the Company, offer members the right to elect to receive shares credited as fully paid in whole or in part, instead of cash, in respect of the dividend specified by the ordinary resolution.

In a winding up, the liquidator may, with the sanction of an extraordinary resolution and subject to the Insolvency Act 1986, divide among the members in specie the whole or any part of the assets of the Company and/or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator determines.

5.7 *Restrictions on Shares*

No member shall, unless the Board otherwise determines, be entitled to vote in respect of any share if a member has not paid to the Company all calls and other sums then payable by him/her in respect of that share in the Company.

No member shall, unless the Board otherwise determines, be entitled to vote in respect of any share held by him if he has been served with a notice under Section 212 of the Act in respect of that share and has failed to provide the information requested in the notice within 28 days of service.

5.8 *Directors*

- (i) At every annual general meeting of the Company as near as possible (but not exceeding) one third of the Directors for the time being shall retire by rotation and be eligible for re-election. The Directors to retire will be those who have been longest in office or, in the case of those who became or who are re-elected Directors on the same day, shall, unless they otherwise agree, be determined by lot.
- (ii) Save as provided in paragraph (iii) below, a Director shall not vote at a meeting of the Board or any committee of the Board on any resolution of the Directors concerning a matter in which he has an interest which together with any interest of any person connected with him is a material interest. The Company may by ordinary resolution suspend or relax such provisions to any extent or ratify any transaction not duly authorized by reason of a contravention of such provisions.
- (iii) The prohibition in paragraph (ii) above shall not apply to a Director in relation to any of the following matters, namely: (a) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiaries; (b) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which he has assumed responsibility in whole or part and whether alone or jointly with others under a guarantee or indemnity or by giving of security; (c) a Director being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of any shares, debentures, or other securities by the Company or any of its subsidiaries for subscription, purchase or exchange; (d) the subscription or purchase by a Director of shares, debentures or other securities of the Company pursuant to an offer or invitation to members or debenture holders of the Company, or any class of them; (e) any proposal concerning any other company in which he and any persons connected with him do not to his knowledge hold an interest in shares representing one per cent or more of either any class of the equity share capital or the voting rights in such company; (f) any resolution relating to an arrangement for the benefit of employees of the Company or any of its subsidiaries and which does not provide in respect of any Director any privilege or benefit not accorded to the employees to whom the arrangement relates; and (g) any proposal concerning the purchase and/or maintenance of any insurance policy against liability for negligence, default, breach of duty or breach of trust in relation to the Company under which he may benefit.
- (iv) The ordinary remuneration of the Directors who do not hold executive office for their services (excluding amounts payable under any other provision of the Articles) shall not exceed £50,000 each per annum or such higher amount as the Company may from time to time by ordinary resolution determine. Subject thereto, each such Director shall be paid a fee (which shall be deemed to accrue from day to day) at such rate as may from time to time be determined by the Board. The Directors shall be entitled to all such reasonable expenses as they may properly incur in attending meetings of the Board or in the discharge of their duties as Directors. Any Director who by request of

the Board performs special services may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine.

- (v) Unless otherwise determined by ordinary resolution of the Company, the number of Directors shall not be less than two. There is no maximum number of Directors. A Director shall not be required to hold any shares of the Company by way of qualification.

5.9 *Borrowing Powers*

The Directors may exercise all the powers of the Company to borrow money, to guarantee, to indemnify and to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

5.10 *Overseas Members*

A member who (having no registered address within the United Kingdom) has not supplied to the Company an address within the United Kingdom for the service of notice shall not be entitled to receive notices from the Company.

6. Warrants

- 6.1 By resolution of the Board passed on the 13 September 1999 the Company adopted a form of Deed of Warrant Grant to be used in connection with:

- 6.1.1 Warrants granted and to be granted following the Fundraising (“Fundraising Warrants”)

- 6.1.2 Warrants to be granted to the Underwriters (“Underwriter Warrants”)

- 6.1.3 Warrants to be granted to Loeb Aron & Company Ltd (“Finance Arranger Warrants”)

- 6.1.4 Warrants granted to City of London P R Group Plc (“COL Warrants”)

- 6.1.5 Warrants granted and to be granted to past and current Directors of the Company (“Director Warrants”)

The Deeds of Warrant Grant have been entered into between the Company and the parties entitled to subscribe for Ordinary Shares under their respective terms. The parties so entitled are collectively referred to hereinafter as “the Warrant Holders”.

- 6.2 The principal terms of the Deed of Warrant Grant are as follows as they apply to:

- 6.2.1 The Fundraising Warrants

- 6.2.1.1 The holder of each Fundraising Warrant is entitled to subscribe for 1 Ordinary Share for each Underwritten Share taken up.

- 6.2.1.2 The price at which the Warrant is exercisable is at 8p per share at any time up to 1 year from the date of grant, at 10p per share at any time between 1 year and 2 years from the date of grant and at 12p per share at any time between 2 years and 3 years from the date of grant

- 6.2.2 The Underwriter Warrants

- 6.2.2.1 The holder of an Underwriter Warrant is entitled to subscribe for 1 Ordinary Share for every 2 Ordinary Shares underwritten exercisable at a price of 12p per share at any time within 3 years from the date of Admission

6.2.3 The Finance Arranger Warrants

The Finance Arranger Warrant entitles Loeb Aron & Company Ltd to subscribe for 600,000 new Ordinary Shares within 3 years of the date of Admission. 300,000 of the Finance Arranger Warrants will be exercisable at 8p per share and the remaining 300,000 will be exercisable at 12p per share

6.2.4 The COL Warrants

City of London P R Group Plc have been granted a Warrant to subscribe for 500,000 Ordinary Shares at 12p per share exercisable at any time within 3 years of the date of grant.

6.2.5 The Director Warrants

Mr P L Cheetham and Mrs K.E.Cheetham have each been granted a Warrant to subscribe for 750,000 Ordinary Shares and Dr. M.A.Price and Mr. D.A.R.McAlister will on Admission be granted a Warrant to subscribe for 500,000 Ordinary Shares all exercisable at 12p per share within 3 years of their respective dates of grant. Those warrants to be granted to Dr. M.A.Price and Mr. D.A.R McAlister cannot be exercised unless at the time of exercise the warrant holder is a director of the Company or was formerly a director of the Company for at least 12 months.

- 6.3 The Deed of Warrant Grant contains provisions for adjustment of the number of Ordinary Shares and subscription price upon the capitalisation of reserves and for appropriate adjustment to the subscription price on a rights issue or on a sub-division or consolidation of share capital.
- 6.4 To the extent that the rights of the Warrant Holders have not been exercised by the appropriate anniversary of its date of grant it shall lapse.
- 6.5 The Deed of Warrant Grant may be assigned by the Warrant Holder.
- 6.6 Full exercise of the subscription rights under the Deeds of Warrant Grant would result in the issue of 14,855,004 new Ordinary Shares, and raise a minimum £1,470,467 for the Company.

7. Working capital

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

8. Directors' other interests

8.1 The Directors currently hold the following directorships and have held the following directorships within the five years prior to the date of this document.

<i>Name</i>	<i>Current Directorships (Country of Incorporation if not in the United Kingdom)</i>
P.L. Cheetham	Tertiary Minerals plc Tertiary Gold Limited Carrwood Investments Limited
M.A. Price	Tertiary Minerals plc Tertiary Gold Limited N.M.Rothschild & Sons Limited The London Gold Market Fixing Limited N.M.Rothschild & Sons (Denver) Inc (<i>USA</i>) N.M.Rothschild & Sons (Australia) Limited (<i>Australia</i>)
D.A.R. McAlister	Tertiary Minerals plc Tertiary Gold Limited

<i>Name</i>	<i>Previous Directorships (Country of Incorporation if not in the United Kingdom)</i>
P.L. Cheetham	Tertiary Gold (Sweden) AB (<i>Sweden</i>) Archaean Gold NL (<i>Australia</i>)
M.A. Price	None
D.A.R. McAlister	Reunion Mining PLC Cluff Mining (Zimbabwe) Holdings Limited Reunion Mining (Zimbabwe) Limited (<i>Zimbabwe</i>) Centurion Mining plc Centurion East European Mining Limited Munyati Holdings Limited (<i>Zimbabwe</i>) Munyati Mining Co Limited (<i>Zimbabwe</i>) Munyati Investments Limited Reunion Group Limited Reunion Diamonds Angola Limited African Oil and Gas Limited Reunion Diamonds Tanzania Limited Societe Minier et Financiere Du Mali Limited

8.2 Tertiary Gold (Sweden) AB was incorporated in Sweden on 18 October 1996 and became a wholly owned subsidiary of Tertiary Gold on 7 January 1997. Following a decision by Tertiary Gold to operate in Sweden through a branch, Tertiary Gold (Sweden) AB was placed by Tertiary Gold into voluntary liquidation effective 28 April 1998. Tertiary Gold (Sweden) AB did not trade.

8.3 No Director:

8.3.1 is a partner in a partnership or has been a partner within the last five years; or

8.3.2 has any unspent convictions for indictable offences; or

8.3.3 has become or been declared bankrupt or entered into any voluntary arrangement with his creditors; or

- 8.3.4 has been a director of any company at the time of or within the 12 months preceding any compulsory liquidation, creditors' voluntary liquidation, receivership, administration, voluntary arrangement or any composition or arrangement with its creditors generally or any class of creditor; or
- 8.3.5 has been a partner in a partnership at the time of or within the 12 months preceding any compulsory liquidation, administration or voluntary arrangement of that partnership; or
- 8.3.6 has had any asset which has been subject to a receivership or has been a partner in a partnership at the time of or within the 12 months preceding an asset of the partnership being subject to a receivership; or
- 8.3.7 has been publicly criticised by any statutory or regulatory authority (including a recognised professional body) or has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

9. United Kingdom taxation on dividends

Dividends received by individual shareholders who are resident in the UK for tax purposes will carry a tax credit equal to one-ninth of the amount of the dividend. If the shareholder's income, including the dividend and the associated tax credit, net of allowances and reliefs, does not exceed the higher rate threshold (£28,000 in 1999/2000), the tax credit will satisfy the individual's income tax liability, but cannot be reclaimed even if it exceeds his or her liability to income tax. The income tax liability on UK dividends for higher-rate payers is 32.5 per cent of the aggregate of the dividend and the tax credit.

Beneficiaries of discretionary or accumulation and maintenance trusts who receive as income distributions from such a trust which result from the receipt of UK dividends by the trust are taxed more heavily than if they had received the dividends personally. Dividends received by such trusts, as with other shareholders, carry a tax credit equal to one-ninth of the dividend, but such trusts are liable to income tax at 25 per cent on the aggregate of the dividend and the tax credit.

There is, however, a further income tax liability to be recognised if a distribution is made to a beneficiary from such a source. If a beneficiary liable to income tax at the basic rate receives as income a distribution from the trust reflecting the dividend, he or she will retain after tax 77 per cent of the trustees' actual dividend received (rather than 100 per cent of it if it were to have been received direct). If he or she is a higher rate taxpayer, the amount retained after tax is only 60 per cent of the actual dividend received by the trustees, rather than 75 per cent if it had been received direct.

A UK resident corporate shareholder will not, generally, be liable to UK corporation tax on any dividend received and will normally be able to treat any dividend together with the associated tax credit as franked investment income.

The above paragraphs are a general guide only and are not exhaustive. If you are in any doubt as to your taxation position you should consult an appropriate professional adviser without delay.

10. Material permits and contracts

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

- 10.1 On 13 August 1999 Tertiary Gold entered into an agreement with Loeb Aron & Company Ltd to establish the fees payable in connection with the Fundraising then being contemplated by Tertiary Minerals plc. Inter alia, it was agreed that, subject to admission of the Company to AIM, the fees and commissions payable to Loeb Aron & Company Ltd would be as follows:

- 10.1.1 the issue to Loeb Aron & Company Ltd of the Warrants described in paragraph 6.2.3 of this Part IV, and
- 10.1.2 4 per cent of the actual funds subscribed pursuant to the conditional underwriting of Mr. R.B.Rowan and Loeb Aron & Company Ltd, and
- 10.1.3 a corporate finance fee of £2,500 plus disbursements (plus VAT if applicable).
- 10.2 On 10 November 1999 an agreement was entered into between the Company and Seymour Pierce under which the Company has appointed Seymour Pierce as its Nominated Adviser for an initial period of 12 months. The agreement may be terminated by either party giving to the other 3 months' notice in writing to expire at any time after the end of the initial period. An annual fee of £10,000 (plus VAT if applicable) payable quarterly in advance is payable to Seymour Pierce for the provision of its ongoing services as Nominated Adviser. In addition, Seymour Pierce will receive a fee of £15,000 (plus VAT if applicable) in respect of corporate finance advice provided to the Company in respect of Admission.
- 10.3 On 10 November 1999 the Company and Ellis & Partners entered into an agreement ("the Nominated Broker Agreement") under which Ellis & Partners has been appointed Nominated Broker to the Company for an initial period of 12 months. The Company has agreed to pay to Ellis & Partners an annual fee of £10,000 (plus VAT if applicable) for its services as Nominated Broker. The appointment of Ellis & Partners as Nominated Broker shall continue after the initial period until terminated by either the Company or Ellis & Partners on 3 months' notice. In addition Ellis & Partners will receive a fee of £10,000 (plus VAT if applicable) in respect of corporate finance advice provided to the Company in respect of Admission.

10.4 Underwriting Agreements

10.4.1 On 13 September 1999 the Company entered into Underwriting Agreements in respect of the Fundraising with the six parties set out below ("the Underwriters") in respect of the following number of Underwritten Shares and associated Warrants:

(a) P.L. Cheetham	937,500 Underwritten Shares and Warrants
(b) K.E. Cheetham	937,500 Underwritten Shares and Warrants
(c) R.B. Rowan	3,750,000 Underwritten Shares and Warrants
(d) The Teddy Bear Shop (London) Ltd	625,000 Underwritten Shares and Warrants
(e) City of London PR Group Plc	625,000 Underwritten Shares and Warrants
(f) Loeb Aron & Company Ltd.	628,336 Underwritten Shares and Warrants

The Underwriters will on the admission of the Ordinary Shares of the Company to AIM be issued with one Warrant (in accordance with the conditions set out in the Deed of Warrant Grant) to subscribe for one Ordinary Share for every two Underwritten Shares underwritten exercisable as described in paragraph 6.2.2 of this Part IV.

10.4.2 The Underwriting Agreements as entered into contain, inter alia, the following conditions:

- (a) The application by the Underwriters for the Underwritten Shares being subject to the admission to AIM of the Ordinary Shares.

- (b) If the admission to AIM has not taken place by midnight on 31 December 1999 or such later time or date as all of the Underwriters unanimously agree the obligations of the parties will cease and no parties shall have any claim against any other party.
 - (c) Any of the Underwriters may at their absolute discretion waive the Company's compliance with any of the above conditions.
- 10.4.3 The Underwriting Agreement with Mr Rowan contains the following additional provisions.
 - (a) The Directors of the Company if so requested by Mr. Rowan within a period of 12 months from admission of the Ordinary Shares to AIM have agreed so far as they are able to appoint a non-executive Director to the Company appointed by Mr. Rowan
 - (b) The Directors will not without Mr Rowan's written consent put before the shareholders for a period of 12 months from the admission to AIM resolutions for any of the following: (i) any consolidation of the share capital; (ii) reduction of the par value of the shares; (iii) any amendment to the voting rights of the shares of the Company; or (iv) creation of any new class of shares in the Company.
- 10.4.4 The Underwriting Agreement with Loeb Aron & Company Ltd contains a provision to allow Loeb Aron & Company Ltd to procure up to 5 persons to apply for the Underwritten Shares. By subsequent agreement with the Company and the Underwriters this number has been increased to 15 persons.
- 10.5 Tertiary Gold entered into an agreement on the 17 October 1996 and a supplemental agreement dated 15 October 1999 (together called the "Agreement") with Gunnar Eriksson and Karin Eriksson ("G&K Eriksson") in relation to information which G&K Eriksson possess relating to certain exploration areas in Sweden which hold potential for discovery of mineral resources. Inter alia, the terms of the Agreement are that:
 - 10.5.1 If Tertiary Gold is granted any mineral exploration licences over the exploration area following the disclosure to Tertiary Gold of the requisite information, G&K Eriksson will have a 25 per cent beneficial interest in any such licences granted.
 - 10.5.2 Tertiary Gold will determine, manage and pay for the costs of the exploration programme.
 - 10.5.3 G&K Eriksson will prepare a report once an application for a licence has been made giving the results of any previous exploration.
 - 10.5.4 G&K Eriksson have granted Tertiary Gold an option to purchase their 25 per cent beneficial interest in any relevant licence or licence application at a purchase price of 600,000 Swedish Kroner or with the agreement of G&K Eriksson shares in Tertiary Gold.
 - 10.5.5 Tertiary Gold may surrender a relevant licence or licence application on giving notice to G&K Eriksson.
 - 10.5.6 G&K Eriksson give warranties and indemnities to Tertiary Gold in respect of the information disclosed to them.
 - 10.5.7 The Agreement contains a confidentiality clause by Tertiary Gold.
 - 10.5.8 The Agreement excludes any information already known to Tertiary Gold.

10.5.9 There is provision for a further agreement to be entered into to give full effect to the terms of the Agreement.

10.5.10 The Agreement is construed under the laws of England and Wales.

10.6 On 8 September 1999 the Shareholders of Tertiary Gold agreed to a share exchange with the Company by transferring to the Company 9,379,170 ordinary shares of £0.01 each in Tertiary Gold in exchange for crediting as fully paid the 2 subscriber shares and the allotment of 9,379,168 Ordinary Shares in the capital of the Company.

10.7 Mineral Exploration Permits

The Company has been granted the following mineral exploration permits in Sweden under the Minerals Act all of which are subject to Swedish Law and in particular the Minerals Act, the Environmental Code, the Planning and Building Act and the Cultural Relief Act:

<i>Project</i>	<i>Permit Name & Number</i>	<i>Area ha</i>	<i>Date of Grant</i>	<i>End of 1st Term</i>	<i>Equity Interest</i>	<i>Note</i>
Windfall	Vindfall Nr 1	1,430.00	28/01/97	28/01/00	100%	
	Vindfall Nr 2	2,196.00	31/08/98	31/08/01	100%	
	Vindfall Nr 3	2,825.00	31/08/98	31/08/01	100%	
	Vindfall Nr 4	3,098.00	31/08/98	31/08/01	100%	
	Sörtärnan Nr 1	746.00	05/05/97	05/05/00	75%	1
Rocky Bay	Hamrånge Nr 1	1,320.00	05/05/97	05/05/00	75%	1
Juniper Ridge	Enåsen Nr 1	11,800.00	31/03/98	31/03/01	100%	
	Enåsen Nr 2	8,557.00	20/04/98	20/04/01	100%	
	Enåsen Nr 3	2,334.00	20/04/98	20/04/01	100%	
	Grundviksberget Nr 1	1,000.00	01/02/99	01/02/02	100%	
	Enstern Nr 1	1,800.00	01/02/99	01/02/02	100%	
Boliden East	Nyholm Nr 101	1,618.00	06/05/98	06/05/01	100%	
	Nyholm Nr 102	1,882.00	11/05/98	11/05/01	100%	
	Nyholm Nr 103	4,716.00	18/05/98	18/05/01	100%	
	Tarsmyran Nr 2	1,354.00	30/04/98	30/04/01	100%	
Lake Hill	Traskbacken Nr 1	3,972.96	04/11/97	04/11/00	100%	
	Traskbacken Nr 2	4,540.71	04/11/97	04/11/00	100%	
	Traskbacken Nr 3	1,050.00	04/11/97	04/11/00	100%	
	Nyfors Nr 1	971.00	29/05/98	29/05/01	100%	2
Grey Mountain	Gråberget	1,580.00	01/08/97	01/08/00	100%	
	Total:	58,790.67				

Notes:

1. Tertiary Gold holds an option to purchase the 25 per cent interest held by G&K Eriksson (see paragraph 10.5 of this Part IV).
2. Permit area also held by Terra Mining AB

Each permit entitles the holder to explore specific minerals.

The main conditions governing exploration permits in Sweden are as follows:

10.7.1 The initial term of a permit is three years and, provided appropriate exploration has been carried out, this term can be extended on application for periods up to a total

of 10 years or up to 15 years where it is likely that an exploitation concession will be applied for.

- 10.7.2 With the exception of the land areas detailed below access to land, including private land, is granted for exploration purposes, subject to the notification procedures under the Mineral Act. A permit holder may utilise land in order to erect buildings that are absolutely necessary for the exploration work.
- 10.7.3 Damage or encroachment caused by exploration work must be compensated by the holder of the permit.
- 10.7.4 Exploration and exploitation cannot be carried out in national parks and seldom in areas included in detailed town plans under the Planning and Building Act or within 30m of public roads, railways, canals or airports or in areas occupied by electric power stations, churches other assembly halls, educational institutions, hotels or boarding houses, hospitals or other comparable establishment intended for more than 50 persons, areas of fortifications or within 100m of any site with a building inhabited for the greater part of the year.
- 10.7.5 A holder of an exploration permit may apply for an exploration concession which will, subject to certain conditions, be granted if an economic mineral deposit has been found and if the location and nature of the deposit does not make it inappropriate that the concession be granted.
- 10.7.6 An exploration permit may be transferred after consent of the issuing authority.

Exploitation concessions are granted for an initial period of 25 years and can be extended for successive 10 year periods as long as exploitation is continuing.

The Environmental Code is applicable to the granting of an exploitation concession and, inter alia, requires that any application shall contain an Environmental Impact Statement.

Swedish Law requires that a mineral deposit shall be exploited in a way that does not jeopardise the utilisation of known resources. This may prevent high grading of a deposit.

In February 1999 the Swedish government appointed a special investigator to examine if any changes need to be made to the Mineral Act to strengthen the rights of landowners and increase the protection of natural and cultural resources and existing developments. The findings will be made public in May 2000 but it is not possible to predict if or when any legislative changes will result. Whilst it is possible that this investigation will impose some further restrictions on mineral exploration and development which may affect the Company's activities on its permits in Sweden, any changes that are made to the permitting procedure would not affect the Company's existing permits as these have all been granted and gained legal force.

No royalties are payable in respect of exploitation concessions and there are no rights of State participation in mining projects. Payments to the Government are limited to nominal concession rent payments and to those taxes normally payable by all businesses in Sweden. Corporation Tax in Sweden is currently 28 per cent and VAT is levied at up to 25 per cent when applicable.

11. Other information

- 11.1 There are no legal or arbitration proceedings active, threatened or pending against, or being brought by, the Group which are having or may have a significant effect on the Group's financial position.

- 11.2 Other than set out in this document, there are no patents or other intellectual property rights, licences held by the Group or particular contracts that are of fundamental importance to the Group's business.
- 11.3 There are no significant investments in progress.
- 11.4 No exceptional factors have influenced the Group's activities.
- 11.5 Pannel Kerr Forster has given and has not withdrawn its written consent to the inclusion in Part II of this document of its Accountant's Report and references to such report and to its name in the form and context in which they are included and it has authorised the contents of its report for the purposes of regulation 13(1)(g) of the POS Regulations.
- 11.6 CSA Group has given and has not withdrawn its written consent to the inclusion in Part III of this document of its Consultant Geologist's Report and references to such report and to its name in the form and context in which they are included and it accepts responsibility for its report in accordance with regulation 13(1)(d) of the POS Regulations.
- 11.7 The financial information set out in this document does not constitute statutory accounts within the meaning of section 240 of the Act.
- 11.8 Save as described in this document, there are no persons (excluding professional advisers named in this document and trade suppliers) who have received directly or indirectly in the 12 months preceding the date of this document or who have entered into contractual arrangements to receive on or after Admission, fees, Ordinary Shares or any other benefit to a value of £10,000 or more.
- 11.9 There is no minimum amount which, in the opinion of the Directors, must be raised for the purposes of paragraph 21 of Schedule 1 to the POS Regulations.
- 11.10 The expenses of the Fundraising and Admission are estimated to be £85,000 (excluding VAT where applicable).

12. Availability of this document

Copies of this document will be available to the public free of charge from the offices of Seymour Pierce, 29/30 Cornhill, London EC3V 3NF and the registered office of the Company during office hours, Saturdays and Sundays excepted for a period of 14 days from the date of Admission.

Dated 11 November 1999

