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The Directors of Angus & Ross PLC, whose names appear under the heading “Directors, Secretary and Advisers” on page 4 of this document, accept responsibility for the information contained in this document. To the best of their knowledge, the information contained in this document is in accordance with the facts and there is no omission likely to affect the import of such information.

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ANGUS & ROSS PLC

(Incorporated in England Registered Number 3319691)

Introduction to the Alternative Investment Market

by

BREWIN DOLPHIN SECURITIES

Share capital at Admission

Authorised			Issued and fully paid	
Amount	Number		Amount	Number
£1,000,000	100,000,000	Ordinary Shares of 1p each	£240,040	24,004,000

Application has been made for all the issued Ordinary Shares of Angus & Ross PLC to be admitted to trading on the Alternative Investment Market of the London Stock Exchange. The Alternative Investment Market (“AIM”) is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not Officially Listed.

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

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

This document does not constitute an offer or invitation to any person to subscribe for or to purchase any securities in the Company. No Ordinary Shares have been or are proposed to be offered to the public in connection with the application for admission to AIM.

The whole of this document should be read. In particular, attention is drawn to the section entitled “Risk Factors” on page 11 of this document.

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EXPECTED TIMETABLE

OFEX dealings in Ordinary Shares to cease

Friday 24 August 2001

Ordinary Shares expected to be admitted to AIM and dealings
expected to commence

Tuesday 28 August 2001

DEFINITIONS

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

“Accountants’ Report”	the accountants’ report set out in Part III of this document
“Act”	the Companies Act 1985 (as amended by the Companies Act 1989)
“Admission”	admission of the issued Ordinary Shares to trading on AIM
“AIM”	the Alternative Investment Market of the London Stock Exchange
“AIM Rules”	the AIM Rules of the London Stock Exchange
“Board” or “the Directors”	The board of directors of Angus & Ross
“Brewin Dolphin Securities”	Brewin Dolphin Securities Limited, a member firm of the London Stock Exchange and regulated by the Securities and Futures Authority Limited
“Cabot”	Cabot Corporation Inc., a US company, and/or its wholly-owned UK subsidiary, Cabot GB Ltd.
“Company” or “Angus & Ross”	Angus & Ross PLC
“Directors” or “Board”	the directors of the Company whose names appear on page 4
“London Stock Exchange”	London Stock Exchange plc
“lbs”	pounds weight
“Ordinary Shares” or “shares”	Ordinary Shares of 1.0p each in the Company

DIRECTORS, SECRETARY AND ADVISERS

Directors	Robert Michael Andrews MA (<i>Executive Chairman</i>) Robert Douglas Young MSc PhD DIC CEng FIMM (<i>Managing Director</i>) Richard Owen Burt BSc CEng FIMM (<i>Non-Executive Director</i>) John Julian Tristam Cronk LLB (<i>Non-Executive Director</i>) Michael Peter Martineau MA DPhil FIMM (<i>Non-Executive Director</i>) Roger William Turner ACSM MSc PEng CEng (<i>Non-Executive Director</i>) all of: Angus & Ross PLC 1 Green Hill Little Thetford Ely Cambridgeshire CB6 3HD
Company Secretary and Registered Office	John Julian Tristam Cronk LLB Nutfield House 66 Dry Hill Park Road Tonbridge Kent TN10 3BX
Nominated Adviser	Brewin Dolphin Securities Limited 7 Drumsheugh Gardens Edinburgh EH3 7QH
Nominated Broker	Bell Lawrie White (a division of Brewin Dolphin Securities Limited) 7 Drumsheugh Gardens Edinburgh EH3 7QH
Auditors and Reporting Accountants	Buzzacott 12 New Fetter Lane London EC4A 1AG
Solicitors to the Company and Admission	Burness 50 Lothian Road Festival Square Edinburgh EH3 9WJ
Solicitors to the Company	Hewitson Becke & Shaw Shakespeare House 42 Newmarket Road Cambridge CB5 8LP
Consulting Geologists	Behre Dolbear International Ltd 24 Pepper Street London SE1 0EB
Registrars	IRG plc Balfour House 340-358 High Road Ilford Essex IG1 1NQ
Bankers	Bank of Scotland 38 Threadneedle Street London EC2P 2BH

PART I

KEY INFORMATION

The following is derived from, and should be read in conjunction with, the full text of this document. Sole reliance should not be placed on the information set out below.

- Angus & Ross's activity, exploration for mineral resources, is presently focused upon the rare metal element, tantalum.
- Angus & Ross's shares are at present quoted on OFEX. The current market capitalisation is £5.0 million.
- Angus & Ross has acquired a group of eight prospecting licences in Ireland and one prospecting licence in Greenland. The areas covered by the licences are believed to contain tantalum mineralisation that may have potential for commercial exploitation. Other than cash, Angus & Ross's only meaningful assets are its exploration licences in Ireland and Greenland; they are therefore of fundamental importance to the Company's prospects.
- Output and prices for tantalum have risen steeply in recent years due chiefly to demand from the electronics industry which employs both tantalum and its oxide in the manufacture of capacitors. Output of tantalum in 2000 was 4.8 million lbs, just below half of proven world reserves of 10 million lbs.
- Since formation in 1997, Angus & Ross has raised a total of £1.58 million from investors through issues of new ordinary shares. Cash resources of the Company at 31 July 2001 were £986,000. Angus & Ross plans to utilise most of its cash to continue its exploration programmes. In 2001, the Company's plans involve expenditure of £840,000 in Greenland.
- Cabot GB Limited ("CGBL"), a subsidiary of Cabot Corporation, a major US chemical company, owns 20.8% of the ordinary share capital of Angus & Ross. CGBL has signed a subscription agreement with Angus & Ross whereby it will have a right to elect to purchase up to 50% of any eventual output of tantalum and/or caesium minerals from either or both of the sites in Greenland and Ireland over which Angus & Ross has licences at the date of the agreement. The minerals will be at a price which, if received for the balance of output, would achieve for Angus & Ross an agreed return on investment. This rate of return is considered acceptable by Angus & Ross's board. Details of the agreement with CGBL, which is important to Angus & Ross, are contained in paragraph 6.4 of Part V of this document.
- Investment in mineral exploration companies is risky. In particular, it should be noted that should Angus & Ross fail to make a commercial discovery in Greenland, it will need to raise fresh capital; indeed, even with success in Greenland, Angus & Ross will require to raise new capital. Any such fund-raising cannot be guaranteed. Attention is drawn to the section on "Risk Factors" on page 11 of this document.

PART II

INFORMATION ON THE COMPANY

Introduction and History

Angus & Ross was founded in 1997 by Robin Andrews who was joined in 1999 by Bob Young. At the present time, the Company's principal activity is exploration for mineral resources.

Following a review of the mining industry undertaken throughout 1998 and 1999, Angus & Ross identified the element tantalum as a metal with potential. In October 1999, the Company accordingly acquired a group of eight prospecting licences in counties Carlow and Wexford in Ireland, and in January 2000 acquired a further exploration licence in Western Greenland. Both prospects are believed to contain tantalum ores. Other than cash, the two exploration licences are, at present, the only assets owned by Angus & Ross. They are consequently of fundamental importance to the Company's business.

In 1997, Robin Andrews subscribed for the first 5,000,000 ordinary shares of Angus & Ross at a price of 1p; half of these shares were subsequently sold to Bob Young in 1999. A further 460,000 new shares were placed during 1997 and 1998 at prices of 1p and 2.5p. In June 1999, 2,000,000 new shares were issued at 1p. Late in 1999, in connection with the admission of the ordinary shares to the OFEX trading facility, 7,500,000 new shares were subscribed for at 2p. An additional five placings in 2000 led to the issue of 4,044,000 new shares at prices ranging from 9p to 17p. Finally, to date in 2001, Angus & Ross has issued 5,000,000 new shares to Cabot GB Limited at prices of 10p and 20p. There are therefore 24,004,000 shares of Angus & Ross currently in issue. In total, Angus & Ross has raised £1,580,000 from the issuance of new Ordinary Shares.

Angus & Ross has granted a number of options and warrants since incorporation, some of which have already expired or been exercised. These options and warrants have two functions: first, as an incentive to new subscribers of equity capital; and secondly, as a potential source of cash should the company need additional funds to capitalise on exploration success. Options and warrants are now outstanding over 12,775,000 shares, 53% of the current issued ordinary share capital. Exercise of all outstanding options and warrants would produce cash resources of £1,198,750. Details of options and warrants are contained in paragraph 3.5 in Part V of this document.

At 31 July 2001, the Company had cash balances of £986,000. This cash will be employed to finance both the Company's day-to-day running costs and the next stages of exploration in Greenland and Ireland. Attention is drawn to the Accountants' Report in Part III of this document which provides additional financial information on the Company. The information in the following table, which summarises Angus & Ross's profit and loss account for the 3 years to February 2001, is extracted from that report:

	2001	Year ended 28 February 2000	1999
	£000's	£000's	£000's
Administrative Expenses	(174)	(75)	(2)
Interest receivable and similar income	8	1	—
(Amounts written off)/gains on investments	(2)	3	(1)
Loss on ordinary activities before taxation	<u>(168)</u>	<u>(71)</u>	<u>(3)</u>

During the 3 year period, Angus & Ross has spent £106,000 on exploration-related activity and other capital expenditure, but has had no source of recurring income other than interest received and similar income.

The price of Angus & Ross's shares, as derived from OFEX, on 16 August 2000, the latest practicable date before publication of this document, was 21p. The market capitalisation of Angus & Ross at the same date was therefore £5.0 million.

Tantalum

Extraction

Tantalum is a rare, steel-blue metallic element, often found in solid solutions with other elements. Many tantalum-bearing minerals have been identified, several of which also contain tin. Historically, tantalum has been extracted as a by-product of tin mining.

Tantalum output is measured in terms of the weight of tantalum pentoxide in tantalum concentrate. At a tantalum mining site, crude ore is extracted and sent to an adjacent processing plant at which a concentrate is separated through crushing and grinding. The concentrate is then (sometimes on site) subjected to a chemical refining process which liberates tantalum pentoxide.

Growth in demand for tantalum has led to development of mining operations dedicated principally to its commercial extraction. The largest single producer at present is the Australian mining company, Sons of Gwalia Ltd, whose two mines in Western Australia currently produce around 25% of world output. Other significant producers, together accounting for some 4% of world output, are the Tantalum Mining Corporation (a subsidiary of Cabot Corporation Inc., a major shareholder in Angus & Ross), with mines in Manitoba, Canada, and Grupo Paranapanema in Brazil. Small-scale tantalum output accounts for perhaps a further 10% of production.

Uses

Tantalum is characterised by toughness, ductility, malleability, excellent thermal conductivity, resistance to corrosion and a high melting point (just below 3,000°C). Tantalum also possesses the capability to grow uniformly stable oxides.

Tantalum and refined powdered tantalum oxide are used in high-performance capacitors. Capacitors store, filter and regulate electrical energy and current flow in electric or electronic circuits and are typically made of two plates of a conducting material, which can be tantalum itself, separated by a dielectric, or non-conducting, material, such as tantalum oxide. Tantalum oxide's superior dielectric properties, in combination with tantalum's excellent thermal conductivity, are ideal for the miniature capacitors used, for example, in mobile phones, laptop computers, car electronics, video cameras, pagers and other small electronic devices. Current consumption of refined powdered tantalum oxide is estimated at some 3.1 million lbs/annum, as much as 65% of world output in 2000.

Tantalum alloys permit resistance to corrosive gases at high temperatures. Specific applications include chemical process plant and aerospace. Tantalum chemicals have a variety of uses, including electronics, medical applications and optics. Lithium tantalate is used in the manufacture of filters and tantalum carbide is used in cutting tools for hard metals.

Consumption of materials that use either tantalum or tantalum chemicals for their heat conduction and anti-corrosive properties is estimated at approximately 800,000 lb per annum; for tantalum alloys, 575,000 lb per annum; and for cutting tools, 400,000 lb per annum.

There are two major processors of tantalum, H.C. Starck, a subsidiary of the Germany multi-national, Bayer Group, and the Performance Materials Division of Cabot Corporation of the US. There are other processors in Australia, Austria, China, Russia and USA. Kemet Corporation (US) is the world's largest producer of tantalum capacitors and is therefore a major end-user of tantalum.

Price

There is no generally accepted market or market price for tantalum (in the form of tantalum pentoxide) as is the case with various precious and commodity metals. The price of tantalum is effectively set by a large number of private contracts between mining companies and refiners, and such prices are not made public. From time to time, the US Defense Logistic Agency releases tantalum from its stockpile via an auction process and there are occasional trades on a spot market. For most of the early part of the 1990's, the average known price for tantalum pentoxide was around \$30 per lb. On 31 January 2001, the US Defense Logistic Agency sold 11,000 lbs of tantalum pentoxide at an effective overall price of \$373 per lb, a value briefly reflected in the contemporaneous asking price for tantalum scrap. More recently, spot prices, as derived from Mining Journal, have been given in the range \$55–85 per lb.

Outlook

In 2000, output of tantalum pentoxide was 4.8 million lbs having averaged approximately 3 million lbs per annum over the previous four years. The increase in output was driven mainly by growth in demand from the electronics sector.

Proven reserves of tantalum are currently estimated at some 10 million lbs, only sufficient, therefore, to meet slightly in excess of 2 years of demand at 2000 rates of consumption. As a consequence, exploration activity associated with tantalum has increased in recent years. Activity has been reported from Australia, Brazil, Canada, China, Finland, Mozambique and Uganda, as well as from Ireland and Greenland.

It is the opinion of the Board of Angus & Ross that, in view of tantalum's physical and chemical properties and the economic and performance penalties that result from substitution, demand for the metal will continue at strong levels, and that the low level of reserves in relation to current demand will underpin prices paid for the metal. The Board accordingly believes that, should its exploration programmes in Ireland and Greenland be successful, profitable development should ensue.

Attention is drawn to the report from Behre Dolbear International, consultant geologists, contained as Part IV of this document, which includes further information on tantalum.

Information on Licences

On 27 October 1999, Angus & Ross acquired eight prospecting licences in counties Carlow and Wexford in Ireland. The licences form a contiguous block comprising some 300 square kilometres in the area of the Blackstairs Mountains.

The geology of the licence area contains rocks that have typically been associated with tantalum. The presence of tantalum was first recognised in surveys carried out during the 1970's and was confirmed by the Geological Survey of Ireland ("GSI") in the late 1980's.

Angus & Ross acquired the results of the GSI survey and commenced its own survey programme in 2000. The results of the survey confirmed the findings of the GSI. Angus & Ross planned a further survey this year to attempt to identify more closely the precise sources of tantalum ores. The programme has, however, been delayed by the outbreak of Foot and Mouth Disease. It is now expected that the next stage of work, which will be subject to the availability of resources, will commence no earlier than the end of 2001.

On 18 January 2000, Angus & Ross acquired a single exploration licence in Western Greenland. The licence covers an area of 414 square kilometres at Motzfeldt close to the international airport at Narsarsuaq.

Between 1982 and 1987, the Greenland Geological Survey ("GEUS") carried out various surveys at Motzfeldt; these surveys led to the discovery of tantalum (and niobium) minerals within the area. Angus & Ross has acquired both the report and the data generated by the GEUS survey. Angus & Ross's own interpretative work confirms the results of this survey.

Angus & Ross commenced a 4 month on-site work programme in Greenland in July 2001. The programme, estimated to cost £840,000, involves rock sampling, geophysical surveys and drilling operations. Its principal objective is to assess the outline size of the Motzfeldt prospect resource. If the reserve is estimated to be large enough, Angus & Ross will then commence banking and commercial feasibility studies. The on-site programme has, to date, made satisfactory progress. A statement was issued to OFEX on 30 July 2001 providing information on the Greenland programme. The full text of the statement is contained in paragraph 10.4 of Part V of this document.

Attention is again drawn to the report by Behre Dolbear International which forms Part IV of this document.

Relationship with Cabot

Cabot GB Limited is a UK-registered subsidiary of Cabot Corporation, a United States' company based in Boston, Massachusetts, with a wide range of chemical activities. Through its Performance Materials Division, Cabot is a major processor of tantalum products. CGBL owns 20.8% of the Ordinary Shares and has options over a further 5,000,000 ordinary shares.

CGBL acquired its interest in Angus & Ross through a subscription agreement, dated 9 April 2001, whereby CGBL was granted the right to elect to purchase, *inter alia*, up to 50% of any eventual output of tantalum and/or caesium minerals produced by Angus & Ross from its sites in Ireland and Greenland, should these sites become subject to commercial development. It is intended that Cabot will, at the most, pay a price for 50% of the tantalum and/or caesium minerals produced by Angus & Ross which, if received for the balance of output, would provide Angus & Ross with an agreed rate of return on investment at the site in question. This rate of return is considered acceptable by the Board.

Shareholder rights of pre-emption provided for in the Act have been disapplied up to a present maximum of 5,000,000 shares. However, as part of the subscription agreement, Angus & Ross has granted CGBL a pre-emption right by which CGBL may subscribe its pro-rata share of any new issue of ordinary shares. The Company has also agreed not to issue new shares to certain parties without CGBL's consent.

A further condition of the subscription agreement is that CGBL has the right to nominate one member of Angus & Ross's board. The nominee at present is Richard Burt.

Strategy

The Board has determined that, for the time being, the Company's activities will be focused on tantalum and its related metals and minerals. As a result, Angus & Ross has now embarked on its exploration programme in Greenland and plans further investigative work in Ireland when circumstances permit. Should exploration work in either Greenland or Ireland indicate the existence of commercially exploitable reserves of tantalum minerals, the Board will seek to develop these resources provided adequate finance is available on acceptable terms.

In addition, the Board will consider other opportunities, both with tantalum and other minerals. For example, other businesses, not necessarily tantalum-related, may become available for purchase, and such prospects will be investigated. The overall objective of the Board is to enhance shareholder value. On 10 August 2001, Angus & Ross made an announcement to OFEX concerning recent press comment upon the Company. The full text of the announcement is contained in paragraph 10.5 of Part V of this document.

The Board wishes to make it clear that, from time to time, it will be necessary for Angus & Ross to raise additional equity capital to finance its continuing operations and ongoing development plans.

Reasons for Admission

The Directors have decided to apply for Admission for the following reasons:

- to gain potential access to a wider range of investors;
- to provide an improved share-dealing platform for existing shareholders; and
- to increase the general profile of the Company.

Directors and Management

Angus & Ross is a relatively new company. Its principal actions to date have been to select its chosen area of operations and to raise the preliminary equity capital funds that will enable it to exploit opportunities in that area.

Angus & Ross presently operates on a minimal operational base. Eight contracted consultants on short-term contracts are currently working for the Company in Greenland. The only other employees are the two directors with executive responsibilities and the Chief Operations Officer, all of whom at present work from their home addresses.

To date, all of the professional services the Company requires, including all book-keeping and certain technical services, have been out-sourced.

Directors and management are as follows:

Robert (Robin) Andrews—Executive Chairman

Robin Andrews, aged 58, graduated from Edinburgh University having studied Civil Engineering and Economics. Following a term as an investment analyst with de Zoete & Gorton, he spent 20 years in North American stockbroking and investment banking with A.E. Ames, James Capel and Mead & Co. As manager of the London office of Mead & Co., he was responsible for financings for companies such as Palliser Petroleum, Breakwater Resources, Greenwich Resources, Warrior Resources and Double Eagle Energy and Resources. He was a director of the latter two companies. In recent years he has been involved in a number of resource-oriented, and other private, ventures.

Robert Young—Managing Director

Bob Young, aged 56, holds a first class honours degree in geology and chemistry (London), a MSc in Mineral Exploration and Mining Geology (Leicester), and a PhD in geochemistry (Royal School of Mines, London). He has over 25 years of varied experience in the mining industry in Europe and South East Asia. From 1971 to 1977, he was a director of Minerex Limited (Ireland), a geological consultancy involved in gold, lead and zinc exploration programmes. From 1977 to 1984, he worked in Indonesia, and from 1980 to 1984 he was chief metals geologist of Shell Metals (Indonesia), involved with tin mining and regional mineral exploration. He founded Cambridge Mineral Resources PLC and started their gemstone exploration programmes in Ireland, Spain, Sweden and the Falkland Islands.

Julian Cronk—Non-Executive Director and Company Secretary

Julian Cronk, aged 54, is a law graduate of University College, London and a barrister with many years' experience as a professional company secretary, primarily with London-listed companies. He is presently Group Company Secretary of Coral Eurobet PLC.

Michael Martineau—Non-Executive Director

Michael Martineau, aged 56, holds a first class honours degree and a doctorate in geology from Oxford University. He has a career of over 30 years in the minerals industry, having held senior appointments with Selection Trust, BP Minerals International and Cluff Resources. He founded and was president and CEO of SAMAX Gold Inc. He is currently a director of Ashanti Goldfields Co. Ltd., Axmin Limited and deputy Chairman of Eurasia Mining.

Roger Turner—Non-Executive Director

Roger Turner, aged 58, is a graduate of the Camborne School of Mines, where he qualified as a mining engineer. He has a MSc from Leicester University. He has over 30 years of experience in the mining industry covering both base and precious metals in open pit and underground mines. He has worked in North America, Africa, India, Europe and the former Soviet Union. Roger Turner was formerly President and Chief Operating Officer of Nelson Gold Corporation, responsible for the Zeravshan Joint Venture in Tajikistan, of which he was chairman. Prior to this, Roger Turner was with RTZ. He is now managing director of Oxus Mining, which has mineral interests in Central Asia.

Richard Burt—Non-Executive Director

Richard Burt, aged 59, graduated from the Royal School of Mines, London with an honours degree in Mineral Technology. He has over 35 years experience in the mining industry, mainly in tin and tantalum, with Consolidated Tin Smelters, Pendarves Mine Barhos, Tantalum Mining Corporation, and the latter's parent Company, Cabot Corporation, with whom he is currently Director, Cabot Mineral Development. He is a recognised world authority in the gravity concentration of minerals, and travels widely advising on the mining and processing of tantalum. He is currently Overseas Member of Council for the Institution of Mining and Metallurgy.

Christopher Parry—Chief Operations Officer

Chris Parry, aged 39, is a mining engineer with 17 years of experience in operational, project development and consulting roles. His experience is widespread in both geographical and commodity terms. He has worked on diamond, gold, bauxite, tantalum, iron and copper projects in Africa and South America. From 1995-1998, he was employed by Cabot Corporation as Project Manager for the Morrua tantalum project in Mozambique.

Restrictions on Disposal of Shares

The Company's main activity is a business which has not been earning revenue for at least 2 years. The AIM Rules provide that in such cases the Company must ensure that applicable employees and related parties will not dispose of their interests in Ordinary Shares from one year from the Admission.

The following parties together (where appropriate) with their immediate families, being all the parties to whom the AIM rule refers, have undertaken not to dispose of their holdings, or part of their holdings, in the Company from Admission until the date of publication of the interim results for the half-year to 31 August 2002 or, in the case of Cabot GB Limited, until the first anniversary of Admission:

the Directors;
Brewin Dolphin Securities;
Cabot GB Limited;
Carole Rowan; and
Christopher Parry.

Brewin Dolphin Securities has agreed to invest a sum of £15,000 in the subscription of new ordinary shares after Admission. Details of this arrangement are given in paragraph 10.3 of Part V of this document.

In addition, the Directors and Christopher Parry have given an undertaking not to dispose of either all or part of their holdings between the date of publication of the interim results to 31 August 2002 and the second anniversary of Admission without first consulting the Nominated Broker to the Company. Cabot GB Limited has given a similar undertaking so long as during the same period it is the holder of 3 per cent of the issued ordinary shares or of any other class of securities of the Company.

The above undertakings will not apply to the disposal of Ordinary Shares pursuant to an offer to acquire the entire issued share capital of the Company, in the event of an intervening court order, or upon an individual's death.

Robin Andrews and Bob Young have undertaken to exercise options and warrants owned by them over 1,000,000 shares by no later than 7 June 2002 or when cash balances fall below a certain figure, whichever is earlier. Carole Rowan has given a similar undertaking in respect of warrants held by her, but limited so that she is not obliged to acquire more than 29.9 per cent of the voting rights of the Company.

Dividend Policy

The current intention of the Directors is to aim for capital growth by increasing the value of the Company's resource properties and not to pay dividends.

Corporate Governance

The Directors intend that the Company will comply with the Codes of Best Practice introduced by the Combined Code and by the Cadbury, Greenbury and Hampel Reports so far as is appropriate having regard to the size of the Company.

The Company holds Board meetings regularly throughout the year at which financial and other reports are considered.

An Audit Committee has been established comprising Messrs. Burt, Cronk and Martineau. A quorum shall be at least two members. A Remuneration Committee has also been established comprising Messrs. Cronk and Turner which will meet as and when necessary, but at least annually, to review, *inter alia*, the performance and salaries of the executive Directors.

Risk Factors

In addition to the other relevant information set out in this document, the following specific factors should be considered carefully in evaluating whether or not to make an investment in Angus & Ross.

Investment in mineral exploration

Mineral exploration is a speculative activity as is associated equity investment. Exploration work may be delayed, postponed or forced to be abandoned in the event, *inter alia*, of abnormal weather conditions and either the non-availability or malfunction of essential plant and equipment. The exploration undertaken by the Company may not result in viable exploitation. Prices of commodities may show wide variations and affect adversely the ability of the Company to undertake commercial exploration and exploitation. The investment may be affected by changes in political, taxation and regulatory regimes in the countries in which the Company operates.

Substitution

At any time, demand and price for any metal or metals that are the subject of any exploration or commercial activity by the Company may be affected by the availability to end-user customers of other metals, minerals or materials that offer either reduced prices or superior performances or a combination of both.

Alternative supply

At any time, demand for any metal or metals that are the subject of any exploration or commercial activity by the Company may be affected by the availability of alternative sources of supply of the metals in question.

Attraction and retention of key employees

The Company currently depends on the members of its Board and the Chief Operations Officer to act as its management and operations team. The ability to retain current employees, or to attract future employees with appropriate experience and skills, cannot be guaranteed.

Further share offerings

Future share offerings are vital to the Company. There can be no assurances that any such offerings will either be possible or successful.

Liquidity and marketability of shares and Admission

Notwithstanding the fact that an application for Admission has been made, this should not be taken as implying there will be a liquid market or any market in those shares should Admission be granted. An investment in the Ordinary Shares may therefore be difficult to realise. In addition, whilst the Directors have no reason to believe that Admission will be refused, this cannot be guaranteed.

Foreign Currencies

Angus & Ross is exposed to the US dollar in respect of tantalum selling prices and to the Euro in respect of exploration costs in Greenland and Ireland.

Share price

The value of the Ordinary Shares (and any income therefrom) may go down. Investors may therefore realise less than, or lose all of, their original investment.

Suitability

Investment in Angus & Ross may not be suitable for all readers of this document who are accordingly advised to consult a person authorised under the Financial Services Act 1986 before making any investment decision with regard to Angus & Ross. The Nominated Broker to Angus & Ross considers the Ordinary Shares to be a “High Risk” investment according to its categories of investment. The Ordinary Shares are in particular not suitable for investors requiring income.

PART III
ACCOUNTANTS' REPORT

Buzzacott

The Directors
Angus & Ross PLC
1 Green Hill
Little Thetford
Ely
Cambridgeshire
CB6 3HD

The Directors
Brewin Dolphin Securities Limited
P.O Box No. 8
7 Drumsheugh Gardens
Edinburgh
EH3 7QH

17 August 2001

Dear Sirs

Angus & Ross PLC

Introduction

We report on the financial information set out below. The financial information has been prepared for inclusion in the Admission Document dated today of Angus & Ross PLC.

Basis of preparation

The financial information set out below is based on the audited financial statements of Angus & Ross PLC for the three years ended 28 February 2001 ("the Relevant Periods") after making such adjustments as we considered necessary.

Responsibility

Such financial statements are the responsibility of the directors of Angus & Ross PLC who approved their issue.

The directors of Angus & Ross PLC are responsible for the contents of the Admission Document dated today in which this report is included.

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

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements underlying the financial information, and whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document dated today, a true and fair view of the results and cash flows of Angus & Ross PLC for each of the Relevant Periods and of the state of affairs of Angus & Ross PLC at the end of each of the Relevant Periods.

Consent

We consent to the inclusion in the Admission Document dated today 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.

FINANCIAL INFORMATION

General

The principal activity of the Company is the acquisition of prospecting licences and exploration for commercially mineable reserves of tantalum. The Company registration number is 3319691 (England and Wales).

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Exploration and development costs

Expenditure on the acquisition costs, exploration and evaluation of interests in licences including related overheads is capitalised. Such costs are carried forward in the balance sheet under tangible fixed assets, and are depreciated over the minimum period of the licences in respect of each area of interest where such costs are expected to be recouped through successful development and exploration of the area of interest or alternatively by its sale. Whenever a project is considered no longer viable the associated deferred exploration and development costs are written off to the profit and loss account.

Other tangible fixed assets

Depreciation is provided in order to write off, on a reducing balance basis, each asset over its estimated useful life as follows:

- Office equipment—25% per annum

Investments

Current asset investments are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

Social security costs on outstanding options

The Company provides for social security costs payable on the exercise of outstanding options granted to employees. Full provision is made from the date employees become entitled to exercise options. The provision is based upon the value of the options with reference to the Company's quoted share price.

2. PROFIT AND LOSS ACCOUNTS

	Notes	Year ended 28 February		
		2001 £	2000 £	1999 £
Administrative expenses		(173,987)	(75,033)	(2,516)
Operating loss	5.1	(173,987)	(75,033)	(2,516)
Other interest receivable and similar income (Amounts written off)/gains on investments	5.3	8,659 (2,307)	881 3,106	5 (970)
Loss on ordinary activities before taxation		(167,635)	(71,046)	(3,481)
Tax on loss on ordinary activities	5.4	—	—	—
Loss on ordinary activities after taxation	5.13	(167,635)	(71,046)	(3,481)
Loss per share	5.5	1.01p	0.82p	0.06p
Diluted loss per share	5.5	0.72p	0.76p	0.06p

The profit and loss accounts have been prepared on the basis that all operations are continuing operations. There are no recognised gains and losses other than those passing through the profit and loss account.

3. BALANCE SHEETS

	Notes	At 28 February					
		2001 £	2001 £	2000 £	2000 £	1999 £	1999 £
Tangible fixed assets							
Exploration and development expenditure	5.6		83,010		10,669		—
Other tangible fixed assets	5.7		338		450		—
			<u>83,348</u>		<u>11,119</u>		<u>—</u>
Current assets							
Debtors	5.8	9,717		51,430		584	
Investments	5.9	2,538		4,845		1,739	
Cash at bank and in hand		386,458		116,950		1,311	
		<u>398,713</u>		<u>173,225</u>		<u>3,634</u>	
Creditors: amounts falling due within one year	5.10	<u>39,563</u>		<u>37,956</u>		<u>3,300</u>	
Net current assets			<u>359,150</u>		<u>135,269</u>		<u>334</u>
Total assets less current liabilities			<u>442,498</u>		<u>146,388</u>		<u>334</u>
Capital and reserves							
Called up share capital	5.11		190,040		154,600		54,600
Share premium account	5.13		549,305		121,000		3,900
Profit and loss account	5.13		(296,847)		(129,212)		(58,166)
Equity shareholders' funds	5.14		<u>442,498</u>		<u>146,388</u>		<u>334</u>

4. CASH FLOW STATEMENTS

	Notes	At 28 February					
		2001 £	2001 £	2000 £	2000 £	1999 £	1999 £
Net cash outflow from operating activities	5.18		(154,802)		(43,939)		(1,297)
Returns on investments and servicing of finance							
Interest received			8,659		881		5
Capital expenditure							
Exploration and development costs incurred		93,094		12,803		—	
Payments to acquire tangible fixed assets		—		600		—	
			(93,094)		(13,403)		—
Net cash outflow before management of liquid resources and financing			(239,237)		(56,461)		(1,292)
Financing							
Issue of ordinary share capital, after costs of issue			508,745		172,100		—
Increase/(decrease) in cash in the year	5.19		269,508		115,639		(1,292)

5. NOTES TO THE FINANCIAL INFORMATION

5.1 Operating loss

	2001 £	2000 £	1999 £
Operating loss is stated after charging:			
Depreciation	20,865	2,284	—
Auditors' remuneration			
—Audit fees	5,000	5,000	1,400
—Other fees	9,350	10,973	—
Directors' remuneration (note 5.2)	44,200	12,400	—
Social security costs	5,522	1,600	—
Provision for social security costs on share options	1,000	30,000	—

In 2001—£9,800, 2000—£3,600, and 1999—nil of R D Young's remuneration has been capitalised as Development Expenditure. The capitalised element is excluded from directors' remuneration above.

Apart from the directors, there were no other employees during the Relevant Periods.

5.2 Directors' remuneration

	2001 £	2000 £	1999 £
Salary:			
R M Andrews	27,000	8,000	—
R D Young	27,000	8,000	—
	54,000	16,000	—

No pension contributions are made on behalf of directors.

5.3 Other interest receivable and similar income

	2001 £	2000 £	1999 £
Bank interest	8,659	881	5

5.4 Taxation

The Company had losses of approximately £325,000 for tax purposes during the Relevant Periods. These losses are available to set off against future trading profits.

5.5 Earnings per share

Basic earnings per share has been calculated on the loss on ordinary activities after taxation and on the weighted average ordinary shares in issue of 2001—16,665,589, 2000—8,667,671 and 1999—5,460,000 during the Relevant Periods.

Fully diluted earnings per share has been calculated on the loss on ordinary activities after taxation and on an adjusted weighted average ordinary shares which would have been in issue had all the share options been exercised namely of 2001—23,221,051, 2000—9,380,241 and 1999—5,460,000 during the Relevant Periods.

5.6 Exploration and development expenditure

	2001 £	2000 £	1999 £
Cost			
At 1 March	12,803	—	—
Additions	93,094	12,803	—
At 28 February	105,897	12,803	—
Depreciation			
At 1 March	2,134	—	—
Charge for the year	20,753	2,134	—
At 28 February	22,887	2,134	—
Net book values	83,010	10,669	—

5.7 Other tangible fixed assets

	2001 £	2000 £	1999 £
Office equipment			
Cost			
At 1 March and 28 February	600	600	—
Depreciation			
At 1 March	150	—	—
Charge for the year	112	150	—
At 28 February	262	150	—
Net book value			
At 28 February	338	450	—

5.8 Debtors

	2001 £	2000 £	1999 £
Other debtors	3,726	2,268	584
Called up share capital not paid	—	45,000	—
Prepayments	5,991	4,162	—
	<u>9,717</u>	<u>51,430</u>	<u>584</u>

5.9 Current asset investments

	2001 £	2000 £	1999 £
Listed investments at market value	2,538	4,845	1,739

Current asset investments comprise 140,000 shares in President Mines Inc, a Vancouver quoted company. These shares have been held by Angus & Ross PLC since 1996.

5.10 Creditors: amounts falling due within one year

	2001 £	2000 £	1999 £
Social security costs	2,234	1,456	—
Directors' current accounts	300	300	300
Accruals	6,029	6,200	3,000
Provision for social security costs on share options	31,000	30,000	—
	<u>39,563</u>	<u>37,956</u>	<u>3,300</u>

5.11 Share capital

	2001 £	Authorised 2000 £	1999 £
100,000,000 Ordinary shares of 1p each	1,000,000	1,000,000	1,000,000

	Allotted, called up and fully paid					
	2001 Number	2001 £	2000 Number	2000 £	1999 Number	1999 £
Ordinary shares of 1p each						
At 1 March	15,460,000	154,600	5,460,000	54,600	5,460,000	54,600
Issued in year	3,544,000	35,440	10,000,000	100,000	—	—
	<u>19,004,000</u>	<u>190,040</u>	<u>15,460,000</u>	<u>154,600</u>	<u>5,460,000</u>	<u>54,600</u>
At 28 February						

On 28 June 1999, 2,000,000 1p ordinary shares were issued for cash at par.

On 30 November 1999, the Company issued 7,500,000 1p ordinary shares for cash after acceptance of an application for the shares to be listed on OFEX at 2p per share.

On 14 February 2000, 200,000 1p ordinary shares were issued for cash at 11.5p.

On 28 February 2000, 300,000 1p ordinary shares were issued for cash at 15p. The £45,000 called up consideration was received on 6 March 2000.

On 4 August 2000, 1,200,000 1p ordinary shares were issued for cash at 9p each.

On 5 December 2000, 1,344,000 1p ordinary shares were issued for cash at 15p each.

On 15 December 2000, 1,000,000 1p ordinary shares were issued for cash at 17p each.

5.12 Share options

Share options in respect of ordinary shares have been granted and were outstanding at 28 February 2001 as follows:

Date of issue	Exercisable until	Option price	Number of shares 2001
28 June 1999	28 June 2002	1p	2,000,000
30 June 1999	30 June 2002	1p	500,000
30 June 1999	30 June 2002	2p	1,000,000
26 November 1999	24 November 2002	2p	3,750,000
18 April 2000	17 April 2003	9.5p	250,000
18 May 2000	17 May 2003	10p	25,000
22 August 2000	21 March 2001 (see below)	10p	1,000,000
14 December 2000	24 March 2001 (see below)	16p	1,133,000
			9,658,000

The option issued on 22 August 2000 was exercised on 21 March 2001 (note 5.16).

The options issued on 14 December 2000 were not exercised before 24 March 2001 and have therefore expired.

5.13 Statement of movements on reserves

	2001 £	2000 £	1999 £
Share premium account			
Balance at 1 March	121,000	3,900	3,900
Share issues	444,160	138,000	—
Share issue expenses	(15,855)	(20,900)	—
	549,305	121,000	3,900
Profit and loss account			
At 1 March	(129,212)	(58,166)	(54,685)
Loss for the period	(167,635)	(71,046)	(3,481)
Balance at 28 February	(296,847)	(129,212)	(58,166)

5.14 Reconciliation of movements in shareholders' funds

	2001 £	2000 £	1999 £
Loss for the financial year	(167,635)	(71,046)	(3,481)
Proceeds from issues of shares	479,600	238,000	—
Costs of issues	(15,855)	(20,900)	—
Net additions/(reductions) to shareholders' funds	296,110	146,054	(3,481)
Opening shareholders' funds	146,388	334	3,815
Closing shareholders' funds	442,498	146,388	334

5.15 Directors' interests and options

At 28 February 2001, R M Andrews, a director, held 2,480,000 1p ordinary shares of the Company.

At 28 February 2001, R D Young, a director, held 2,650,000 1p ordinary shares of the Company.

At 28 February 2001 J J T Cronk, a director, held 12,000 1p ordinary shares of the Company.

At 28 February 2001, the directors held the following outstanding share options:

	Option price	Number of shares 2001
R M Andrews	2.0p	500,000
R D Young	2.0p	500,000
R W Turner	1.0p	250,000
J J T Cronk	1.0p	250,000
M Martineau	9.5p	250,000

These options (all of which are included in note 5.12) are exercisable up until 30 June 2002, except those issued to M Martineau which are exercisable until 18 April 2003.

5.16 Post balance sheet event

- (a) On 21 March 2001 Cabot GB Limited ("Cabot") exercised its option granted on 22 August 2000 to subscribe for 1,000,000 ordinary shares of 1 pence each at an exercise price of 10 pence per share.

On 3 May 2001 at an Extraordinary General Meeting ("EGM") of the members of Angus & Ross PLC ("Angus & Ross" or the "Company") resolutions were passed authorising the directors of the Company to issue 4,000,000 ordinary shares of 1 pence each in the Company and to grant an option to subscribe for 5,000,000 ordinary shares of 1 pence each in the Company (all at a price of 20 pence per share) to Cabot in accordance with the terms of an agreement entered into by the Company and Cabot on 9 April 2001. The new shares rank *pari passu* in all respects with the existing ordinary share capital of the Company.

Immediately following the EGM the directors of the Company issued the shares and granted the option referred to above to Cabot following the receipt of the subscription monies of £800,000. The option is exercisable until the later of 28 February 2002 or 45 days after the date on which the results of pre-feasibility studies in respect of Angus & Ross's current exploration programmes in Greenland and Ireland are made available to Cabot.

A further resolution was passed at the EGM amending the Company's Articles of Association to give Cabot the right, for so long as it holds more than 5% of the issued share capital of the Company, to appoint a director to the board (again, in accordance with the terms of the agreement). Cabot named Richard Burt as its nominated director and, following the issue of shares referred to above, he was appointed to the Angus & Ross board.

The £800,000 proceeds of Cabot's subscription and any proceeds from the exercise of Cabot's option will be used solely for tantalum and caesium exploration at sites in Greenland and Ireland covered by the Company's existing prospecting licences. The agreement between the Company and Cabot (which became unconditional upon the passing of the resolutions referred to above) also gives Cabot certain rights to the eventual output from such sites at a price for up to 50% of output from such sites which, if received for the balance of the outputs, would provide the Company with an agreed return on investment.

- (b) On 22 May 2001 another option was granted to purchase 250,000 ordinary shares at a price of 21p per share exercisable until 21 May 2004.

5.17 Derivatives and financial instruments

The Company does not hold derivatives or other financial instruments other than cash and securities.

All cash is repayable on demand and is held at a major bank within the UK. This in turn means the Company takes no interest rate risk and the credit risk is minimal. The Company's debtors and creditors are largely settled within one month.

5.18 Reconciliation of operating loss to net cash outflow from operating activities

	2001	2000	1999
	£	£	£
Operating loss	(173,987)	(75,033)	(2,516)
(Increase)/decrease in debtors	(3,287)	(5,846)	19
Increase in creditors within one year	1,607	34,656	1,200
Depreciation	20,865	2,284	—
	<hr/>	<hr/>	<hr/>
Net cash outflow from operating activities	(154,802)	(43,939)	(1,297)
	<hr/>	<hr/>	<hr/>

5.19 Reconciliation of net cash flow to movement in net funds

	2001	2000	1999
	£	£	£
Increase/(decrease) in cash in the year	269,508	115,639	(1,292)
Movement in value of liquid resources	(2,307)	3,106	(970)
	<hr/>	<hr/>	<hr/>
Movement in net funds in the year	267,201	118,745	(2,262)
Opening net funds	121,795	3,050	5,312
	<hr/>	<hr/>	<hr/>
Closing net funds	388,996	121,795	3,050
	<hr/>	<hr/>	<hr/>

5.20 Analysis of net funds

	2001	2000	1999
	£	£	£
Cash at bank	386,458	116,950	1,311
Short-term investments	2,538	4,845	1,739
	<hr/>	<hr/>	<hr/>
Net funds	388,996	121,795	3,050
	<hr/>	<hr/>	<hr/>

Yours faithfully

Buzzacott
Chartered Accountants and Registered Auditors

PART IV

CONSULTING GEOLOGISTS' REPORT

BEHRE DOLBEAR

BEHRE DOLBEAR INTERNATIONAL LTD
founded 1911 MINERALS INDUSTRY CONSULTANTS

24 Pepper Street
London
SE1 0EB

The Directors,
Angus & Ross
1 Green Hill
Little Thetford
Ely
Cambridgeshire
CB6 3HD

17 August 2001

Dear Sirs,

Angus & Ross PLC (“Angus & Ross”), a company incorporated in the United Kingdom holds exploration properties in the Republic of Ireland (“Ireland”) and Greenland, a self governing province of the Kingdom of Denmark. Behre Dolbear International Ltd (“Behre Dolbear”) has been instructed by Angus & Ross to prepare an Independent Expert Report (“The Report”) on the mineral potential of Angus & Ross’s prospecting licences in Ireland and Greenland for inclusion in a document to be issued in connection with an Application for the admission of the ordinary share capital of Angus & Ross to the Alternative Investment Market of the London Stock Exchange (“The Application”).

The Report has been prepared by Mr RTG Parker B.Sc., M.I.M.M., F.G.S., C.Eng. following a review of the geology, exploration results, and available metallurgical test-work relating to the exploration licences in Ireland and Greenland, but no field visits were made. The review was based on (1) geological and exploration data provided by the Geological Surveys of Greenland and Ireland (2) exploration data provided by Angus & Ross relating to its own exploration work and (3) discussions with Angus & Ross management at its offices in Cambridge.

Mr Parker has been a Senior Associate of Behre Dolbear since 1997 and has over 30 years experience in international mineral exploration. Before becoming an independent consultant in 1991, he worked for Ennex International plc, Cluff Mineral Exploration Ltd and Northgate Exploration Limited. He has prior experience of exploration and evaluation of tantalum deposits in Nigeria and Ireland.

In its review, Behre Dolbear has relied upon information provided by Angus & Ross and has assumed that full disclosure has been made and that no significant information has been withheld. During the review the management and consultants of Angus & Ross gave their time and opinions freely. Behre Dolbear has not independently verified any of the information provided. Opinions in relation to exploration expenditure are based on a technical assessment of each project by Behre Dolbear and Behre Dolbear’s experience in similar projects in the industry.

Behre Dolbear has not undertaken legal verification of exploration permits or joint venture agreements in relation to Angus & Ross projects. Discussion of tenure and agreements is included solely for background information.

The views and opinions of Behre Dolbear regarding the potential of Angus & Ross’s projects may change over time in the light of new information which may be obtained, and changes in other factors such as commodity prices and market conditions. Whilst Behre Dolbear has concluded that the exploration programmes proposed

by Angus & Ross are justified, there is no guarantee of success. It is acknowledged that the proposed programmes may change in the light of adjustments to Angus & Ross's priorities following the results of exploration or other new information.

A draft copy of this report was made available to Angus & Ross on 22 June 2001 to enable them to advise on any errors of fact which it contained. No material changes were advised.

Behre Dolbear is a wholly owned, UK registered subsidiary of Behre Dolbear & Co. Inc, based in Denver, U.S.A. The Behre Dolbear group is an international minerals industry consultant founded in 1911. It has 8 offices around the world: 4 in North America, and others in Mexico, Chile, Australia and London. The group has access to over 100 mining industry specialists, officers, employees and exclusively contracted associates, from whom it selects appropriately qualified individuals and teams to undertake its assignments.

The Report is signed on behalf of Behre Dolbear, of 24 Pepper Street, London SE1 0EB, by Christopher Hall M.Sc., C.Eng., a director and President of the company. Mr Hall has 30 years experience in the mining industry, specialising in project evaluation, mining finance and investment.

Behre Dolbear is an independent company which works only for fees. It does not accept commissions, contingent or success payments, or take interests in projects or companies. Behre Dolbear will be paid a fixed, pre-arranged fee for the Report. Neither the fee, nor any agreement to undertake any other work for Angus & Ross in the future, is dependent on the success of the Application. Neither Mr Hall, Mr Parker nor any other employees or associates of Behre Dolbear who have been involved in the preparation of the Report, hold shares in Angus & Ross, or have any interest in the projects of Angus & Ross. Behre Dolbear understands that there will be no use of the Report in whole or in part, other than for the purpose of the Application without the written consent of Behre Dolbear.

Yours faithfully

Christopher Hall

President

1.0 TANTALUM USES, MARKET AND OUTLOOK

Tantalum is a relatively rare strategic metal and a key material for many future technologies, especially microelectronics where its use for the production of miniature capacitors accounts for approximately 65% of total production. The special electrical properties of tantalum allow the fabrication of capacitors of size and performance that cannot be matched by other materials. The spiralling demand for electronic devices such as mobile phones, computers, digital cameras, and car electronics has created a rapidly growing demand for tantalum capacitors.

Tantalum has other special properties such as a very high melting point, resistance to corrosion and high ductility that are required in a number of other high technology applications such as surgical and dental appliances, corrosion-resistant components in chemical plants, in superalloys for aircraft turbine blades, and as a carbide for cutting tools.

Substitution of tantalum by other materials is possible for most applications, but this normally results in an economic or performance penalty. The development of aluminium based capacitors has so far failed to challenge tantalum capacitors in terms of reliability or size.

Tantalum processing is complex due to the difficulty in separating tantalum from the chemically similar element niobium. Separation is achieved through acid digestion followed by solvent extraction to produce potassium tantalum heptafluoride ("K salt") from which tantalum powder is ultimately produced.

Tantalum processing is dominated by two major producers, H.C. Starck (part of Bayer Group) of Germany and Cabot Performance Metals (a division of Cabot Corporation) of the USA. Other smaller processors include Mitsui Mining and Smelting Co, (Japan), Ningxia Non-Ferrous Metals (China) and Kazatomprom (Kazakhstan).

Stockpiles released from the US Defence Logistics Agency have recently contributed about 300,000 lbs of contained tantalum per year.

Tantalum consumption over the period 1996-1999 as disclosed by the Tantalum-Niobium International Study Centre ("TIC"), recorded a growth rate of 8% per year, but during 2000 growth of 30% was recorded. Future demand for tantalum is expected to remain buoyant over the longer, 5-10 year term, and is expected to be driven by increasing use in microelectronics, but the growth rate is difficult to forecast.

The principal processors of tantalum-bearing minerals secure the majority of their feedstock through long-term contracts at undisclosed prices and purchase any additional material on the spot market. Supply shortages, driven by demand from the electronics industry, have recently driven the spot price from around US\$26-32/lb Ta₂O₅ in May 2000 to US\$110-140/lb in May 2001 before falling to US\$55-85 in July 2001 (prices from Mining Journal). Processors will clearly wish to avoid this type of price volatility by entering into long term contracts with producers.

If growth is sustained, investment in developing new deposits will be required. Development of identified resources such as Morrua in Mozambique may make up part of the shortfall, but exploration and development of new resources in politically more stable countries may be regarded as commercially more attractive.

The increased price of tantalum and the healthy demand forecast have encouraged a number of junior exploration companies to launch tantalum exploration programmes over the last year or two. Interest by major mining companies has been channelled through alliances with juniors, such as Placer Dome's alliance with Avalon Ventures. Downstream processors and manufacturers have attempted to assure future tantalum supply by means of alliances with exploration companies. These include capacitor producer Kemet Corporation's alliance with Australasian Gold Mines and Cabot Corporation's alliance with Angus & Ross.

Niobium (also sometimes known as columbium) has many chemical and physical similarities to its sister element tantalum, including a high melting point and resistance to corrosion. However it occurs more abundantly and in larger deposits and therefore commands a much lower price. Niobium prices are not published, but the price based on ferroniobium would be in the range US\$6.50-7.50/lb of contained niobium. The main use of niobium is for as an alloying metal in high strength low alloy (HSLA) steel and stainless steel, which accounts for almost 90% of niobium consumption.

The main reason why niobium is not used in capacitors, the principal market for tantalum, is that in spite of its suitable properties it is unstable under current operating conditions for most capacitors.

2.0 TANTALUM GEOLOGY AND MINING AND PRODUCTION

Tantalum occurs in nature in the form of complex oxides generally in association with a number of other rare metals including niobium, tin, titanium, lithium and caesium. The most important ore mineral of tantalum is tantalite-columbite, but it also occurs in other minerals including microlite, wodginite, struverite and pyrochlore. These minerals occur mostly in rocks such as pegmatites and apogranites formed from the final fraction of granitic melts.

As the granitic magma crystallises, the final fraction becomes more concentrated in water, in volatile elements such as chlorine, fluorine and boron, and in metals such as tin, tantalum, beryllium and lithium. Pegmatites are very coarse grained igneous rocks that generally occur as small intrusive bodies measuring up to a few tens of metres. These generally have limited tonnage, but may contain high and often erratic, tantalum grades.

In contrast, apogranites are finer grained, relatively large intrusive bodies located at the apex of much larger ordinary granites. Tantalum content is typically more regular and lower grade.

Tantalum production was until recently derived by re-processing old accumulations of tin slags, mostly in Southeast Asia, but supply is diminishing as the higher grade tin slags become depleted. The majority of production is now derived from primary tantalum ores.

Primary mined tantalum supply is derived both from a number of large industrial producers and from many small-scale, (or artisanal) producers, predominantly in Africa. TIC estimated world production for 1999 at 4.1 million lbs of contained tantalum oxide (Ta_2O_5).

The largest producer of tantalum concentrate is Sons of Gwalia Ltd, whose Greenbushes and Wodgina pegmatite mining operations in Western Australia produce 1.1 million lbs/pa (or 25% of total world output) and are scheduled to expand to 2.3 million lbs/pa by 2002. Other significant producers are Kenticha (pegmatite, Ethiopia), and Tanco (pegmatite, Canada). Pitinga (apogranite, Brazil), Yichun (apogranite, China), but production from none of these is believed to exceed 200,000 lbs/pa.

In central Africa and Nigeria, tantalum concentrate production is derived largely from artisanal mining of weathered pegmatites that have formed eluvial and alluvial deposits. Production is difficult to quantify due to the informal nature of production, but TIC estimates that production during 2000 rose sharply, to about 1 million lb/pa.

Niobium is produced almost exclusively from pyrochlore occurring in extremely large carbonatite deposits, such as Araxá, Brazil with reserves of 450 million tonnes grading 2.5% Nb_2O_5 . The majority of pyrochlore deposits do not contain significant tantalum, but Angus & Ross's Motzfeldt project in Greenland provides a notable exception to this.

2.1 Exploration Philosophy

The decision by Angus & Ross to explore for tantalum was based on its perception that tantalum demand was likely to outstrip supply from known resources.

The majority of world tantalum is derived from pegmatite deposits which are generally small and high grade. Sons of Gwalia's Greenbushes and Wodgina pegmatite deposits provide notable exceptions to this in that they contain multi-million ton resources.

It is likely that future tantalum supply will be derived from large, lower grade deposits (such as apogranites) that can benefit from the economies of scale associated with open pit mining, a trend that has been followed with other metals such as copper and gold.

In view of these considerations, Angus & Ross has taken the logical decision to explore for deposit types such as apogranite in Ireland and alkaline intrusions in Greenland that are most likely to provide world-class multi-million ton resources deposits.

3.0 AGREEMENT WITH CABOT CORPORATION

Cabot Corporation ("Cabot") is a speciality chemicals business, listed on the NYSE and capitalised at \$2.3 billion. Cabot's Performance Metals division is one of the world's major processors of tantalum. In order to ensure tantalum feedstock to its processing plants, Cabot has an existing agreement with Sons of Gwalia whereby it buys 50% of Sons of Gwalia's tantalum concentrate at a fixed (undisclosed) price.

In March 2000 Cabot announced plans to double its processing capacity for tantalum and niobium. In order to secure access to additional future potential sources of feedstock, Cabot entered an agreement with Angus & Ross whereby it has acquired a 20.8% interest in Angus & Ross through a subscription for new shares. Cabot will also have certain rights in relation to purchase of concentrates from Ireland and Greenland.

4.0 IRELAND

4.1 Mining Industry

The Republic of Ireland has a thriving modern mining industry based on three producing zinc-lead mines and retains its status as Europe's largest zinc producer.

Ireland has an established mining code and licence procedure, which is administered by the Department of the Marine and Natural Resources. Exploration is facilitated through a system of Prospecting Licences that allows access to land and guarantees security of tenure to the holder. Upon discovery of a commercially feasible deposit, a Mining Lease or Licence will be granted to the Prospecting Licence holder, subject to terms and conditions.

Planning consent for mining operations is normally granted subject to the stringent environmental conditions prevalent in Western Europe.

4.2 Blackstairs Mountains Project

4.2.1 Background

Following a literature study of world tantalum resources and exploration potential Angus & Ross identified the Blackstairs Mountains area of Southeast Ireland as a potential target, based on highly anomalous tantalum recorded in a stream sediment survey carried out by the Irish Geological Survey, previous records of tantalum mineralisation in the area, and a geological setting favourable for the existence of bulk-tonnage apogranite hosted mineralisation.

Angus & Ross accordingly applied for licence areas selected to include the most prominent tantalum anomalies.

4.2.2 Prospecting Licences

Angus & Ross was granted eight Prospecting Licences on 27 October 1999 in the Blackstairs Mountain area of Counties Carlow and Wexford in Southeast Ireland (Figure 1). The licences are limited to caesium, lithium, niobium, tin, tantalum and tungsten.

The licence areas and numbers are shown on Figure 1, and are published in the “Current State Mining and Prospecting Facilities” by the Irish Department of the Marine and Natural Resources.

The eight licences form a contiguous block of approximately 300km² total area.

The licences are for a period of six years expiring in October 2005, with renewal after year two and year four. They are subject to annual expenditure commitment of IR£1,000 per licence for the first two years, IR£2,000 for the second two-year period and IR£4,000 for the final two-year period.

4.2.3 Regional Geology

The geology of southeast Ireland is dominated by the Leinster Batholith, an extensive granite body intruded into Lower Palaeozoic turbidites and volcanics.

The Leinster Granite was emplaced around 405 million years ago during the Caledonian Orogeny. It is the largest granite body in the British Isles and crops out over more than 1,550km², extending southwest from Dublin for over 90km. In detail it is not a single intrusion, but comprises five contiguous dome-like granite plutons separated by schistose septa. The individual granites are all of differing character but are all S-type biotite-muscovite granites. The exocontacts of the Leinster granite are typically steep on the southeast and shallow on the northwest. The present day erosion level of the granite is believed to be close to the original roof or upper intrusive contact.

The Lower Palaeozoic rocks which host the Leinster Granite comprise a thick and varied Ordovician succession of marine turbidites, shales and calc-alkaline volcanic rocks that host the historic Avoca volcanogenic copper deposit. These rocks underwent polyphase deformation and weak regional metamorphism before the intrusion of the granite.

The Lower Palaeozoic sediments and volcanics are affected by thermal metamorphism that extends for up to 12km from the granite contact. Within this contact area the granite batholith is flanked by a belt of minor intrusions of pegmatite and microgranite, that extends for 35km along the eastern flank of the Leinster Granite and has been the subject of exploration for lithium and tungsten.

The Carboniferous rocks that overlie the western margin of the Leinster Granite comprise a limestone-shale sequence of Dinantian age that hosts the important Lisheen and Galmoy zinc-lead deposits.

All of the area has been affected by glaciation, and much of the area is covered by glacial drift, which in some areas reaches several metres in thickness.

4.2.4 Geology of the Prospecting Licence areas

The block of eight Prospecting Licences overlies the Blackstairs Granite and the Tullow Lowlands Granite, which are the most southerly units of the Leinster Granite batholith. They both consist of evenly textured grey granites with local development of microcline phenocrysts.

The two granite units are separated by the East Carlow Deformation zone, a shear zone that includes a narrow septum of schist, passing laterally into a gneissic phase known as the Graiguenamanagh Granite Gneiss.

The Tullow Lowlands Granite forms low-lying, poorly exposed ground in the north and west of the licences. The Blackstairs granite by contrast forms a prominent ridge rising to 800m in the Blackstairs Mountains.

The licences cover the eastern contacts of the granites with the host Ordovician rocks, here represented by slates, schists and volcanics of the Ribband Group.

The Ribband Group rocks in the contact zone of the Tullow Lowlands Granite contain a number of granite pegmatites that occur as lenses up to four kilometres from the contact. The Angus & Ross licences cover 15km representing the southern half of the pegmatite belt.

4.2.5 Exploration History

In the 1970's the lithium mineral spodumene was recognised as a common constituent of some of the pegmatites. Subsequent exploration, targeted on the lithium potential, showed that some of the pegmatites contain up to 2% lithium. The most advanced lithium prospect was at Aclare within PL 1477 where 33 diamond drill holes totalling 1693m defined an indicated resource of 164,000t at 1.38% LiO₂. Commercial interest at that time was curtailed by a less favourable market outlook for lithium. Minerals of niobium, tantalum, caesium and tin were identified in association with the lithium but their economic potential was not investigated. A peak tantalum value of 145ppm Ta was reported from the Aclare pegmatite, and core from a pegmatite at Stranakelly to the north of the Angus & Ross licences reportedly returned a peak value of 1,343ppm Ta.

The Geological Survey of Ireland (GSI) conducted a regional geochemical stream sediment survey over the Leinster granite during the late 1980's. This involved the collection of 1,200 samples at a density of one sample per three square kilometres. Samples were analysed for 39 elements including tantalum.

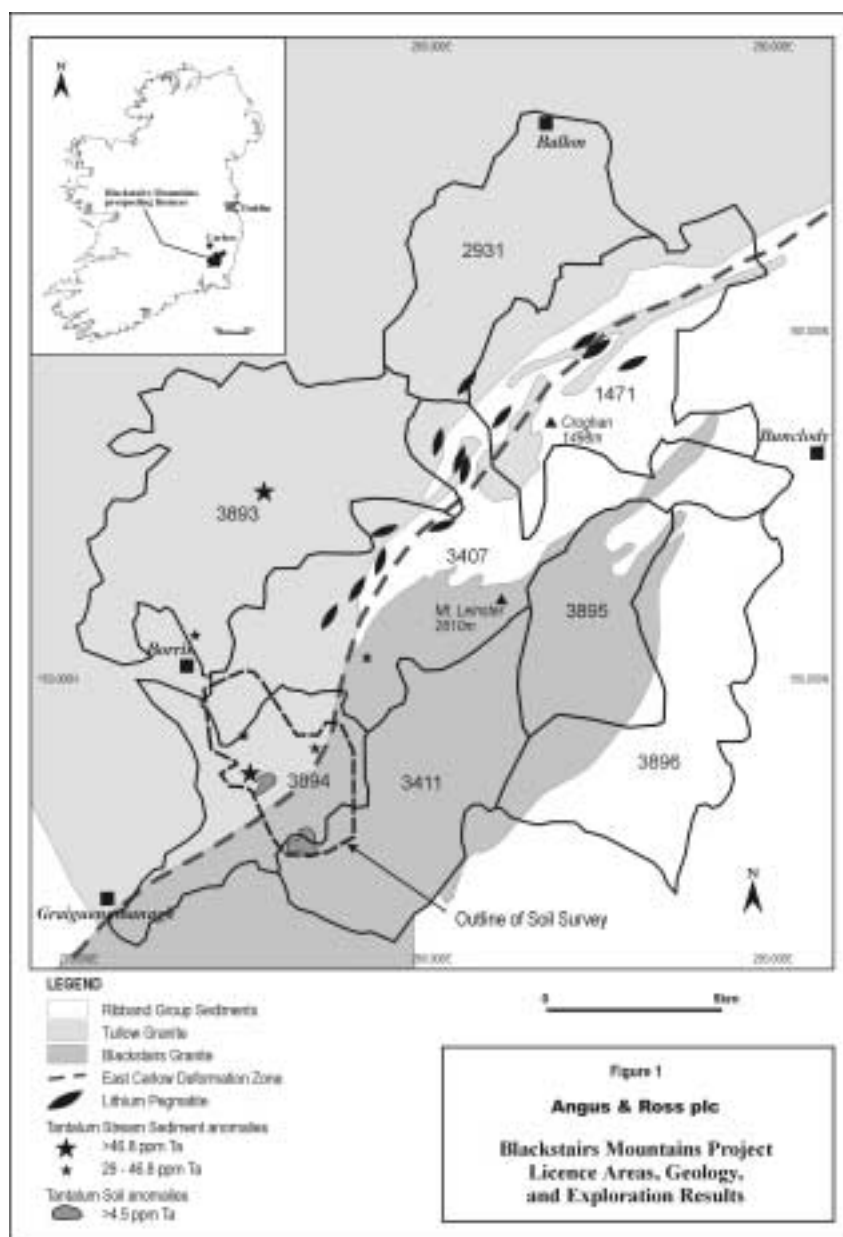


Figure 1 Blackstairs Mountains Project, Geology and Exploration Targets

The survey shows a number of tantalum anomalies, the most prominent and widespread of which covers an area over the southern end of the Leinster Granite (Figure 1). The tantalum anomaly is partially coincident with the pegmatite belt, but also extends onto the Tullow Lowlands and Blackstairs plutons where the most anomalous tantalum values were recorded.

Angus & Ross purchased the results of this survey and carried out an interpretation and assessment, which concluded that the anomaly was probably derived from a combination of two possible sources. Known tantalum mineralisation associated with tantalum-bearing pegmatites constituted a likely source of some anomalies but the more widespread anomalies overlying the Tullow Lowland granite could be caused by undiscovered tantalum mineralisation within the high points formed by ridges or domes of the granite roof or “apogranites”. Tantalum mineralisation in an apogranite setting is worked commercially at the Pitinga deposit in Brazil, in association with kaolin at the Beauvoir granite in France and at Yichun, China.

Apogranite tantalum mineralisation is typically accompanied by clay alteration, which is likely to result in subdued topography, and render deposits difficult to discover except by systematic geochemistry and drilling.

4.3 Exploration by Angus & Ross

4.3.1 Stream Sediment Survey

Initial exploration by Angus & Ross consisted of a stream sediment survey over the anomalous areas outlined by the GSI survey. The survey comprised 123 stream sediment samples taken at a density of one sample per square kilometre using standard sampling techniques similar to those used by GSI. Samples were analysed for tantalum and 44 other elements by the inductively coupled plasma (ICP) method at Acme Analytical Laboratory, Vancouver, which is a well-regarded laboratory.

The results of the survey confirmed the anomalies that had been identified by GSI and defined seven anomalous areas over the Tullow Lowlands Granite, with a maximum value of 62ppm tantalum against a background of 0-4.5ppm Ta. The anomalous Ta values are strongly correlated with anomalous niobium.

A second phase of 48 stream sediment samples provided more accurate definition of the seven anomalous areas.

The strongest and most extensive of the seven anomalies (Anomaly 1) straddles the contact of the Blackstairs and Tullow granites which is here defined by the East Carlow Deformation Zone and the associated Graigenamanagh Granite Gneiss. The strike continuation of this zone to the northeast hosts the lithium pegmatite belt.

Assessment of other elements analysed showed a geographical zoning with high K, Rb/Sr and La/Ho ratios over the south of the Tullow Lowlands Granite indicating a more differentiated magma phase favourable for the development of high level or apogranite mineralisation.

Heavy mineral concentrates derived from some of the anomalous sites were examined and micro-probed for their mineralogy by Diotech, a respected mineralogical laboratory in Australia. The results confirmed the presence of columbo-tantalite.

4.3.2 Soil Geochemical Survey

A total of 1,895 soil samples were collected from the area of stream sediment anomaly area 1 on a 100m × 100m grid, with additional infill on 25m × 50m and 25m × 25m grids. The samples were collected from a depth of about 50cm approximating to the B-soil horizon where identifiable.

The analytical results of the soil survey identified two coherent areas of anomalous tantalum with values in excess of 4.5ppm Ta at Inch and Tinnacarraig. The peak values of the anomalies are 10-20ppm Ta, much lower than the peak value of the corresponding stream anomaly. This is probably due to the effect of concentration by loss of most of the clay fraction from the stream sediments.

Both anomalies are associated with moderately anomalous tin values above 20ppm Sn, and with elevated niobium values.

Outcrop in both anomalous areas is reported to be absent or very sparse. Granite blocks occur at Tinnacarraig but it is unclear as to whether these are locally derived or due to glacial transport.

Field mapping of stone walls and boulders at both anomalous sites has so far failed to reveal indications of mineralisation. However it is expected that continued exploration in the form of overburden sampling and trenching may be successful in identifying the source of the anomalies.

4.3.3 Exploration Programme, 2001

Angus & Ross has provisionally budgeted £70,000 for exploration on its Blackstairs Licences in 2001. The programme will be directed towards identifying the bedrock source of the stream sediment and soil anomalies.

The exploration programme will include soil sampling of the remaining stream sediment anomalies, detailed geological mapping and prospecting of soil anomalies, followed by deep overburden drilling, trenching and diamond drilling of the targets generated.

5.0 GREENLAND

5.1 Mining and Exploration

Greenland has been a self-governing province of Denmark since 1979, and is represented in the Danish parliament.

Greenland is endowed with a very promising mineral potential which it is striving to develop so that mining can become an important sector of the economy. With this aim in view, the Geological Survey of Greenland has carried out extensive exploration and mapping programmes in recent years.

Greenland's mineral legislation, administered by the Bureau of Minerals and Petroleum, provides a stable legal structure that is supportive of exploration and mining activity. Under the mining laws of 1991 a moratorium previously enacted on the exploration and mining of radioactive minerals was rescinded. Companies now have security of tenure and the right to convert from exploration to mining licence on demonstration of commercial viability and completion of the work required for environmental licensing.

In recent years numerous foreign mining companies have carried out extensive exploration programmes in Greenland. Notable successes have been the Nalunaq gold deposit now the subject of feasibility study by Crew Development Corporation, and Citronen Fjord zinc deposit in Northern Greenland (Platinova A/S).

5.2 The Motzfeldt Project

5.2.1 Background

Following a study of world tantalum resources and potential, Angus & Ross identified the deposit at Motzfeldt, Southwest Greenland as a potential world-class bulk-tonnage tantalum deposit, and confirmed this assessment by more detailed evaluation of reports by the Greenland Geological Survey ("GEUS").

5.2.2 Licence

Based on the above assessment, Angus & Ross applied for an exclusive Exploration Licence, and on 18 January 2000, was granted licence number 2000/05 covering an area of 414km² at Motzfeldt (Figure 2).

Co-ordinates of the licence block are as follows:

	Longitude	Latitude
Northwest corner	61° 15'N	45° 17'W
Northeast corner	61° 15'N	44° 48'W
Southeast corner	61° 06'N	44° 48'W
Southwest corner	61° 06'N	45° 17'W

The license is valid for a 5-year period, expiring on 31 December 2004. It may be renewed, in whole or in part, for a further 5 years, provided the terms of the license have been met. The contractual exploration commitment is equivalent to £42,000 in Years 1 and 2, £186,000 in each of Years 3 to 5, and £372,000 in each of years 6 to 10 (at current exchange rates and assuming the entire license area is retained). Three further extensions of two years each are available beyond Year 10, on terms to be negotiated.

Details of the licence are published on the website of the Greenland Bureau of Minerals and Petroleum.

5.2.3 Location, Access and Geography

The Motzfeldt licence area is located on the south-west tip of Greenland at (an approximate) latitude of 61°N, and roughly on a latitude with Anchorage, Shetland and Stockholm (Figure 2).

The area lies only 25km from the international airport at Narsarsuaq, which is Greenland's main airport, and is served by three flights per week (Boeing 757) from Copenhagen. Large and small helicopters based at Narsarsuaq are available for hire and require only 10 minutes flying time to reach Motzfeldt.

The terrain is mountainous, with summit levels reaching about 1,600m, and rising from a plateau level of about 1,300m. The plateau is cut by deeply incised glacial valleys with precipitous sides. One such valley, in the centre of the licence area is occupied by a large lake known as Motzfeldt Sø, which is fed by two glaciers, Sermia Quidleq from the east and Sermia Avanadleq from the north. The lake drains westwards to Eriks Fjord through the Qôrup Kua valley, which is the main land access route to the prospect areas. Presently, there is no road access

With the exception of lichens there is little vegetation or habitats for animal or bird life.

The climate is characterised by long, cold winters and short summers. At sea level, snow cover is generally melted by June before returning in September. At the 1,300m plateau level, snow cover is generally absent only from mid-July to mid-August. The coast is generally kept ice-free and navigable throughout the year

by a branch of the Gulf Stream that flows up and past the south-west coast of Greenland. In some years pack ice from the East Greenland Drift flows around the southern tip of Greenland and causes problems to navigation.

5.2.4 Regional Geology

The larger part of Greenland's area is covered by ice cap, rock exposures being limited generally to the coastal margins.

The majority of exposed rock is formed by Precambrian cratonic rocks of Archaean and Proterozoic age that represent the eastern extent of the Canadian Shield and comprise primarily gneisses and granites. Supracrustal rocks occur as enclaves within the gneisses. Sedimentary basins ranging in age from Upper Proterozoic to Tertiary occur in North and East Greenland.

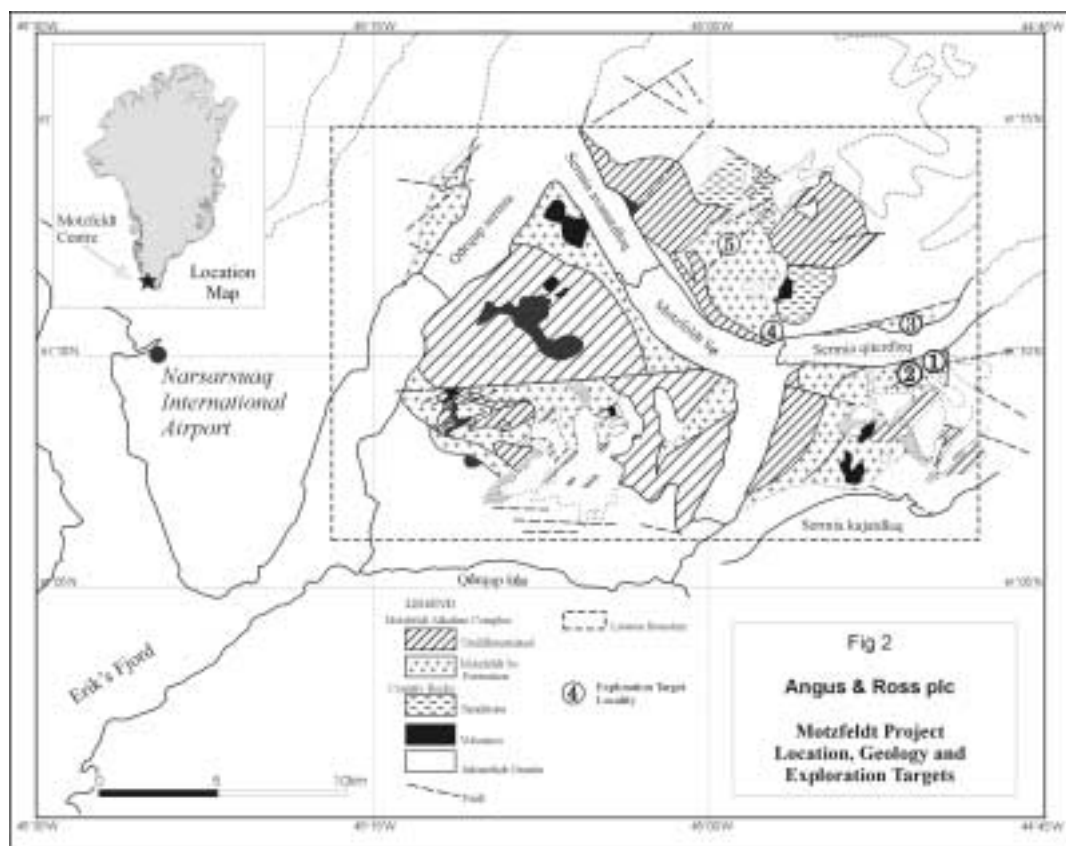


Figure 2 Motzfeldt Project, Location, Licence Area, Geology and Exploration Targets

The southern tip of Greenland consists primarily of high-grade gneisses, granites, metasediments and metavolcanics all associated with the Proterozoic Ketilidian mobile belt. These rocks host potentially economic gold mineralisation, including Crew Development's Nalunaq deposit.

The Ketilidian basement rocks have been affected by the post-orogenic Gardar Rift (see below) system, which is characterised by alkaline plutonic rocks, including syenites and nepheline syenites. The Ivittuut cryolite deposit, which was mined for 100 years prior to 1987, was hosted by one of these alkaline complexes. Other nepheline syenites have been studied for their zircon, yttrium, rare earth, uranium and beryllium content.

5.2.5 Motzfeldt Prospect Geology

The Motzfeldt Centre is one of the major alkaline complexes within the Gardar Rift. It extends over an area of 300km², and comprises several intrusive phases of syenite and nepheline syenite. The main igneous phase, the Motzfeldt Ring Series, consists of a number of largely concentric, steep sided, outward dipping units of predominantly peralkaline syenite and nepheline syenite. The outermost (and oldest) of the Motzfeldt Ring Series, known as the Motzfeldt Sø Formation, hosts the tantalum-niobium mineralisation (Figure 3).

The Motzfeldt Sø Formation has assimilated large quantities of the host sandstones giving rise to an outer zone saturated in silica. The Motzfeldt Sø Formation underwent extreme differentiation that resulted in a peralkaline residuum enriched in volatiles that caused hydrothermal alteration and mineralisation of late peralkaline intrusive sheets of microsyenite and pegmatite.

The syenite units are cut by two major faults, the most important of which is the E-W striking Flinks Dal fault with a horizontal component of about 6km.

5.2.6 Mineralisation

The tantalum-bearing mineralisation in the Motzfeldt Sø Formation is hosted by both syenite and peralkaline microsyenite that are both strongly affected by hydrothermal alteration characterised by elevated silica levels, albitisation, hematization and reduced Na, K and Al. It is accompanied by abundant fluorite and, in the more intensely altered rock by pyrochlore and associated Zr-REE-Th-Mo mineralisation.

The mineralisation in the Motzfeldt Sø Formation contains niobium, tantalum, uranium, thorium, zirconium, cerium and lanthanum. These metals occur mainly in the following minerals: pyrochlore, thorite, zircon and bastnaesite.

The tantalum occurs within the mineral pyrochlore, in which its content varies from 1.3% to 1.8% and its ratio to niobium varies from 1:8 to 1:50. The tantalum:niobium ratio is generally higher in the altered syenite than in the peralkaline microsyenite. A vertical zoning of the Ta:Nb ratio exists with the highest Ta contents in the lower levels. The pyrochlore content (and associated tantalum values) generally increases towards the margin of the intrusion and especially towards its roof. The proportion of pyrochlore, and therefore the tantalum content, of the intrusion increases towards the intrusive contact, particularly the roof.

5.2.7 Previous Exploration

During the period between 1982 and 1987 GEUS carried out various surveys in the Motzfeldt area, including regional stream sediment and panned concentrate geochemistry, geological mapping, and airborne radiometric and magnetic surveys. This work demonstrated particularly high tantalum and niobium levels in stream sediments and panned concentrates leading rapidly to the discovery of widespread tantalum-niobium mineralisation within the Motzfeldt intrusive centre.

Dr Armour-Brown, a consultant geologist who is acting for Angus & Ross, was one of the geologists who worked on that survey.

In 1987 GEUS carried out a detailed investigation of the tantalum-niobium mineralisation at Motzfeldt. This work comprised a detailed helicopter-borne radiometric survey and a major chip-sampling programme. Angus & Ross has purchased all of the data and reports generated by the GEUS exploration and has carried out extensive compilation and interpretation work, which broadly confirms the conclusions reached by GEUS.

5.2.8 GEUS Exploration Results

5.2.8.1 Radiometric Survey

An airborne radiometric survey covering the whole of the Motzfeldt Centre was flown in 1982. This survey identified a number of strong radiometric anomalies broadly coincident with the Motzfeldt Sø Formation.

Subsequent investigation showed that the majority of anomalies in the uranium channel were due to uraniumiferous pyrochlore mineralisation that also contains tantalum and niobium. Radioactivity, and particularly the uranium channel, therefore provides a very useful tool for locating and delineating zones of tantalum mineralisation. In general distribution, the pyrochlore mineralisation (and associated radioactivity) is concentrated in a 200-300m wide zone along the outer margin of the Motzfeldt Sø intrusion.

In 1987 a more detailed helicopter-borne radiometric survey was carried out over five areas identified in 1982 in order to help provide detailed information on the distribution of the niobium-tantalum mineralisation. The survey was carried out on close-spaced contour flying at a contour interval of 30m and a ground clearance of 30m.

5.2.8.2 Chip Sampling

The areas of the five most promising uranium radiometric anomalies were systematically sampled. As most of the anomalies are located on cliffs or steep slopes the sampling was carried out by professional mountaineers rather than geologists. Chip samples were generally collected on 25m × 25m grids along lines perpendicular to the contours. Each chip sample comprised between

1.0kg and 2.5kg of chips collected over an area of 4m². This method of sampling is widely used and is appropriate to the preliminary evaluation of bulk-tonnage mineralisation, but since the sampling pattern ignores geological boundaries, the controls and geometry of individual mineralised zones cannot be accurately defined. The reliability and repeatability of the sampling was not addressed in the GEUS report.

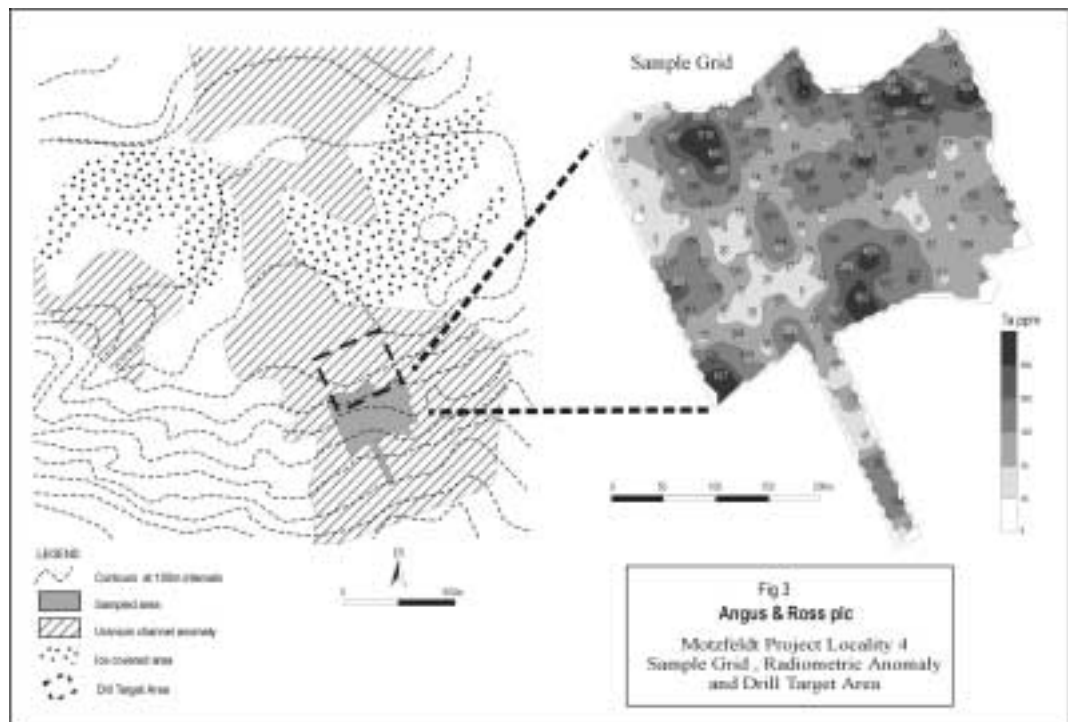


Figure 3 Motzfeldt Project, Locality 4, Chip Samples and Radiometric Anomaly

In order to reduce shipping costs the samples were reduced in size at a sample preparation facility in Narsarsuaq. Sample preparation comprised crushing in a jaw crusher and pulverising in a disc mill to arrive at 100g splits, which were shipped to Bondar-Clegg laboratory, Ottawa, for analysis. Additionally every tenth sample was analysed at Chemex Laboratory, Vancouver. This quality control system highlighted some errors in analytical calibration, but the final results are likely to be reliable.

Samples were analysed for a broad spectrum of metals including Ta, Nb, V, Th, Zr, Ce, La, Y, Be, Li, Sn and Mo. The analytical results confirmed very strong correlations of Nb, Ta and U, consistent with the mineralogical observation that these three elements occur together in the same mineral, namely pyrochlore. The close association of uranium and tantalum confirms the validity of using radiometric surveys as a tool to outline the tantalum mineralisation.

The assay results allowed a prioritisation of the five sampled localities, with localities 3, 4 and 5 accorded the highest priority.

5.2.9 Target Areas

5.2.9.1 Locality 3

Locality 3 is situated at the foot of a steep slope on the north side of the Sermia Qiterdleq glacier.

The locality was identified on the basis of a strong uranium channel radiometric anomaly. Subsequent grid sampling returned peak assay values of 600ppm Ta, and an average of 161ppm Ta and 1,600ppm Nb in 286 samples.

The Motzfeldt Sø Formation which hosts the mineralisation is truncated northwards a short distance up the slope by a strong fault that is interpreted to have displaced it 6km to the west to locality 4.

Angus & Ross has chosen not to prioritise locality 3 on account of the proximity of the glacier and the steep topography which would pose problems for drilling and mining.

5.2.9.2 Locality 5

Locality 5 is based on a strong uranium channel anomaly located 3.5km NNW of locality 4. The area extent of the anomaly is approximately 200-400m wide and 1km to 1.5km long. Chip sampling has been restricted to only a small part of the anomaly due to extensive scree cover.

A total of 48 chip samples returned an average of 189ppm Ta and 1,666ppm Nb, representing the best average grade and Ta:Nb ratio of any of the prospect localities.

Relatively little work has been carried out at locality 5, but results indicate considerable potential which warrants more extensive ground radiometric survey, rock sampling, and detailed geological mapping in order to generate drill targets.

5.2.9.3 Locality 4

Locality 4 (Figure 3) consists of a steep south-facing cliff averaging 50° slope, overlain by a relatively flat plateau area. The rocks on the cliff face provide a cross-section of the Motzfeldt SØ Formation (which is striking almost perpendicular to the cliff), and have been sampled on a 25m × 25m grid. The details of the geology and mineralised zones are not known, as the area has not been geologically mapped; however radiometric anomalies and photos of the cliff face suggest that the mineralisation occurs within subhorizontal zones.

The plateau area is covered by overburden of scree, and a small glacier, and was not sampled due to the difficulty in obtaining samples of undisturbed bedrock.

Analytical results from the 145 samples taken from the cliff, shown in Figure 3, indicate considerable areas above 100ppm Ta, with peaks in the range 600-1,100ppm Ta. The radiometric survey indicates a coincident uranium anomaly that also extends for at least 1,500m north over the plateau area suggesting that the tantalum-pyrochlore mineralisation also extends north along the projected strike extension of the Motzfeldt SØ Formation, beneath the scree covered plateau.

The probable extension of the pyrochlore mineralisation beneath the scree cover of the plateau area represents a potential near-surface resource that could be amenable to open pit mining with a favourable stripping ratio. Angus & Ross has therefore selected this area as its prime target for drill-testing in 2001.

5.2.9.4 Locality 4, Resource Estimate

Various resource estimates have been made, all based on the 25m × 25m grid sampling. Thomassen of GEUS, stated in 1988 that “the potential for mineralisation with more than 250ppm Ta is at least 30mt”. However it is unclear how the estimate was arrived at.

Behre Dolbear estimates the resource potential of the top 150m of area 4 at 38mt at about 250ppm Ta₂O₅. If a low grade zone containing 12mt below 100ppm Ta₂O₅ is excluded, the resource is reduced to 26mt at about 350ppm Ta₂O₅ which is equivalent to over 20 million lbs of Ta₂O₅. This estimate is based on chip sample grades and distribution, and the following assumptions and projections:

- the strike length above 100ppm Ta₂O₅ cut-off is 350m;
- the mineralised body is assumed to be horizontal and tabular;
- the mineralisation is assumed to extend for a distance of 300m in the third dimension, northwards into cliff face below plateau; and
- a rock density of 2.6t/cubic metre.

Given the limitation of the original data in terms of sample quality, assay reliability and geological control, this estimate must be regarded as order-of-magnitude and conceptual in nature. The estimate does serve to provide an indication of the target size that now requires testing by detailed sampling and drilling.

5.2.10 Mining

Until such time as a resource has been outlined, any mining plan must be regarded as highly conceptual. The zone beneath the plateau area at locality 4 would appear, at this stage, to provide the most favourable open-pit site in terms of resource potential and stripping ratio. Mining at this locality will provide challenges particularly in terms of equipment access and ore transportation. It is likely that mining would be confined to the summer months, with sufficient ore being stockpiled to sustain milling throughout the year.

Stockpiled ore could be transported 25km to a mill at Erik's Fjord by barge across Motzfeldt SØ in summer, and then by road along the bottom of Qorqup Kua valley, or for the entire distance by a winter ice road prepared on the surface of the frozen lake.

5.2.11 Extractive Metallurgy

The mineralogy of the majority of tantalum orebodies comprises coarse grained tantalite that is amenable to concentration by simple “standard technology” gravity methods, to produce a tantalite concentrate that is readily marketable.

Angus & Ross correctly recognised that the fine grained pyrochlore mineralisation at Motzfeldt was unlikely to be amenable to standard technology of this type. Prior to committing funds to mineral exploration Angus & Ross therefore commissioned Lakefield Research of Canada (“Lakefield”), one of the world’s leading mineral processing testwork laboratories, to carry out scoping testwork on the Motzfeldt mineralisation aimed at investigating the viability of producing a tantalum concentrate.

The testwork work was performed on two 20kg samples which were selected from the GEUS (formerly GGU) sample store. The more representative sample (sample MZ) was a composite of forty 500gr splits from samples from locality 4, assaying 280ppm Ta and 2,900ppm Nb.

Mineralogical examination by Lakefield confirmed that tantalum and niobium are both contained almost exclusively in the pyrochlore. Preliminary testwork indicated that preconcentration by simple gravity or magnetic methods was unlikely to be effective. However the work did suggest that the mineralisation is amenable to concentration by flotation with preliminary results for sample MZ giving recoveries of 76% of the Ta and 77% of the Nb in a pyrochlore rich concentrate weighing approximately 20% of the original rock mass. The tantalum grade of the flotation concentrate was low (about 0.15%) but it is likely that a better grade concentrate can be produced by the removal of the principal diluting minerals, hematite and zircon, in a separate flotation stage. However even when fully optimised it is unlikely that a concentrate containing more than 45% Nb₂O₅ and 4% Ta₂O₅ can be achieved in view of the Ta:Nb ratio of the pyrochlore.

It is likely that the flotation concentrate will contain high levels of uranium since this metal is an integral constituent of the pyrochlore. In view of the uranium content and associated radioactivity, it is probable that additional treatment will be required before the pyrochlore concentrate can be shipped and accepted for treatment.

The precise form of further treatment that will be necessary cannot be defined without considerable additional testwork. However one precedent for treatment of this type of mineralisation has been set at the Pitinga mine, Brazil, and Lakefield are working on a solution based process route for the concentrate.

In view of the probable requirement for rather complex processing, it is likely that a high throughput operation will be required to justify the capital investment.

5.2.12 Project Economics

In view of the difficult project location and the probable necessity for rather complex processing, it is likely that a mining operation at Motzfeldt would require relatively high capital and operating costs.

The exploration and metallurgical studies carried out by Angus & Ross in 2001 will provide data on grade-tonnage distribution and mineral processing possibilities which will enable Angus & Ross to carry out conceptual pre-feasibility mine and infrastructure design, and preliminary economic modelling.

The overall tantalum grade of the potential resource (360ppm Ta₂O₅) compares favourably with existing mining operations such as Greenbushes (published reserves at 230ppm Ta₂O₅) or Yichun (reserves of 170ppm Ta₂O₅) and indicates a gross value of \$79/t, assuming a Ta₂O₅ price of \$100/lb. The majority of open pit mines operates on gross ore values considerably lower than this, suggesting the possibility of a satisfactory operating margin. This possibility is further enhanced by the potential for outlining resources of a higher grade, which would impact favourably on project economics.

5.2.13 Exploration Programme, 2001

An exploration programme budgeted at £840,000 will commence in June 2001. The main objective is to outline a resource by drilling at locality 4 with a secondary objective of identifying drill targets at locality 5 and elsewhere. The programme will be helicopter supported which will be more expensive than a ground supported programme, but not greatly so due to the short flying time to the helicopter base at Narsarsuaq.

Prior to drilling operations, detailed radiometric surveys will be carried out by scintillometer and spectrometer. Anomalous areas will be surveyed by a portable XRF instrument that will provide a low precision, but rapid spot, tantalum assay on rock outcrops. This work, supplemented by

detailed geological mapping, will facilitate a better understanding of the geometry and controls of mineral zones and a better definition of drill targets.

A total of 3,600m of vertical diamond core drilling is planned, mostly on the plateau area of area 4, with the aim of outlining a resource. More detailed drilling will be required in 2002 in order to define the resource with sufficient confidence for a feasibility study.

The exploration work will also provide a representative 650kg sample from surface and drill-core samples for more detailed metallurgical testwork.

6.0 CONCLUSIONS

6.1 General

Increasing demand and limited resources suggest a buoyant market outlook and price forecast for tantalum over the next decade.

Angus & Ross have acquired properties that have the potential to host world-class bulk-tonnage tantalum deposits.

The exploration programmes planned by Angus & Ross for 2001 are well conceived, and justifiable in terms of the risks and potential rewards.

The agreement with Cabot, one of the world's major tantalum processors, must be regarded as an endorsement of the quality of Angus & Ross management and the potential of its projects.

6.2 Conclusions—Ireland

Recorded tantalum mineralisation in the pegmatitic marginal phase of the Leinster Granite is regarded as a favourable indicator for the possibility of more widespread tantalum mineralisation in the body of the granite.

Stream sediment and soil anomalies have been confirmed over wide areas underlain by the Tullow Lowlands and Blackstairs members of the Leinster Granite that are consistent with tantalum mineralisation in an apogranite setting.

It is impossible to give any estimate of the size or grade of mineralisation that may be associated with the anomalies at this stage. As such, Blackstairs Mountains must be regarded as a grass-roots project, but one that warrants the relatively modest expenditure that will be required to investigate the identified targets by trenching and drilling.

6.3 Conclusions—Greenland

Motzfeldt represents one of the world's major tantalum occurrences. No resource has yet been established, but work to date indicates a good potential for a multi-million tonne deposit with grades above 300ppm Ta₂O₅.

The mineralogy is not amenable to treatment by simple conventional methods of concentration. Preliminary testwork has been encouraging, but additional testwork and ingenuity will be required to determine a commercially satisfactory method of treatment.

The mountainous terrain and sub-arctic climate will present infrastructure and mining challenges, especially for open-pit mining.

The above two factors mean that capital and operating costs are likely to be higher than normal.

Greenland has a mining code and political climate that is conducive to mining, and there appear to be no obvious environmental obstacles to mining at Motzfeldt, which could not be overcome by a thorough and professional approach to the project.

The location benefits from easy access to the international airport at Narsarsuaq and navigable tidewater.

GLOSSARY

Albitisation	an alteration process in which feldspar is replaced by albite
Alkaline rock	an igneous rock with a high proportion of sodium and potassium relative to silica
Alluvial deposit	an accumulation of sediment formed by running water
Alteration	a chemical or physical change in a rock
Anomaly	a value or values typically higher (or sometimes lower) than the expected norm
Aplite	a fine grained igneous rock occurring as veins within a coarser plutonic rock
Apogranite	the apical portion of a granite intrusive
Archaean	the older of the two divisions of the Precambrian era, older than 2,500 million years ago
B-horizon	soil horizon characterised by accumulation of iron oxide
Bastnaesite	fluorocarbonate of lanthanum and cerium: an ore of these rare earth elements
Batholith	a large igneous intrusion made up of multiple plutons
Biotite	a brown-coloured iron rich mica
Calc-alkaline	a rock with a higher concentration of calcium than sodium and potassium
Capacitor	an electronic component used to store electrical charge
Carbonatite	an unusual igneous rock composed predominantly of carbonate minerals
Concentrate	the product, with a high concentration of one particular mineral, recovered from an ore using mineral separation techniques
Columbite	an ore mineral of niobium
Cryolite	a mineral composed of sodium aluminium fluoride used as a flux for aluminium smelting, now made synthetically, but formerly mined in Greenland
Craton	the stable interior of a continental plate
Differentiation	the separation of a magma into two or more fractions
Diamond drilling	drilling method which obtains a cylindrical core of rock by using an annular drill bit set with diamonds
Dinantian	the older sub-period of the Carboniferous, 362.5 to 322.8 million years ago
Eluvial deposit	deposit formed in weathered bedrock, typically moved down a slope from its source
Flotation	a method of concentrating minerals in which the mineral attaches to bubbles blown through a mixture of ground ore, water and frothing agent
Fluorite	a mineral composed of calcium fluoride
Gneiss	a highly metamorphosed rock characterised by strong mineral layering, or foliation
Grade	concentration of metal in a deposit
Greisen	an aggregate of quartz and mica formed by hydrothermal alteration of granite
Hematite	a mineral composed of ferric iron oxide
Hematisation	an alteration process involving conversion of iron-bearing minerals to hematite
Hydrothermal	descriptive of hot magmatic emanations, rich in water
Intrusive	a body of igneous rock that invades older rocks

Ketilidian	an orogeny affecting Greenland about 1,800-1,600 million years ago
Metasediment	metamorphic rock of sedimentary origin
Metavolcanic	metamorphic rock of volcanic origin
Magnetic survey	a survey of variation in intensity of the Earth's magnetic field
Microcline	the low temperature form of potassium feldspar
Mineralisation	the concentration of metals and their chemical compounds within a body of rock
Muscovite	white coloured mica
Mobile belt	a linear belt of continental crust affected by an orogeny
Nepheline	a feldspathoid mineral, composition (Na, K)AlSiO ₄
Ordovician	a sub-era of the Palaeozoic, 510-439 million years
Orogeny	mountain building by tectonic activity
Palaeozoic	an era comprising the Cambrian to Permian systems
Pegmatite	an exceptionally coarse grained igneous rock found as dykes, lenses or veins associated with granite batholiths
Peralkaline	rock with a composition with excess of Na ₂ O+K ₂ O over Al ₂ O ₃
Phenocryst	a large mineral grain within a finer grained matrix of an igneous rock
Pluton	an igneous body emplaced and crystallised at depth
Proterozoic	younger era of the Precambrian; 570-2500 million years ago
Pyrochlore	oxide of tantalum, niobium, sodium, calcium and rare earths. an ore of tantalum and niobium
Radiometric Survey	geophysical survey for the detection of the radioactive elements Uranium, thorium, and potassium (K ⁴⁰)
Rare Earth Elements	elements with an atomic number between 57 and 71, plus scandium and yttrium
S-type granite	a granite derived largely from melting of pre-existing crustal rocks, typically contains both biotite and muscovite and is relatively high in aluminium
Schist	a metamorphic rock in which minerals are aligned to produce a foliation
Silica	Silicon dioxide, of which the mineral quartz is one form
Silicification	the process whereby original rock minerals are chemically replaced by various forms of silica which generally harden the rock
Spodumene	lithium aluminium silicate, an ore of lithium
Stripping ratio	ratio of ore to waste in an open pit mining operation
Supracrustal	rock units developed within the upper part of the crust, generally as low metamorphic grade inliers within highly metamorphosed cratons
Syenite	a crystalline alkaline igneous rock comprising alkali feldspar and accessory quartz or nepheline
Tantalite	oxide of tantalum, niobium, iron and manganese. The principal ore of tantalum
Tertiary	a period of the Cenozoic era, from 65 to 1.64 million years
Thorite	thorium silicate
Turbidite	a deposit formed by turbidity currents developed on steep underwater slopes
Zircon	zirconium silicate; the principal ore of zirconium

ABBREVIATIONS

Symbol	Definition
Al	Aluminium
Be	Beryllium
Ce	Cerium
K	Potassium
La	Lanthanum
Li	Lithium
Na	Sodium
Nb	Niobium
Nb ₂ O ₅	Niobium pentoxide
Mo	Molybdenum
Mt	Million Tonnes
ppm	Parts per million (equal to one gramme per tonne)
REE	Rare earth element
Sn	Tin
Ta	Tantalum
Ta ₂ O ₅	Tantalum pentoxide
Th	Thorium
V	Vanadium
XRF	X-ray fluorescence, used as an analytical method
Y	Yttrium
Zr	Zirconium

PART V

ADDITIONAL INFORMATION

1. THE COMPANY

1.1 The Company was incorporated in England under the Companies Act 1985 as a public limited company on 17 February 1997 under its present name and with registered number 3319691. The liability of the members is limited.

1.2 The Company's registered office is at Nutfield House, 66 Dry Hill Park Road, Tonbridge, Kent TN10 3BX.

1.3 At the Annual General Meeting on 6 July 2001 the following special resolution was passed:—

That pursuant to the directors' existing authority to allot shares under Section 80 of the Companies Act 1985 (granted by Special Resolution on 28 October 1999) the Directors of the Company be and they are hereby empowered to allot equity securities (as defined for the purposes of Section 95 of the Companies Act 1985) for cash as if Section 89(1) of the said Act did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities having:—

- (a) in the case of relevant shares (as defined for the purposes of Section 95 of the Companies Act 1985) a nominal amount; or
- (b) in the case of other equity securities, giving the right to subscribe for or convert into relevant shares having a nominal amount,

not exceeding £50,000 in aggregate, and this power shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution (save that the Company may before such expiry make an offer or agreement which would or might require securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired); and that the existing powers of the Directors to allot equity securities as aforesaid for cash as if Section 89(1) of the said Act did not apply to such allotment (granted by resolutions passed on 28 October 1999, 28 June 2000 and 3 May 2001), save to the extent that they relate to allotments of equity as aforesaid prior to the date hereof (which are hereby approved and ratified for all purposes), be and are hereby revoked.

1.4 At the date of this document, the authorised share capital of the Company is £1,000,000 divided into 100,000,000 Ordinary Shares and the issued share capital of the Company is £240,040 represented by 24,004,000 Ordinary Shares, all of which are fully paid.

The following are the Directors' shareholdings and other shareholdings in the Company which are greater than 3% of the share capital at the date of this document:

Name	Number of Ordinary Shares currently held	Percentage of undiluted share currently held	Number of options/ warrants currently held
Directors and their Families Beneficial			
Robert Young	2,650,000	11.04	500,000
Robin Andrews	2,480,000	10.33	500,000
Roger Turner	—	—	250,000
Julian Cronk	12,000	—	250,000
Michael Martineau	—	—	250,000
Others Beneficial			
Carole Rowan	5,750,000	23.95	5,750,000
Cabot G B Limited	5,000,000	20.83	5,000,000
Nutraco Nominees Limited	1,000,000	4.16	—

1.5 The Company is not aware of any person other than those listed above who, directly or indirectly, is interested in more than 3% of the Company's share capital. Save as disclosed in paragraphs 1.4, 3 and 6, since the Company's incorporation no share or loan capital of the Company has been issued or is now proposed to be issued, fully or partly paid, for cash or other consideration, no share or loan capital of the Company is proposed to be issued under option or is agreed conditionally or unconditionally to be put under option, no person has preferential rights to subscribe for shares and no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such share or loan capital.

1.6 The rights attached to the Ordinary Shares are summarised in paragraph 2.2 below.

2. MEMORANDUM AND ARTICLES OF ASSOCIATION

2.1 The Memorandum of Association of the Company provides that the Company's principal objects are to carry on the business of mineral resource exploitation and to carry out the other objects more particularly set out in Clause 4 of the Memorandum of Association of the Company.

2.2 The Articles of Association of the Company (the "Articles") include provisions to the following effect:

2.2.1 **Voting rights:** subject to any special rights or restrictions as to voting attached to any class of shares, at a general meeting of the Company every member who is present in person (including any corporation present by its duly authorised representative) shall on a show of hands have one vote and every member present in person or by proxy shall on a poll have one vote for each share of which he is a holder;

2.2.2 **Dividends:** subject to the provisions of the Companies Act and of the Articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall be declared or paid except out of the profits of the Company or in excess of the amount recommended by the Board. Subject to the provisions of the Companies Act and of the Articles the Board has the power to pay interim dividends to members.

Except as otherwise provided dividends shall be declared and paid according to the amounts paid up (otherwise than in advance of calls) on the shares on which the dividend is paid. All dividends unclaimed for a period of 12 years after having become due for payment shall be forfeited and shall revert to the Company.

2.2.3 **Distribution of assets on a winding-up:** if the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by law, divide among the members in specie or kind the whole or any part of the assets of the Company.

2.2.4 **Issue of shares:** subject to the provisions of the Companies Act relating to authority, pre-emption rights and otherwise and of any resolution of the Company in General Meeting passed pursuant thereto, all unissued shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper. Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions as the Company may by ordinary resolution determine (or in the absence thereof as the Directors may determine) and subject to the provisions of the Companies Act the Company may issue any shares which are, or at the option of the Company or the holder are liable, to be redeemed.

2.2.5 **Transfer of shares:** every member may transfer all or any of his shares by instrument of transfer in writing in any usual form or in such other form as the directors may accept. The transferor is deemed to remain the holder until the transferee's name is entered in the Register of Members.

The Board may in its absolute discretion and without giving any reason, refuse to register the transfer of any share if it is a transfer of a partly paid share. No share may be transferred to any infant, bankrupt or person of unsound mind.

2.2.6 **Variation of rights:** if at any time the share capital of the Company is divided into shares of different classes, any of the rights for the time being attached to any share or class of shares in the Company may only be varied or abrogated either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class. The quorum at any such meeting shall be one or more persons holding or representing by proxy at least one-third in nominal amount of the issued shares of the class in question and at an adjourned meeting not less than one person or his proxy holding shares of the class in question (whatever the number of shares held by him).

2.2.7 **Pre-emption rights:** the Company may at any time and from time to time by special resolution authorise the Directors to allot equity securities (as defined in Section 94 of the Companies Act) for cash as if Section 89(1) of that Act did not apply to any such allotment. Such authorities were granted to the Directors pursuant to the resolution of the members of the Company, details of which are set out in paragraph 1.3 above.

Save as provided below, the Company may not allot any of the authorised but unissued ordinary share capital of the Company, exceeding that set out in the powers referred to above, unless the Directors are authorised to do so by any subsequent special resolution or unless the shares are to be allotted wholly or partly paid up otherwise than in cash or unless the Company has followed the procedure laid down by Section 89(1) of the Companies Act. This procedure is broadly as follows:

Before agreeing to allot any shares in the Company for cash to persons who are not existing shareholders, the Company must previously make an offer in writing to each existing holder of shares in the Company to allot to him on the same or more favourable terms a proportion of the shares to be allotted *pro rata* to his

existing holding. The offer must be sent to his registered address in the United Kingdom or to the address in the United Kingdom supplied by him to the Company for the giving of notice to him. The offer must state the period of not less than 21 days during which the offer may be accepted; and the offer shall not be withdrawn before the end of that period. Only after the period during which the offer may be accepted has expired or after the Company has received notice of the acceptance or refusal of every offer so made, may it allot the shares which are the subject of the offer to a person other than the offeree.

Save in accordance with the provisions of the Companies Act as set out above no other pre-emption rights are contained in the Articles of Association of the Company regarding the issue and allotment of shares or to the transfer of shares.

- 2.2.8 **Redemption:** subject to the provisions of the Companies Act the Company may purchase its own shares including redeemable shares.
- 2.2.9 **Borrowing powers:** subject to the provisions of the Companies Act the Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (present and future) and uncalled capital and 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.
- 2.2.10 **Changes in capital:** subject to the provisions of the Companies Act, the Company in general meeting may from time to time by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of larger amounts, cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and reduce the amount of its share capital by the amount of the shares so cancelled and sub-divide all or any of its shares into shares of a smaller amount of which some shares may as between the shares so sub-divided have such preferred or other special rights as provided in the said resolution.
- 2.3 **CREST:** The Articles are consistent with CREST membership and, *inter alia*, allow for the holding and transfer of securities of the Company in uncertificated form. The Ordinary Shares have been accepted into CREST with effect from 2 December 1999.

3. DIRECTORS' INTERESTS

- 3.1 The table in paragraph 1.4 above sets out the interests in the share capital of the Company, of the Directors, their families and persons connected with such Directors (within the meaning of Section 346 of the Companies Act), as at the date of this document. Such interests are those which, in the case of Directors and their families, are required to be notified to the Company pursuant to Sections 324 and 328 of the Companies Act and required to be shown by the Register of Directors' Interests maintained under the provisions of Section 325 of the Companies Act and in the case of persons connected with the Directors, as would be so required to be notified or entered in such register, if such connected person were a director of the Company.
- 3.2 The interests of the Directors and their respective families and persons connected with them for the purposes of Section 346 of the Companies Act set out in paragraph 1.4 are, or when allotted will be, all beneficially held save where detailed therein.
- 3.3 Other than a directorship of the Company, the directorships or partnerships held over the previous five years by the directors are as follows:

Robert Douglas Young

Current

Hornby Bay Exploration Limited (Canada)
Heritage Petroleum plc
Alamos plc

Past

Orvana Sweden AB
Cambridge Mineral Resources plc
Hereward Ventures plc
Nufort Resources Inc. (Canada)
South Atlantic Resources Limited
Golden Dynasty Resources plc (Canada)

Robert Michael Andrews

Current

Whimbrel Investments Limited
Puffin Holdings Limited
Limco 2001 Limited
Quattro Resources Limited (Canada)

Past

Oxus Mining Limited
Oxus Services Limited

Roger William Turner*Current*

Oxus Mining Limited
Oxus Resources Corporation
Oxus Mining Corporation
Oxus Services Limited
Norox Mining Company Limited
Oxus Nominees Limited
Combined Management Services Corporation Limited
Mineral Energy Resources (UK) Limited
Golski Limited

Past

Commonwealth & British Minerals PLC
Commonwealth & British Minerals Limited
Nelson Gold Corporation
Zeravshan Gold Company Limited

John Julian Tristram Cronk*Current*

Institute of Certified Book-keepers
Coral Secretaries Limited
Coral Trustees Limited
Coral Nominees Limited
Coral Eurobet.com BV
Eurobet (Gibraltar) Ltd

Past

Etienne Aigner Inc.
Harstone Hosiery Limited
Harstone International Limited
Bag Shop Limited
Hobby Shop (UK) Limited
Allerton Road Limited
Charm Handbags Co. Limited
Churchhill Leathergoods Limited
L & D Leathergoods Limited
Churchhill Cosmetics Limited
Lee Leathergoods Limited
M & W Symphony Limited
Lanca Handbags Limited
L & D (Holdings) Limited
Madeward Charm Limited
Dabar Limited
Glamar Limited
Selva Leathergoods Limited
S & M Developments Limited
Churchhill Clothing Limited

Richard Owen Burt*Current*

Tantalum Mining Corporation Canada Inc

Michael Peter Martineau*Current*

Eurasia Mining plc
Ashanti Goldfields Company Limited
Carpathian Limited
Axmin Limited

Past

Samax Gold Inc
Phoenix Management Services Ltd
Rayrock Resources Inc
Samax plc
Hamerton Limited
Claremont Resources Limited
Samax Resources Limited

3.4 No Director has:

- 3.4.1 any convictions in relation to indictable offences;
- 3.4.2 been disqualified from acting as a director.
- 3.4.3 had a bankruptcy order made against him or entered into a voluntary arrangement; and
- 3.4.4 been publicly criticised by any statutory or regulatory authority.
- 3.4.5 Robin Andrews was a director of Petrowarrior Inc., a US-registered company and a wholly-owned subsidiary of Warrior Resources Inc., which entered into Chapter 11 Administration in 1984.
- 3.4.6 Julian Cronk was formerly company secretary of The Harstone Group PLC. Save for Etienne Aigner Inc., all of the above companies of which he was a past director were subsidiaries of The Harstone Group PLC. Except for Harstone Hosiery Limited and Harstone International Limited, all of The Harstone Group PLC subsidiary companies of which Julian Cronk was formerly a director, were placed in voluntary liquidation in 1998 and 1999 as part of a corporate reorganisation scheme. Julian Cronk was also a director, and sole shareholder, of Nutshell Enterprises Limited which he placed in voluntary liquidation in 1988.

- 3.4.7 Save as stated in 3.4.5 and 3.4.6 above, no Director has been a director of a company which has been placed in receivership, liquidation, administration or which has entered into a company voluntary arrangement whilst he was a director of that company or within the 12 months after he ceased to be a director of that company.
- 3.5 The Company has granted the following options and warrants, none of which have received approval from the board of the Inland Revenue:
- 3.5.1 on 30 June 1999 to Carole Rowan a warrant to subscribe for 2,000,000 Ordinary Shares at par at anytime from 30 June 1999 up to and including 30 June 2002;
- 3.5.2 on 30 June 1999 to Julian Cronk an option to subscribe for 250,000 Ordinary Shares at par at anytime from 30 June 1999 up to and including 30 June 2002;
- 3.5.3 on 30 June 1999 to Roger Turner an option to subscribe for 250,000 Ordinary Shares at par at anytime from 30 June 1999 up to and including 30 June 2002;
- 3.5.4 on 30 June 1999 to Robin Andrews an option to subscribe for 500,000 Ordinary Shares at 2p per share at anytime from 30 June 1999 up to and including 30 June 2002;
- 3.5.5 on 30 June 1999 to Robert Young an option to subscribe for 500,000 Ordinary Shares at 2p per share at anytime from 30 June 1999 up to and including 30 June 2002;
- 3.5.6 on 2 December 1999 to Carole Rowan a warrant to subscribe for 3,750,000 Ordinary Shares at 2p per share at anytime from 2 December 1999 up to and including 28 October 2002;
- 3.5.7 on 16 May 2000 to Michael Martineau an option to subscribe for 250,000 Ordinary Shares at 9.5p per share at anytime from 16 May 2000 up to and including 16 May 2003;
- 3.5.8 on 18 May 2000 to Giles Hamilton an option to subscribe for 25,000 Ordinary Shares at 10p per share at anytime from 18 May 2000 up to and including 18 May 2003;
- 3.5.9 on 22 August 2000 to Cabot Corporation an option to subscribe for 1,000,000 Ordinary Shares at 10p per share which option was exercised on 21 March 2001;
- 3.5.10 on 14 December 2000 to Southern Prospecting (Pty) Limited an option to subscribe for 133,000 Ordinary Shares at 16p per share which option expired on 24 March 2001 without being exercised;
- 3.5.11 on 14 December 2000 to Lydenburg Explorations Limited an option to subscribe for 1,000,000 Ordinary Shares at 16p per share which option expired on 24 March 2001 without being exercised;
- 3.5.12 on 3 May 2001 to Cabot GB Limited an option to subscribe for 5,000,000 Ordinary Shares at 20p per share to expire on the later of 28 February 2002 or 45 days after the date on which the results of pre-feasibility studies in respect of the Company's current exploration programmes in Greenland and Ireland are made available to Cabot;
- 3.5.13 on 22 May 2001 to Christopher Parry an option to subscribe for 250,000 Ordinary Shares at 21p per share at anytime from 22 May 2001 up to and including 22 May 2004;

The options (but not the warrants) are not transferable and will lapse automatically on the occasion of any assignment, charge, disposal or other dealings in their rights.

- 3.6 Save as disclosed above, none of the Directors (or any member of their respective families or any persons connected with any of them for the purposes of Section 346 of the Companies Act) has any interest in the share capital of the Company (whether beneficial or non-beneficial).

4. DIRECTORS' SERVICE AGREEMENTS

- 4.1 Robin Andrews entered into a service agreement with the Company on 1 November 1999. The service agreement is terminable on not less than 12 months' notice given by either party to the other at any time. The service agreement contains provisions for early termination, *inter alia*, in the event of a breach by the Director in question. The basic annual salary payable to Robin Andrews is £36,000 per annum.
- 4.2 Robert Young entered into a service agreement with the Company on 1 November 1999. The service agreement is terminable on not less than 12 months' notice given by either party to the other at any time. The service agreement contains provisions for early termination, *inter alia*, in the event of a breach by the Director in question. The basic annual salary payable to Robert Young is £36,000 per annum.
- 4.3 During the year ending 28 February 2001 a total of £54,000 was paid to the directors as remuneration and benefits in kind. The amounts payable to the Directors by the Company under the arrangements in place at the date of this document in respect of the year ending 28 February 2002 are estimated to be £81,000.
- 4.4 No loan has been made by the Company to any Director and no guarantee has been provided by the Company in respect of any liabilities of or otherwise for the benefit of any Director.

5. LITIGATION

So far as the Directors are aware there are no legal or arbitration proceedings active, pending or threatened against the Company or being brought by the Company.

6. MATERIAL CONTRACTS

The following contracts have been entered into by the Company which are or may be material:

- 6.1 By an agreement (the "Underwriting Agreement") dated 28 October 1999 made between the Company (1), the Directors of the Company (2) and Bruce Rowan (3), the Directors gave certain warranties which have now expired. The Directors agreed to exercise all the powers they have in relation to the Company to procure that Mr. Rowan shall be entitled to nominate a director of the Company for so long as he (either directly or through a nominee) holds more than 10% of the issued share capital of the Company from time to time.
- 6.2 The Company has been authorised by the Minister for the Marine and Natural Resources ("the Minister") to prospect for minerals in the Counties of Carlow and Wexford in Ireland in the areas set out in the relevant licences. In total, eight such licences have been granted and each is valid for a period of six years from 27 October 1999.

All such licences give authority to ascertain the character, extent or value of the caesium, lithium, niobium, tin, tantalum and tungsten lying on or under the specified area, including making borings, sinking pits and removing water and the removal of reasonable quantities of such minerals for sampling.

The Company is obliged as licensee to spend certain sums during the first two year phase of the licences ending in October 2001. The total aggregate sum which the Company is required to spend is not less than IR£16,000.

One calendar month before the end of each subsequent two-year phase of the licences, if the Company wishes the licences to continue, a work programme for the second or third two-year phase of the licences shall be proposed by the Company for the approval of the Minister.

The Minister may, in certain circumstances, revoke the licences. Such circumstances include any failure by the Company to comply with the obligations set out above or to submit work reports which are satisfactory to the Minister one calendar month before the end of each phase of the licences.

If it appears to the Minister that there are certain minerals within the area covered by the licences and that such minerals are not being adequately explored by the Company, he may, at his discretion, direct the Company to carry out such prospecting as he considers appropriate or, after prior notice to, and consultation with the Company, grant a prospecting licence to another party or prospecting licences to other parties in respect of such minerals.

- 6.3 The Company has been granted an exclusive exploration licence by the Greenland Home Rule Government for an area of 414 square kilometres at Motzfeldt, Western Greenland. The licence covers exploration for all mineral resources except hydrocarbons, radioactive elements and water power resources. The licence is valid until 31 December 2004.

If the Company wishes the licence to continue beyond the first 5 year period it may make an application not later than 31 December 2004 to the Bureau of Minerals and Petroleum of the Greenland Home Rule Government ("BMP") to be granted a new 5 year licence for the same area and minerals wholly or partially covered on expiry of the first period. Thereafter the Company may apply for three further 2 year extensions on making an application for such extensions to the BMP by the end of each 2 year period. The Company may relinquish its licence at any time with immediate effect.

The Company is obliged to spend certain sums during the first 5 years of the licence and thereafter during the following 5 years if the licence is extended. The Company must spend one hundred thousand Danish kroner in each of the first 2 years, two hundred thousand Danish kroner in each of years 3 to 5 and four hundred thousand Danish kroner in each of the following 5 years. The Company is also obliged to spend an amount for each square kilometre of land over which the licence applies. In years 1 and 2 this amount is one thousand Danish kroner per kilometre square, in years 3 to 5 it is five thousand Danish kroner per kilometre square, and in years 6 to 10 it is ten thousand kroner per kilometres square. These amounts are subject to adjustment based on the change in the Danish consumer price index between January 1992 and January of the year in question.

The Company must obtain the prior approval of the BMP if it wishes to carry out certain restricted activities in relation to its exploration activities.

If the Company finds and defines commercially exploitable deposits within the licence area which the Company intends to exploit, provided the terms of the licence have been complied with, the Company is entitled to be granted an exploitation licence for the deposit or deposits in question. The Company must comply with certain conditions in order to be granted the exploitation licence. The exploitation licence will cover the same mineral resources as covered by the exploration licence.

The licence cannot be directly nor indirectly assigned to another party unless the approval of the Greenland Home Rule Government has been obtained. The licence may be revoked in certain circumstances. Such circumstances include any failure by the Company to comply with the obligations set out in the licence, if the Company fraudulently submits information to the BMP or if the Company goes into voluntary or compulsory liquidation. The Company may have an opportunity to remedy the default within a time limit stipulated by the BMP.

- 6.4 The Company entered into a subscription agreement with Cabot GB Limited (“CGBL”) on 9 April 2001. Completion in terms of the agreement took place on 3 May 2001 (“the Completion Date”).

In terms of that agreement CGBL agreed to subscribe for 4,000,000 Ordinary Shares at a subscription price of 20p per share upon the Completion Date. The Company granted various warranties under the agreement. No liability shall attach to the Company in respect of the warranties granted unless the aggregate amount of such liabilities exceeds £15,000. The Company’s liability shall, in the absence of fraud, dishonesty or wilful concealment, not exceed the sum of £900,000 and shall terminate on the twelve month anniversary of the Completion Date.

The Company on the Completion Date granted an option to CGBL to subscribe for 5,000,000 Ordinary Shares at 20p per share. The option will expire on the later of 28 February 2002 or 45 days after CGBL has received from the Company for the sites over which it has licences in Greenland and Ireland pre-feasibility studies, that conform to mining industry practice and standard for such studies and include clear recommendations regarding subsequent delineation drilling sufficient for the preparation of a bankable feasibility study and written notice of the Company’s resolution on the recommendations contained in each such pre-feasibility study.

In terms of the agreement CGBL was granted the right, for so long as the agreement is in force and CGBL holds more than 5% of the issued share capital of the Company, to appoint one person to the board of directors of the Company.

CGBL has a right to elect to purchase up to 50% of any eventual output of tantalum and/or caesium minerals from either or both of the sites in Greenland and Ireland over which the Company has licences at the date of the agreement. It is intended that Cabot will, at the most, pay a price for 50% of the tantalum and/or caesium produced by Angus & Ross which, if received for the balance of output, would provide Angus & Ross with an agreed rate of return on investment at the site in question. This rate of return is considered acceptable by the Board. CGBL, should it elect to exercise its right of first refusal over part of the output from the Greenland Sites and/or the Ireland Sites shall negotiate with the Company to enter into purchase agreements for part of the output from the Greenland Sites and/or the Ireland Sites. Unless a purchase agreement has been entered into the rights granted to CGBL will expire 180 days after notice of the completion of a bankable feasibility study for each of the sites has been received by CGBL.

In terms of the agreement CGBL and the board of directors of the Company from time to time must approve all of the exploration work with respect to tantalum and caesium minerals to be developed at the sites in Greenland and Ireland over which the Company has licences at the date of the agreement.

The Company, for so long as CGBL is entitled to appoint a director, is not entitled, except as approved by a board meeting at which CGBL’s nominated director is present, to make any expenditure over £10,000 which is not in the annual and quarterly financial forecasts and predicted expenditure of the Company submitted to and approved by the board, or in excess of £75,000.

CGBL has a pre-emption right in respect of any new shares to be issued in the share capital of the Company, including rights, options or warrants to purchase such shares. The right does not include any options over shares in the Company existing at the date of the agreement. CGBL will be entitled to purchase a proportion of the new shares as nearly as may be to the aggregate percentage of the Company’s shares then held by CGBL. The agreement also restricts the issuing of shares to certain companies.

The rights in that agreement do not attach to the shares of the Company held by CGBL.

- 6.5 The Company entered into an agreement with Drill Sure (Environmental Services) Limited (“DSESL”) on 11 May 2001 in terms of which DSESL is obliged to drill a series of holes in Motzfeldt, Greenland. The sequence, location and depth of each hole shall be designated by the Company’s representative. DSESL is obliged to make daily drilling reports to the Company’s representatives and has provided undertakings relating to the cores and samples, for example, to take all reasonable precautions to keep the cores and core trays free from contamination.

DSESL is obliged to keep assigned to the work during the times and periods set down in the contract such qualified personnel, the number and type of drills set forth in the contract and all supplies as are necessary to perform and complete the work in a good workmanlike manner.

DSESL agrees that in addition to any separate confidentiality undertaking required by the Company, all information and data relating to the work obtained or collected by or coming to the attention of DSESL, its officers, employees, agents, servants, subcontractors, invitees and the licensees shall remain secret and confidential.

DSESL is obliged to indemnify and hold harmless the Company against any injury, suits, claims, demands, costs and expenses in connection with the agreement in so far as they shall arise by reason of, for example, any negligence or breach of statutory duty on the part of DSESL or its sub-contractors and their respective servants or agents.

The Company may terminate the agreement upon immediate written notice, without liability to DSESL except for payments for meterage completed and work performed, if DSESL defaults in the performance of its any of its covenants, obligations or payments under the agreement. The Company may terminate the agreement for any reason other than force majeure prior to the completion of drilling without liability to DSESL except for payments for actual footage or meterage completed and work performed and charged in accordance with the terms of the agreement. DSESL cannot assign or sub-contract out of or otherwise let or delegate any of its obligations or rights under the agreement without the Company's prior consent.

The Company is responsible for securing all permits and other similar consents required for obtaining occupation of the site and suitable access for DSESL's plant to all borehole positions, and also permits for the extraction of water and disposal of effluent. Amongst other things, the Company is responsible for meeting any claims for damage to and/or pollution of the land and water courses except where arising from DSESL's negligence.

The agreement sets out the costs of equipment, drilling, personnel and other related expenses which are to be paid under the agreement.

- 6.6 Two directors of the Company who were granted options on 30 June 1999, namely Messrs Andrews and Young, have undertaken to exercise their options by no later than 7 June 2002. Carole Rowan has undertaken, by no later than 7 June 2002, to subscribe for ordinary shares under the terms of the warrant granted to her dated 2 December 1999, but limited so that the voting rights of her and persons acting in concert with her will not exceed 29.9% of the total voting rights.

7. CONSENTS

- 7.1 Buzzacott has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of its letter and report set out in Part III and the references to that letter and report and to its name in the form and context in which such references are included.
- 7.2 Behre Dolbear International Ltd has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of its letter and report set out in Part IV and the references to that letter and report and to its name in the form and context in which such references are included.
- 7.3 Brewin Dolphin Securities has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of its name in the form and context in which references to its name are included.

8. TAXATION

The following statements are intended only as a general guide to current UK tax legislation and to the current practice of the UK Inland Revenue (the "Inland Revenue") and may not apply to certain shareholders such as dealers in securities. They relate only to persons who are the absolute beneficial owners of Ordinary Shares, are resident (or, if individuals, ordinarily resident) in the UK for UK tax purposes (except where stated otherwise) and who hold Ordinary Shares as investments and not as trading stock. Different rules may apply in other cases. Any person who is in any doubt as to his tax position, or who is subject to taxation in any jurisdiction other than the UK, should consult his professional advisers immediately.

8.1 Dividends

Under current UK tax legislation, the Company is not required to withhold tax at source from any dividend payments it makes, nor is it liable to account to the Inland Revenue for advance corporation tax.

Individual shareholders resident for tax purposes in the UK should generally be entitled to a tax credit in respect of any dividend equal to one-ninth of the amount of the dividend. Such an individual shareholder's liability to UK income tax is calculated on the sum of the dividend plus the tax credit (the "gross dividend") which, with certain other investment income, will be taxed as the top slice of the individual's income subject to UK income tax. The tax credit is equal to 10.0% of the gross dividend, and will be available to offset a shareholder's liability (if any) to income tax on the gross dividend.

Individual shareholders liable to income tax at the basic or lower rates will be liable to tax on dividend income received at the rate of 10.0%. The tax credit will therefore satisfy the income tax liability of a UK resident individual shareholder liable at the basic or lower rates of income tax.

Where an individual resident in the UK is liable at the highest rate, the rate of tax chargeable on UK company dividends is 32.5%. After offset of the 10.0% tax credit, a higher rate taxpayer will be liable to additional income tax of 22.5% of the gross dividend, equal to 25.0% of the net dividend.

Where an individual shareholder is not liable to tax on the dividend, the tax credit is not refundable.

A corporate shareholder resident in the UK for tax purposes will not normally be liable to corporation tax on any dividend received.

Tax exempt pension funds cannot reclaim the tax credit attaching to dividends from UK companies.

8.2 Stamp duty and stamp duty reserve tax (“SDRT”)

In relation to stamp duty and SDRT:

- 8.2.1 The allotment and issue of ordinary shares will not give rise to a liability to stamp duty or SDRT.
- 8.2.2 A subsequent sale or conveyance of the Ordinary Shares may give rise to a stamp duty charge. Stamp duty is generally chargeable at a rate of 0.5% of the amount or value of the sale consideration for shares, rounded up to the next £5 and is payable by the purchaser of shares. An agreement to transfer Ordinary Shares may give rise to a charge to SDRT if the transfer agreement is not chargeable to stamp duty. SDRT is generally chargeable at a rate of 0.5% of the value of the consideration for the shares and is payable by the purchaser of shares. A purchase of Ordinary Shares effected through CREST will generally be subject to SDRT as noted above.

The above statements are intended to be a general guide to the current position. Certain categories of person, document or transaction are not liable to stamp duty or SDRT and others may be liable at different rates to those noted above. Certain persons may be, although not primarily liable for tax, required to comply with notification, accounting and other obligations with respect to tax.

8.3 Capital Gains

Under current UK tax legislation, as an “unquoted” trading company, shares in the company qualify as business assets for the purposes of Capital Gains Tax Taper Relief. “Unquoted” in this context includes shares quoted on OFEX and the Alternative Investment Market (AIM). Existing shareholders should note that the shares only qualify as business assets for taper relief purposes from the date the company first commenced trading as a mineral exploration company, which was during the year ended February 2000.

8.4 EIS Relief

Shareholders wishing to invest in the company should be aware that the company is NOT a qualifying company for the purposes of the Enterprise Investment Scheme because its trade is not carried out wholly or mainly in the UK. For the same reason, the company is NOT a qualifying investment for Venture Capital Trusts.

9. WORKING CAPITAL

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

10. GENERAL

- 10.1 The financial information contained in this document concerning the Company does not constitute statutory individual accounts within the meaning of Section 240(5) of the Companies Act.
- 10.2 The Company has no investments save for 140,000 shares in President Mines Inc, a Vancouver quoted company.
- 10.3 The expenses of Admission are estimated to be £98,000. Brewin Dolphin Securities has agreed to subscribe £15,000 for Ordinary Shares at a price which is the lesser of 23.5p or the middle market price of the Ordinary Shares at the close of business on the last day of OFEX dealings.
- 10.4 The following statement was issued to OFEX on 30 July 2001:

“Angus & Ross PLC wishes to announce progress on its £0.8 million exploration programme in Greenland. Eight geologists and ancillary staff are now in their third week of geological mapping, trench sampling and geophysical surveys. The work is being conducted over two key areas of the 400 square kilometres of the Motzfeldt licence. Over one area, large geophysical anomalies have been located and trench samples over the outcrops have been flown to Canadian laboratories for tantalum assays.

This work hopes to confirm the work carried out by the Geological Survey of Greenland, which indicated a good potential for a multi-million tonne deposit with grades above 300 parts per million.

A drill rig, five drillers and their camp are being flown to Motzfeldt area 5 to begin drilling approximately 20 holes over the next three months. Actual drilling is expected to commence in the first week of August.

Core will be produced that will be examined geologically and mineralised sections will be sent for assay. It is important to emphasise that operating conditions for exploration crews are variable. In the summer, in particular, high winds can make helicopter access difficult and the exact timing of drilling operations cannot be certain. So far progress is good.

Work on the application for admission to the Alternative Investment Market (AIM) of the London Stock Exchange continues. An exact date for this event will be announced soon and it is hoped to be in August 2001.

Dr Robert Young, the Managing Director states ‘Progress on the ground in Greenland is good, and we are hoping this adventurous exploration programme will produce results over the next few months which will take us nearer to establishing a new world class reserve for tantalum mineralisation.’”

10.5 The following statement was issued to OFEX on 10 August 2001:

“In the normal course of business the Directors of Angus & Ross PLC have discussions with relevant parties from time to time about future corporate development of the Company. These discussions are at a very early stage and no decisions have been made about any possible further developments. The directors have not received an offer for the Company’s shares and are currently not in discussions that they believe are likely to lead to such an offer.”

11. AVAILABILITY OF THIS DOCUMENT

Copies of this document are available during normal business hours on any weekday (except public holidays) free of charge from the offices of the Nominated Adviser for one month from Admission.

17 August 2001