

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities before taking any action. The whole of the text of this document should be read. Investment in the Company is speculative and involves a high degree of risk. Your attention is also drawn to the section headed "Risk Factors" in Part I of this document.

This document comprises an admission document for the purposes of the AIM Rules. This document does not constitute a prospectus for the purposes of the Prospectus Rules. A copy of this document has been delivered to the Registrar of Companies in England and Wales for filing.

Application will be made for the whole of the ordinary share capital of St James's Energy PLC both issued and to be issued to be admitted to trading on AIM. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the UK Listing Authority nor the London Stock Exchange plc has examined or approved the contents of this document

The Directors of St James's Energy PLC, whose names appear on page 4, accept responsibility, individually and collectively, for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The rules of AIM are less demanding than those of the Official List of the UK Listing Authority. It is emphasised that no application is being made for admission of these securities to the Official List. The Ordinary Shares are not dealt in on any other recognised investment exchange and no other such applications have been or are intended to be made. The attention of prospective investors is particularly drawn to the section entitled "Risk Factors" set out in Part II of this document and all statements regarding the Company's business should be viewed in light of these risk factors.

It is expected that Admission will become effective and dealings in the Ordinary Shares will commence on AIM on 19 May 2006.

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## **ST JAMES'S ENERGY PLC**

*(Incorporated in England and Wales with Registered Number 5542880)  
(ISIN GBOOBOR7F192 )*

### **Placing of 133,261,601 new Ordinary Shares at 3p per share Admission to trading on AIM**

**Nominated Adviser**  
**Nabarro Wells & Co. Limited**

**Broker**  
**Nabarro Wells & Co. Limited**

#### **Share capital immediately following Admission**

<b>Authorised</b>			<b>Issued and fully paid</b>	
<b>Amount</b>	<b>Number</b>		<b>Amount</b>	<b>Number</b>
<b>£1,000,000</b>	<b>1,000,000,000</b>	Ordinary Shares of £0.001 each	<b>£340,261</b>	<b>340,261,601</b>

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

Nabarro Wells, which is authorised and regulated by the Financial Services Authority, are acting as Nominated Adviser and Broker for the Company in relation to the Admission and Placing, and will not be responsible to any other person for providing the protections afforded to customers of each of them or for providing advice in relation to the Placing or Admission or the contents of this document or any matter referred to herein. Nabarro Wells has not authorised the contents of any part of this document.

This document does not constitute an offer to sell or the solicitation of an offer to buy Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. The Ordinary Shares have not been and will not be registered under the United Securities Act 1933 (as amended) nor under the applicable securities legislation of the United States or any province or territory of Canada, Australia, South Africa, the Republic of Ireland or Japan or in any country, territory or possession where to do so may contravene local securities law or regulations (together "Prohibited Territories"). Accordingly, subject to certain exemptions, the Ordinary Shares may not be offered or sold directly or indirectly in or into any Prohibited Territory or to any national, resident or citizen of any Prohibited Territory. In particular, this document is not for distribution in or into any Prohibited Territory. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdiction.

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## EXPECTED TIMETABLE OF EVENTS

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Publication of this document	5th May 2006
Admission and commencement of dealings on AIM	19th May 2006
Settlement of Placing Shares in uncertificated form through CREST	19th May 2006
Despatch of definitive share certificates in respect of the Placing Shares in certified form to Placees by no later than	26th May 2006
Asset Value per share	1.2p

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## PLACING STATISTICS

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Placing Price per Ordinary Share	3p
Number of Ordinary Shares in issue at the date of this document	207,000,000
Number of Placing Shares	133,261,601
Number of Ordinary Shares in issue following the Placing	340,261,601
Percentage of the enlarged share capital subject to the Placing	39 per cent
Market capitalisation following Admission at the Placing Price	£ 10,207,848
Gross proceeds of the Placing receivable by the Company	£ 3,997,848
Estimated net proceeds of the Placing	£ 3,656,756

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## DIRECTORS, SECRETARY AND ADVISERS

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Directors	Christopher Lambert Kiran Caldas Morzaria Timothy Lawlor Wall
Business address	5 <sup>th</sup> Floor 22 Arlington Street London SW1A 1RW
Registered Office	Third Floor 55 Gower Street London WC1E 6HQ
Telephone number	020 70165100
Secretary	Stephen Frank Ronaldson
Nominated Adviser & Broker	Nabarro Wells & Co. Limited Saddlers House Gutter Lane Cheapside London EC2V 6HS
Auditors and Reporting Accountants	MRI Moores Rowland LLP 3 Sheldon Square London W2 6PS
Solicitors to the Company	Wedlake Bell 52 Bedford Row London WC1R 4LR
Registrars	Share Registrars Limited Craven House West Street Farnham Surrey GU9 7EN
Principal Bankers	HSBC Bank Plc 3339 Tottenham Court Road London W1T 2AR

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## DEFINITIONS

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In this document, unless the context requires otherwise, the words and expressions set out below shall bear the following meanings.

“Act”	the Companies Act 1985, as amended
“Admission”	admission of the Ordinary Shares in issue following the Placing to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
“AIM”	the AIM Market of the London Stock Exchange
“AIM Rules”	the rules of AIM as published by the London Stock Exchange
“Company” or “St James’s Energy”	St James’s Energy PLC
“Directors”	the directors of the Company
“London Stock Exchange”	London Stock Exchange plc
“Nabarro Wells”	Nabarro Wells & Co Limited, the Company’s Nominated Adviser and Broker
“Official List”	the Official List of the United Kingdom Listing Authority
“Ordinary Shares”	ordinary shares of 0.1p each in the capital of the Company
“Placees”	the subscribers for Placing Shares pursuant to the Placing
“Placing”	the placing of the Placing Shares at the Placing Price pursuant to the Placing
“Placing Price”	3p per Ordinary Share
“Placing Shares”	the 133,261,601 new Ordinary Shares being issued by the Company pursuant to the Placing
“Shareholders”	holders of Ordinary Shares

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## **PART I**

### **INFORMATION ON THE COMPANY**

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#### **Introduction**

St James Energy has been established for the purpose of making investments in the upstream energy and utilities sector.

Initially, investments by St James Energy will be sought in upstream provision of energy. The Company's geographic focus will be on Europe and the Asia Pacific Region. The investments may be either quoted or unquoted and may be in companies, partnerships, joint ventures or direct interests in energy projects. It is intended that investments will be made in revenue generating assets, however the Directors may decide that the Company should invest in pre revenue or near revenue producing assets.

The Directors believe that the current market conditions for energy provide good opportunities for investment in situations which are, in their opinion, undervalued or capable of showing an above average return on investments.

#### **Strategy**

The Company will review a number of opportunities where a considerable amount of investment has already occurred with the anticipation that revenue stream is near. Priority will be given to projects that have the ability to generate carbon credits or replace the need to consume fossil fuels. The Directors believe that this approach can reduce the risks associated with early stage projects and yet retain highest possible return profiles.

In particular, the Directors will seek investments with high potential to be readily replicated on a global scale by acquiring interests in underperforming or undervalued assets, and where the Directors believe that they have the expertise and experience that can be deployed to unlock the inherent value of the project.

The Company intends to be an involved and active investor. Accordingly, where necessary, the Company may seek participation in the management or board of directors of a company in which the Company invests with a view to improving its performance and use of its assets in such ways as should result in an upward re-rating of the value of such companies, with the resultant benefit which should show a satisfactory return to the Company's shareholders.

The Directors intend that they will undertake initial assessments and due diligence on potential investments themselves and will retain appropriate professional advice if merited by the circumstances. The Directors are confident that the resources of the Company can be fully invested within one year. If no investments have been made within that period, steps will be taken to return funds to shareholders (subject to the requirements of the Act). It is likely that a substantial proportion of the Company's resources will be invested in a small number of propositions.

The Directors consider that it is probable that, as investments are made, and new promising investment opportunities arise, further funding of the Company will be required.

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## Directors, Proposed Director and employees

The Directors on admission to AIM will be:

### ***Christopher Lambert, aged 46 (Non Executive Chairman)***

Chris has 22 years experience in investment banking and commodity markets, positions including Director of Precious Metals Trading Europe for Prudential Bache Securities Inc. and head of precious metals trading (UK) for Barclays Bank plc. During this period he structured a number of major transactions for central banks, governments and mining companies. He has subsequently acted as a consultant to mining companies on financial strategies. Chris is also Chairman of two other AIM listed companies.

### ***Kiran Morzaria, aged 31 (Executive Director)***

Kiran hold a Bachelor of Engineering (Industrial Geology) from the Camborne School of Mines and an MBA (Finance) from CASS Business School. He has six years exploration mining and civil engineering experience. Currently he is the Finance Director of River Diamonds plc, overseeing the development of its mining and exploration projects in Brazil. During this period Kiran has been involved valuations, independent experts reports, due diligence, capital raisings and mergers and acquisitions.

### ***Tim Wall, aged 29 (Non-executive Director)***

Tim holds a Bachelor of Commerce degree from the University of Western Australia. He is an Associate of the Institute of Chartered Accountants of Australia with over 7 years corporate and financial accounting experience. After spending 3 years working in Corporate Services for the Horwath Group in Australia, Tim has spent the last 4 years performing various Financial Management roles in London. In 2004 Tim was involved in establishing the London Office of Global Education Management Systems (GEMS) and performing an ongoing corporate accounting function. Tim currently acts as Finance Director for MicroFuze International plc, which is quoted on AIM, as well as performing other corporate advisory roles.

In accordance with Rule 7 of the AIM Rules, each of the Directors has agreed not to dispose of any interest in Ordinary Shares held by him or his associates at the date of Admission for a period of one year following Admission, save as permitted by the AIM Rules.

The Company has had no employees since incorporation other than the Directors.

## **The Placing**

The Placing is conditional *inter alia* on Admission. The Placing Shares allotted pursuant to the Placing, following allotment, will rank *pari passu* in all respects with the existing Ordinary Shares of the Company.

## **Reasons for the Placing and use of proceeds**

Funds will be expended on as yet unidentified investment opportunities. In addition, the placing proceeds will provide working capital for the Company.

The Company is seeking Admission to AIM in order to take advantage of that market's higher profile, wider investor base, greater liquidity and better access to institutional investors.

## **Working capital**

The Directors consider that, in their opinion having made due and careful enquiry, the working capital available to the Company will be sufficient for its present requirements, that is for at least twelve months from the date of Admission.

## **Dividend policy**

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The nature of the Company's business means that it is unlikely that the Directors will recommend a dividend in the early years following Admission. The Directors believe the Company should seek to generate capital growth for its Shareholders but may recommend distributions at some future date, depending upon the generation of sustainable profits, when it becomes commercially prudent to do so.

### **Taxation**

The attention of prospective investors is drawn to the taxation section in paragraph 8 of Part III of this document.

### **Lock-in arrangements**

The Directors, whose interests in the Company amount to 3.23 per cent of the issued Ordinary Shares on Admission, have undertaken not to dispose of any interest in their Ordinary Shares for a minimum period of twelve months following Admission except in the very limited circumstances allowed by the AIM Rules.

### **Share Options**

To motivate the Directors, key employees and consultants to the Company, the Board intends in due course to adopt an appropriate option scheme or schemes to authorise the Company to issue options. Any options issued pursuant to such a scheme will not exceed 10 per cent per annum. of the total share capital in issue from time to time without the Board having first obtained the consent of the Shareholders.

The Company has issued 5,103,924 options, equivalent to 1.5 per cent. of the enlarged share capital, to Nabarro Wells & Co. Limited. The options are exercisable at the Placing Price at any time up to the fifth anniversary of Admission.

### **Bonus Incentive Scheme**

The Company intends to adopt a discretionary bonus scheme by which bonuses are paid to directors, employees and consultants and used by the recipients to subscribe for new Ordinary Shares at market value. A total of up to 10 per cent. of the issued share capital will be made available for this purpose per annum. The amount of any bonus payable to employees under this scheme will be subject to approval by the remuneration committee.

### **Corporate governance**

The Directors recognise the importance of sound corporate governance commensurate with the size of the Company and the interests of Shareholders. As the Company grows, the Directors intend that it should develop policies and procedures which reflect the Principles of Good Governance and Code of Best Practice as published by the Committee on Corporate Governance (commonly known as the "Combined Code"). So far as is practicable, taking into account the size and nature of the Company, the Directors will take steps to comply with the Combined Code.

The Company will comply with all relevant corporate governance requirements in the UK.

The Directors intend to establish an audit committee to receive and review reports from management and from the auditors relating to the interim and annual accounts and to the system of internal financial control. The Directors also intend to establish a remuneration committee which will, when applicable, determine the terms and conditions of service of executive directors.

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



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## **CREST**

The articles of association of the Company permit the Company to issue shares in uncertificated form in accordance with the Uncertificated Securities Regulations 2001. The Directors have applied for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place in the CREST system if the relevant Shareholders wish.

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

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## PART II RISK FACTORS

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

- Prior to Admission there was no public market for the Company's shares and nor have they ever been traded, quoted or dealt on any securities market. Consequently, each prospective investor should view his purchase of the Ordinary Shares as a long-term investment and should not consider such purchase unless he is certain he will not have to liquidate his investment for an indefinite period of time.
- Notwithstanding the fact that an application will be made for the Ordinary Shares to be traded on AIM, this should not be taken as implying that there will be a "liquid" market in the Ordinary Shares. An investment in the Ordinary Shares may thus be difficult to realise. The Ordinary Shares will not be quoted on the official list of the UK Listing Authority. Investments in shares traded on AIM carry a higher degree of risk than investments in shares quoted on the official list of the UK Listing Authority.
- The Company will require additional financial resources to continue funding its future expansion. No assurance can be given that any such additional financing will be available or that, if available, it will be available on terms favourable to the Company or its shareholders.
- The Company will initially be dependent upon the ability of the Directors to identify suitable investment opportunities and implement the Company's strategy.
- The Company may be unable to effect an investment in an identified opportunity, as a consequence of which resources might have been expended fruitlessly on investigative work and due diligence.
- The Company's main strategic focus for investment will be in the upstream energy sector and therefore the Company will be exposed to risks associated with this industry. These include conditions which could result in the damage to, or destruction of, producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimise risk will be taken, operations are subject to hazards which may result in environmental pollution and consequent liability which could have an adverse impact on business, operations and financial performance of the Company.
- The Company's total return and net assets can be significantly affected by currency movements.
- The Company may have minority interests in the companies, partnerships and ventures in which it invests and may be unable to exercise control over the operations of such companies.
- The managements of invested companies may not always welcome pro-active involvement and may be resistant to change.
- The Company is likely to face competition from other entities operating in its business sector, many of which may have significantly greater resources than the Company.
- The market price of the Ordinary Shares may not reflect the underlying value of the assets of the Company.

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- The market in the Ordinary Shares may be illiquid or subject to sudden or large fluctuations and it may be difficult for an investor to sell his Ordinary Shares and he may receive less than the amount originally invested.
  - The Company does not currently carry on any trading activities on which investors can evaluate performance.
  - Market perception of the Company may change.
  - A further issue of Ordinary Shares may be necessary for the Company to achieve its objectives.

**The following risks may be relevant to investments that the Company makes in pursuit of its investment strategy.**

### **Operational Risks**

Projects in which the Company invests are likely to be exposed to the availability of a ready market for products which may be sold by the invested Companies depends upon numerous factors beyond its control, the exact effects of which cannot be accurately predicted.

The Company's main strategic focus for investment will be in the upstream energy sector which by its nature involves significant risks and hazards, including environmental hazards, industrial incidents, labour disputes, discharge of toxic chemicals, fire, drought, flooding and other "acts of God". The occurrence of any of these hazards can delay or interrupt production, increase production costs and result in liability of the project. The invested Companies could become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past activities for which it was not responsible.

### **Volatility of Commodity Prices and Currency Risks**

Historically, prices have fluctuated widely and are affected by numerous factors over which the Company does not have any control, including world production levels, international economic trends, currency exchange fluctuations, expectations for inflation, speculative activity, consumption patterns and global or regional political events. The aggregate effect of these factors is impossible to predict.

### **Licences**

The Company's main strategic focus for investment will be in the upstream energy sector which by its nature will be dependent upon the grant, maintenance and good standing of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. There can be no assurance that any such authorisations will be granted or renewed and as to the terms of any such renewal.

### **Environmental factors**

The Company's main strategic focus for investment will be in the upstream energy sector which by its nature will be subject to environmental regulation (including regular environmental impact assessments and permitting) in all the jurisdictions in which it operates. Such regulation covers a wide variety of matters, including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and worker safety.

### **Political and Economic**

Projects in which the Company invests are likely to be in jurisdictions where legal uncertainties, ambiguities, inconsistencies and anomalies might arise which would not necessarily exist in the UK. In particular, difficulties may arise in seeking to obtain redress through the legal courts in the relevant overseas jurisdictions.

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### **Uninsured Risks**

Some forms of insurance protection used in western countries may be unavailable in jurisdictions in which the Company may invest. Furthermore, projects in which the Company may invest may become subject to liability for hazards that cannot be insured against or against which the Company may elect not to become so insured because of high premium costs. The Company may incur a liability to third parties (in excess of any insurance cover) arising from pollution or other damage or injury.

### **Other Areas of Risk**

- Prior to Admission there was no public market for the Company's shares and nor have they ever been traded, quoted or dealt on any securities market. Consequently, each prospective investor should view his purchase of the Ordinary Shares as a long-term investment and should not consider such purchase unless he is certain he will not have to liquidate his investment for an indefinite period of time.
- Notwithstanding the fact that an application will be made for the Ordinary Shares to be traded on AIM, this should not be taken as implying that there will be a "liquid" market in the Ordinary Shares. An investment in the Ordinary Shares may thus be difficult to realise. The Ordinary Shares will not be quoted on the official list of the UK Listing Authority. Investments in shares traded on AIM carry a higher degree of risk than investments in shares quoted on the official list of the UK Listing Authority.
- The Company will require additional financial resources to continue funding its future expansion. No assurance can be given that any such additional financing will be available or that, if available, it will be available on terms favourable to the Company or its shareholders.
- The Company will initially be dependent upon the ability of the Directors to identify suitable investment opportunities and implement the Company's strategy.
- The Company may be unable to effect an investment in an identified opportunity, as a consequence of which resources might have been expended fruitlessly on investigative work and due diligence.
- The Company's main strategic focus for investment will be in the upstream energy sector and therefore the Company will be exposed to risks associated with this industry. These include conditions which could result in the damage to, or destruction of, producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimise risk will be taken, operations are subject to hazards which may result in environmental pollution and consequent liability which could have an adverse impact on business, operations and financial performance of the Company.
- The Company's total return and net assets can be significantly affected by currency movements.
- The Company may have minority interests in the companies, partnerships and ventures in which it invests and may be unable to exercise control over the operations of such companies.
- The managements of invested companies may not always welcome pro-active involvement and may be resistant to change.
- The Company is likely to face competition from other entities operating in its business sector, many of which may have significantly greater resources than the Company.
- The market price of the Ordinary Shares may not reflect the underlying value of the assets of the Company.
- The market in the Ordinary Shares may be illiquid or subject to sudden or large fluctuations and it may be difficult for an investor to sell his Ordinary Shares and he may receive less than the amount originally invested.

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- The Company does not currently carry on any trading activities on which investors can evaluate performance.
  - Market perception of the Company may change.

A further issue of Ordinary Shares may be necessary for the Company to achieve its objectives.

The investment described in this document may not be suitable for all those who receive it. Before making a final decision, investors in any doubt are advised to consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

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## **PART III (a)**

### **FINANCIAL INFORMATION ON THE COMPANY**

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The following is the full text of a report on the Company from MRI Moores Rowland LLP, the Reporting Accountants, to the Directors of the Company and Nabarro Wells & Co. Limited

#### **ACCOUNTANTS' REPORT ON THE COMPANY**

The Directors  
St James's Energy Plc  
2<sup>nd</sup> Floor  
22 Arlington Street  
London  
SW1A 1RD

The Directors  
Nabarro Wells & Co. Limited  
Saddlers House  
Gutter Lane  
London  
EC2V 6HS

05 May 2006

Dear Sirs

**We report on the financial information set out below. This financial information has been prepared for inclusion in the AIM Admission Document (the 'Document') dated 2006 of St James's Energy Plc (the 'Company') on the basis of the Company's accounting policies. This report is required by Schedule Two of the AIM Rules and is given for the purpose of complying with that schedule and for no other purpose.**

#### **Responsibilities**

**The Directors of the Company are responsible for preparing the financial information as described in the 'Basis of Preparation' set out below and in accordance with applicable International Financial Reporting Standards.**

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the Document and to report our opinion to you.

#### **Basis of opinion**

**We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.**

**We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the**

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financial information is free from material misstatement whether caused by fraud or other irregularity or error.

### **Opinion**

In our opinion the financial information gives for the purposes of the Document dated 05 May 2006 a true and fair view of the state of affairs of the Company as at the date stated and of its loss and cash flows for the period then ended in accordance with the basis of preparation set out below and in accordance with applicable International Financial Reporting Standards.

### **Declaration**

For the purposes of Paragraph a of Schedule Two of the AIM Rules we are responsible for this report as part of the Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

**MRI Moores Rowland LLP**  
Chartered Accountants  
Registered Auditors

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**BALANCE SHEET**

The balance sheet of the Company as at 28 October 2005 is set out below:

	<b>Notes</b>	<b>2005 £'000</b>
<b>Current assets</b>		
Cash and cash equivalents		53
<b>Total Assets</b>		<u>53</u>
		<u><u>          </u></u>
<b>Shareholders' Funds</b>		
Share capital	4	53
<b>Total shareholders' funds- equity interests</b>		<u>53</u>
		<u><u>          </u></u>



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## STATEMENT OF CASH FLOWS

The statement of cash flows of the Company for the period ended 28 October 2005 is as follows:

	<b>2005 £'000</b>
<b>Cash flows from operating activities</b>	
Increase in prepayments	-
<b>Net cash from operating activities</b>	<u>-</u>
<b>Cash flows from investing activities</b>	
Investments	-
<b>Net cash used in investing activities</b>	<u>-</u>
<b>Cash flows from financing activities</b>	
Inflow from the issue of share capital	53
<b>Net cash provided by financing activities</b>	<u>53</u>
<b>Net increase in cash and cash equivalents</b>	<u><u>53</u></u>
Cash and cash equivalents, beginning of period	-
<b>Cash and cash equivalents, end of period</b>	<u><u>53</u></u>

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## **1. Basis of presentation and summary of significant accounting policies**

The Company was incorporated in England and Wales on 22 August 2005 as St. James's Mining Limited. On 31 August 2005 the Company changed its name to St James's Mining Limited and on 30 November 2005 the Company re-registered as a public limited company with the name St. James's Mining Plc. On 29 March 2006 the Company changed its name to St James's Energy Plc.

### **Basis of presentation**

The consolidated financial statements are prepared and presented in accordance with International Financial Reporting Standards.

### **Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Comparative figures**

No comparative figures have been presented as the period from incorporation on 22 August 2005 to 28 October 2005 was the Company's first non-statutory accounting period.

### **Cash and cash equivalents**

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

### **Financial assets**

Sales and purchases are accounted for at trade date.

### **Fair value of financial instruments**

Carrying amounts of certain of the Company's financial instruments including cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses approximate fair value due to their short maturities, based on borrowing rates currently available to The Company. This would include convertible debentures where the fair value of the conversion option is recognised under shareholders' equity.

### **Foreign currency translation**

The reporting currency of the Company is the British pound.

Gains and losses that arise from the effect of exchange rate changes on balances denominated in currencies other than the measurement currency of the Company are included in the statements of operations as incurred.

### **Deferred taxation**

Deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities, and are measured using the enacted tax rates and laws that

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will be in effect when the differences are expected to reverse. Valuation allowances are recorded for deferred tax assets that are not more likely than not to be realised.

Deferred tax assets are recognised only to the extent that future taxable profit will be available such that realisation of the related tax benefit is more likely than not.

## **2. Reconciliation of movement in shareholders' funds**

	<b>Ordinary Shares of 1p each £'000</b>
Balance on incorporation	-
Issued during the period	53
Balance at 28 October 2005	<u>53</u>

## **3. Share capital**

	<b>2005 £'000</b>
Authorised: 10,000,000,000 ordinary shares of 0.1p each	10,000
	<u>          </u>
	<b>2005 £'000</b>
Allotted, issued and fully paid: 53,300,000 ordinary shares of 0.1p each	53
	<u>          </u>

## **4. Provisions and contingencies**

The Company is subject to no legal proceeding, claims, or litigation arising in the ordinary course of business.

## **5. Post balance sheet events**

On 15 November 2005 the number of shares issued and fully paid was increased from 53,300,000 Ordinary Shares of £0.001 each to 152,000,000 Ordinary Shares of £0.001 each by the issue of 98,700,000 Ordinary Shares at a price of £0.001 per share.

On 21 March 2006 the number of shares issued and fully paid was increased from 152,000,000 Ordinary Shares of £0.001 each to 207,000,000 Ordinary Shares of £0.001 each by the issue of 55,000,000 Ordinary Shares at a price of £0.001 per share.

## **6. Nature of the financial information**

The financial information presented above does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985, as amended.

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## PART III (b)

### FINANCIAL INFORMATION ON THE COMPANY

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#### UNAUDITED *PRO FORMA* STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

Set out below is an unaudited *pro forma* statement of consolidated net assets of the Company, which has been prepared on the basis of the unaudited accounts of the Company at 28 October 2005, as adjusted for the Placing. The unaudited *pro forma* has been prepared for illustrative purposes only and, because of its nature, may not represent the Company's actual financial position.

	The Company £'000	Adjustments £'000	Pro forma Net assets £'000
<i>Assets</i>			
<i>Current assets</i>			
Cash and cash equivalents	53	3,810	3,863
<b>Total current assets</b>	53	3,810	3,863
<b>Total assets</b>	53	3,810	3,863
<b>Liabilities</b>			
<b>Current liabilities</b>			
Other creditors	-	-	-
<i>Total current liabilities</i>	-	-	-
<b>Total liabilities</b>	-	-	-
<i>Net assets</i>	53	3,810	3,863

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## **NOTES TO THE UNAUDITED PRO FORMA STATEMENT OF NET ASSETS**

1. The net assets of the Company at 28 October 2005 have been extracted without adjustment from Part III (a) of this document. With the exceptions of the transactions referred to below, no account has been taken of the activities of the Company subsequent to 28 October 2005.
2. The adjustments reflect the following:
  - the issue of 98,700,000 Ordinary Shares at £0.001 each on 15 November 2005, the issue of 55,000,000 Ordinary Shares at £0.001 each on 21 March 2006 and the issue of 133,261,601 Ordinary Shares at £0.003 each in connection with the Placing less associated costs of £ 341,000

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**Letter from the Reporting Accountants:**

The Directors  
St James's Energy Plc  
2<sup>nd</sup> Floor  
22 Arlington Street  
London  
SW1A 1RD

The Directors  
Nabarro Wells & Co. Limited  
Saddlers House  
Gutter Lane  
London  
EC2V 6HS

MRI Moores Rowland LLP  
3 Sheldon Square  
London  
W2 6PS  
T: 020 7470 0000  
D: 020 7470 0000  
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E: [enquiries@mrimr.com](mailto:enquiries@mrimr.com)  
[www.mri-mooresrowland.com](http://www.mri-mooresrowland.com)

5th May 2006

Dear Sirs

We report on the unaudited *pro forma* statement of consolidated net assets (the "unaudited *Pro forma* statement of net assets") set out in Part V of the AIM Admission Document dated 5th May 2006, which has been prepared on the basis described, for illustrative purposes only, to provide information about how the issue of 153,700,000 Ordinary Shares subsequent to 28 October 2005 and the Placing of 133,261,601 Ordinary Shares might have affected the financial information presented on the basis of the accounting policies adopted by St James's Energy Plc ("the Company") in preparing the financial statements at 28 October 2005. This report is required by guidance issued by the London Stock Exchange with respect to the AIM market and is given for the purpose of complying with that guidance and for no other reason.

***Responsibilities***

It is the responsibility of the directors of the Company to prepare the unaudited *Pro forma* statement of net assets.

It is our responsibility to form an opinion as required by Paragraph 7 of Annex II of the Prospectus Regulation, as to the proper compilation of the unaudited *Pro forma* statement of net assets and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the unaudited *Pro forma* statement of net assets, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those report or opinions were addressed by us at the dates of their issue.

***Basis of opinion***

We conducted our work in accordance with the Statement of Investment Circular Reporting Standards issued by the Auditing Practices Board in the United Kingdom.

Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents,

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considering the evidence supporting the adjustments and discussing the unaudited *Pro forma* statement of net assets with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the unaudited *Pro forma* statement of net assets has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

*Opinion*

In our opinion:

- a. the *Pro forma* statement of net assets has been properly compiled on the basis stated; and
- b. such basis is consistent with the accounting policies of the Company.

*Declaration*

For the purposes of guidance issued by the London Stock Exchange we are responsible for this report as part of the AIM Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM Admission Document in compliance with item 1.2 of Annex I of the Prospectus Regulation.

Yours faithfully

**MRI Moores Rowland LLP**  
Chartered accountants  
Registered Auditors

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## PART IV

### ADDITIONAL INFORMATION

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1. The Company.

1.1 The Company is registered in England and Wales, having been incorporated on 22 August 2005 under the Companies Act 1985 ("Act") with registered number 5542880 as a private company limited by shares with the name St Jame's Mining Limited. On 31 August 2005 the Company changed its name to St James's Mining Limited. On 3 November 2005 the Company was re-registered as a public limited company with the name St James's Mining Plc. On 29 March 2006 the Company changed its name to St James's Energy Plc. The liability of members is limited.

1.2 The principal legislation under which the Company operates is the Act.

2. Share capital

2.1 On incorporation, the Company had an authorised share capital of £1,000,000 divided into 1,000,000,000 ordinary shares of £0.001 each of which 2 were issued, fully paid, to the subscribers to the memorandum of association of the Company.

2.2 On 27 October 2005 resolutions were passed authorising the Directors to allot relevant securities, dis-applying pre-emption rights and authorising the Directors to grant options and o the number of shares issued and fully paid was increased from 2 Ordinary Shares of £0.001 each to 53,300,000 Ordinary Shares of £0.001 each by the issue of 53,299,998 Ordinary Shares at a price of £0.001 per share.

2.3 On 15 November 2005 the number of shares issued and fully paid was increased from 53,300,000 Ordinary Shares of £0.001 each to 152,000,000 Ordinary Shares of £0.001 each by the issue of 98,700,000 Ordinary Shares at a price of £0.001 per share.

2.4 On 21 March 2006 the number of shares issued and fully paid was increased from 152,000,000 Ordinary Shares of £0.001 each to 207,000,000 Ordinary Shares of £0.001 each by the issue of 55,000,000 Ordinary Shares at a price of £0.001 per share.

2.5 On Admission the Company intends to allot a further 133,261,601 Ordinary Shares for cash at £0.03 per share pursuant to the Placing.

2.6 The authorised and issued share capital of the Company as it will be immediately following Admission are as follows:

Authorised		Ordinary Shares of £0.001 each	Issued and fully paid	
Amount	Number		Amount	Number
£1,000,000	1,000,000,000		£340,261	340,261,601

2.7 The Ordinary Shares will rank *pari passu* in all respects including the right to receive all dividends and other distributions declared, made or paid on the Ordinary Shares from the date of this document.

2.8 Save as disclosed above and in connection with the Placing, no share or loan capital of the Company is proposed to be issued or is under option or is agreed conditionally or unconditionally to be under option.



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2.9 Following Admission, the Ordinary Shares may be held in either certificated or uncertificated form.

2.10 Save as disclosed in this document:

- no share or loan capital of the Company has been issued or is proposed to be issued;
- no person has any preferential subscription rights for any share capital of the Company;
- no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option; and
- no commissions, discounts, brokerages or other special terms have been granted by the Company since its incorporation in connection with the issue or sale of any share or loan capital of the Company.

2.11 By written resolutions passed on 27 October 2005 the Directors are unconditionally authorised to allot, create, deal with or otherwise dispose of relevant securities (within the meaning of section 80(2) of the Act) up to a maximum aggregate nominal amount of £500,000 to such persons (including any director) on such terms and at such times as they think fit as if section 89(1) of the Act did not apply to such allotment. This authority remains in force for two years from the date of the resolutions. The Directors were also authorised to grant options over 100,000,000 Ordinary Shares.

3. Memorandum and articles of association

3.1 In this paragraph 3, references to the “Statutes” are references to the Act and every other Act for the time being in force concerning companies and affecting the Company.

3.2 The principal objects of the Company are set out in full in clause 4 of the memorandum of association and include carrying on the business of a general commercial company.

3.3 The articles of association of the Company (the “Articles”) contain, *inter alia*, provisions to the following effect:

**General meetings**

**(a) Annual general meetings**

Each year the Company shall hold a general meeting as its annual general meeting (in addition to any other meetings in that year) and not more than fifteen months shall elapse between the date of one annual general meeting and that of the next. Annual general meetings shall be held at such time and place as may be determined by the Directors.

**(b) Extraordinary general meetings**

The Directors may convene an extraordinary general meeting of the Company whenever they think fit and extraordinary general meetings shall also be convened on such requisition, or in default may be convened by such requisitionists, as provided by the Act. Any meeting convened under this Article by requisitionists shall be convened in the same manner as nearly as possible as that in which meetings are to be convened by the Directors. If at any time there are not within the United Kingdom sufficient Directors capable of acting to form a quorum, the Directors in the United Kingdom capable of acting may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

An annual general meeting and any extraordinary general meeting called for the passing of a special resolution, shall be called by not less than 21 days’ notice in writing; all other

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extraordinary general meetings shall be called by not less than 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given and shall specify the place, the day and hour of meeting and, in case of special business, the general nature of such business. The notice shall be given to all the members, other than those members who, under the provisions of these Articles or the terms of issue of the shares they hold, are not entitled to receive notice of the meeting, and to the Directors and to the Auditors. A notice calling an annual general meeting shall specify the meeting as such and the notice convening a meeting to pass a special resolution or an extraordinary resolution as the case may be shall specify the intention to propose the resolution as such.

#### ***Transfer***

Title to and interests in securities of the Company may be transferred without a written instrument in accordance with statutory regulations from time to time made under the Statutes. Except as may be required by any procedures implemented pursuant to the Articles in accordance with the Statutes, all transfers of shares may be effected by transfer in writing in any usual or common form or in such other form as shall be approved by the Directors. The instrument of transfer shall be signed by or on behalf of the transferor and, if the shares being transferred are partly paid, by the transferee. The Directors may refuse to register any transfer of any share that is not fully paid and they may refuse to register the transfer of any share on which the Company has a lien. They may also refuse to register a transfer of any share in favour of more than four joint holders as transferees, a transfer in respect of more than one class of share and a transfer which has not been lodged at the Company's registered office or such place as the board may determine and which is not accompanied by the certificates for the shares to which it relates.

#### ***Voting rights***

Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held (as to which there are none at present) every member present in person or by proxy shall upon a show of hands have one vote and every member present in person or by proxy shall upon a poll have one vote for every share held by him. If any member, or any other person appearing to be interested in any shares in the capital of the Company held by such member, has been duly served with a notice under Section 212 of the Act and is in default for the period of 14 days from the date of service of such notice, the member shall, for so long as the default continues not be entitled to be present or to vote on any question, either in person or by proxy, at any general meeting of the Company or meeting of the holders of any class of shares of the Company or, upon any poll or to be reckoned in a quorum, or to exercise any other right or privilege conferred by membership in relation to general meetings of the Company or meetings of the holders of any class of shares of the Company.

#### ***Dividends***

The profits of the Company available for distribution and resolved to be distributed shall be applied in the payment of dividends to the members in accordance with their respective rights and interests. No dividend may exceed the amount recommended by the Board of Directors.

#### ***Unclaimed dividends***

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

#### ***Return of capital***

If the Company shall be wound up, the liquidator may, with the authority of an extraordinary resolution, divide among the members in kind the whole or any part of the assets of the Company and may determine how such division shall be carried out between members or classes of members

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***Variation of rights***

If at any time the capital is divided into different classes of shares all or any of the rights or privileges attached to any class may, subject to the provisions of the Act, be varied or abrogated either (a) in such manner (if any) as may be provided by such rights, or (b) in the absence of any such provision either with the consent in writing of the holders of three fourths of the nominal amount of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the issued shares of that class.

***Changes in share capital***

The Company may by ordinary resolution increase its share capital, cancel any unissued shares, consolidate all or any of its share capital into shares of larger amount and subdivide its shares into shares of smaller amount. Subject to the provisions of the Statutes, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any manner authorised by law.

***Purchase by the Company of its own shares***

Subject to the provisions of the Statutes, the Company may purchase its own shares.

***Borrowing powers***

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

***Directors***

- (a) Unless otherwise determined by ordinary resolution, the number of directors shall be not less than two and there shall be no maximum number of directors. Save as mentioned below, a Director shall not vote in respect of any contract, arrangement, transaction or any other proposal whatsoever in which he has an interest which is a material interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company.
- (b) A Director shall (in the absence of some other material interest than is indicated below) be entitled to be counted in the quorum and to vote in respect of any resolution concerning any of the following matters namely:
  - (i) the giving of any guarantee, security or indemnity to him in respect of money lent by or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings insofar as the Act permits; or
  - (ii) the giving of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security; or
  - (iii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting thereof, or
  - (iv) any contract, arrangement, transaction or other proposal concerning any other body corporate in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever provided that he is not the holder of or beneficially interested in one per cent or more of any class of the equity share capital of such body corporate (or of any third body corporate through

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- which his interest is derived) or of the voting rights available to members of the relevant body corporate (any such interest being deemed for the purpose of this Article to be a material interest in all circumstances); or
- (v) any contract, arrangement, transaction or other proposal concerning the adoption, modification or operation of a superannuation fund or retirement, death or disability benefits scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval by the Board of the Inland Revenue for taxation purposes or which does not accord to any Director as such any privilege or advantage not accorded to the employees to which such scheme or fund relates; or
  - (vi) any contract, arrangement, transaction or proposal concerning the adoption, modification or operation of any scheme for enabling employees including full time executive directors of the Company and/or any subsidiary to acquire shares of the Company or any arrangement for the benefit of employees of the Company or any of its subsidiaries under which the Director benefits in a similar manner to employees and which does not accord to any Director as such, any privilege or advantage not generally accorded to the employees to whom such scheme relates; or
  - (vii) any proposal concerning any insurance which the Company proposes to purchase and/or maintain for or for the benefit of any Director or for the benefit of persons who include Directors.
- (c) Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices or employments with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each Director separately and in such cases each of the Directors concerned (if not debarred from voting) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.
  - (d) If any question shall arise at any meeting as to the materiality of a Director's interest or as to the entitlement of any Director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting whose ruling in relation to any other Director shall be final and conclusive except in a case where the nature or extent of the interests of the Director concerned have not been fairly disclosed.
  - (e) The Directors shall be paid out of the funds of the Company by way of fees for their services as Directors such sums (if any) as the Directors may from time to time determine. The Directors shall also be entitled to be repaid all reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors including any expenses incurred in attending meetings of the Board or of committees of the Board or general meetings and if in the opinion of the Directors it is desirable that any of their number should make any special journeys or perform any special services on behalf of the Company or its business, such Director or Directors may be paid such reasonable additional remuneration and expenses therefor as the Directors may from time to time determine.
  - (f) The Directors may exercise all the powers of the Company to give or award pensions, annuities, gratuities and superannuation or other allowances or benefits to any persons who are or have at any time been Directors of or employed by or in the service of the Company or of any company which is a subsidiary company of or allied or associated
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with the Company or any such subsidiary and to the wives, widows, children and other relatives and dependants of any such persons and may establish, maintain, support, subscribe to and contribute to all kinds of schemes, trusts and funds for the benefit of such persons or any of them or any class of them, and so that any Director shall be entitled to receive and retain for his own benefit any such pension, annuity, gratuity, allowance or other benefit (whether under any such fund or scheme or otherwise) and may vote as a Director in respect of the exercise of any of the powers conferred upon the Directors, notwithstanding that he is or may be or become interested therein.

***Non-United Kingdom shareholders***

There are no limitations in the Articles on the rights of non-United Kingdom shareholders to hold, or to exercise voting rights attached to, the ordinary shares. However, non-United Kingdom shareholders are not entitled to receive notices of general meetings unless they have given an address in the United Kingdom to which such notices may be sent.

***CREST***

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Articles are consistent with CREST membership and, amongst other things, allow for the holding and transfer of shares in uncertificated form.

***Restrictions on changes in control, mergers, acquisitions or corporate restructuring of the Company***

There are no provisions in the Articles that would have the effect of delaying, deferring or preventing a change in control of the Company or that would operate only with respect to a merger, acquisition or corporate restructuring involving the Company.

***Ownership threshold requiring public disclosure***

There are no provisions in the Articles governing the threshold above which shareholder ownership must be disclosed. The Company is subject to the provision of the Statutes requiring public disclosure of shareholdings.

4. Directors' and other interests

- 4.1 The interests (all of which are beneficial unless stated otherwise) of the Directors and their immediate families and the persons connected with them (within the meaning of Section 346 of the Act) which have been notified to the Company pursuant to Sections 324 and 328 of the Act or are required to be disclosed in the Register of Directors' Interests pursuant to Section 325 of the Act in the issued share capital of the Company and the existence of which is known to, or could with reasonable due diligence be ascertained by, any Director as at the date of this document are as follows:

Name of Director	Current Shareholding	Percentage of total	Shares on Admission	Percentage of total
Christopher Lambert	3,000,000	1.93%	3,000,000	1.18%
Kiran Morzaria	4,000,000*	1.93%	4,000,000*	1.18%
Tim Wall	4,000,000**	1.45%	4,000,000**	0.88%

Notes

\* of which 3,000,000 shares are held by Comell De Beer Morzaria who is a related party to the Director

\*\* of which 3,000,000 shares are held through his non-beneficial interest in Horsford Limited

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- 4.2 Save as disclosed in this paragraph 4, none of the Directors nor any member of their respective immediate families nor any person connected with the Directors (within the meaning of Section 346 of the Act) has any interest, whether beneficial or non-beneficial, in any share capital of the Company.
- 4.3 There are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors.
- 4.4 Save as otherwise disclosed in this document, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company since its incorporation and which remains in any respect outstanding or unperformed.
- 4.5 Save as disclosed in paragraph 4.1, the Company is only aware of the following persons who, immediately following Admission, directly or indirectly, jointly or severally, hold or will hold 3 per cent. or more of the ordinary share capital of the Company or exercise or could exercise control over the Company:

<b>Name</b>	<b>Number of Ordinary Shares</b>	<b>Percentage of issued share capital</b>
Fitel Nominees Limited	36,666,667	10.77%
Giltspur Nominees Limited	26,000,000	7.64%
Bank of New York Nominees Limited	25,000,000	7.35%
Sassey Pty Ltd	20,000,000	5.88%
Credit Suisse First Boston Client Nominees Ltd	15,000,000	4.41%
Milana Investments Limited	13,800,000	4.06%
GSM SA	10,000,000	2.94%
Spartan Enterprises	9,500,000	2.79%
Bentley Solutions	7,200,000	2.12%

Save as disclosed above, the Company is not aware of any person who, immediately following Admission and the Placing will, directly or indirectly, be interested in 3 per cent. or more of the capital of the Company, or who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

- 4.6 Christopher Lambert has executed an appointment letter dated 2<sup>nd</sup> May 2006, which provides for a monthly fee of £1,000. Under the terms of the appointment letter Mr Lambert shall be available for such time as is necessary to carry out the business of the Company. The appointment letter is terminable on 3 months' notice.

Kiran Morzaria has executed an appointment letter dated 2<sup>nd</sup> May 2006, which provides for a monthly fee of £1,000. Under the terms of the appointment letter Mr Morzaria shall be available for such time as is necessary to carry out the business of the Company. The appointment letter is terminable on 3 months' notice.

Timothy Wall has executed an appointment letter dated 2<sup>nd</sup> May 2006, which provides for a monthly fee of £1,000. Under the terms of the appointment letter Mr Wall shall be available for such time as is necessary to carry out the business of the Company. The consultancy agreement is terminable on 3 months' notice.

- 4.7 Save as disclosed in paragraph 4.6 above, there are no contracts, existing or proposed, between any Director and the Company.
- 4.8 There is no arrangement under which any Director has agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.
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4.9 It is estimated that under the arrangements currently in force, the aggregate remuneration and benefits in kind to be paid to the Directors for the 18 months ending October 2007 will be approximately £54,000.

4.10 In addition to the directorships in the Company the Directors hold or have held the following directorships within the five years immediately prior to the date of this document:

<b>Name</b>	<b>Current Directorships</b>	<b>Past Directorships</b>
Christopher Lambert	Altona Resources plc Braemore Resources plc Empyrean Energy plc Simply Overseas Property Ltd Tau Resource Finance Ltd Walkerton Ltd	Grosvenor Holdings plc Robert Leech & Partners (Lingfield) Ltd
Kiran Morzaria	Arlington Resources plc Brinkley Mining Ltd Carmen Resources plc Hot Tuna(International) plc Green Hair Services Ltd River Diamonds Plc	MicroFuze International plc
Tim Wall	Arlington Resources plc Brinkley Mining Ltd Microfuze International plc Immersion Technologies Limited API Technology (UK) Limited	Condor Resources plc Nippy Training Ltd

4.11 Christopher Lambert was a director of Grosvenor Holdings plc, which went into creditors' voluntary liquidation on 21 October 1998. No criticism of the directors of that company was made by the liquidator.

4.12 Save as disclosed above none of the Directors has:

- any unspent convictions in relation to indictable offences;
- had any bankruptcy order made against him or entered into any voluntary arrangements;
- been a director of a company which has been placed in receivership, compulsory liquidation, creditors voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
- been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

- 
- been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership;
  - been publicly criticised by any statutory or regulatory body (including recognised professional bodies); or
  - been disqualified by a court from acting as a director of any company or from acting in the management or conduct of affairs of a company.

## 5. Material contracts

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

### 5.1 Nominated Adviser agreement

An agreement dated 11 April 2006 between (1) Nabarro Wells & Co Limited and (2) the Company under which Nabarro Wells & Co Limited has agreed to act as the Company's nominated adviser for one year from Admission and thereafter, unless terminated by six months' written notice by Nabarro Wells & Co Limited or the Company (the "Nominated Adviser Agreement"). Under the Nominated Adviser Agreement, the Company has agreed to pay a fee of £75,000 (plus VAT) on Admission and options over 5,103,924 Ordinary Shares and an ongoing nominated adviser fee of £15,000 per annum to be reviewed on completion of the first transaction.

Save as disclosed above, there are no contracts (other than contracts entered into in the ordinary course of business) which have been entered into by the Company since its incorporation and which are or may be material.

## 6. Litigation

There are no legal or arbitration proceedings (including, to the knowledge of the Directors, any such proceedings which are pending or threatened by or against the Company) which may have or have had during the 12 months immediately preceding the date of this document a significant effect on the financial position of the Company.

## 7. Working capital

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

## 8. Taxation

The Following information is given in summary from only and is based on tax legislation as it exists at the present time. The information relates to the tax position of holders of ordinary shares in the capital of the company who are resident or ordinarily resident in the United Kingdom for tax purposes. The statements below do not constitute advice to any shareholder in his or her personal tax position, and may not apply to certain classes of investor (such as persons carrying on a trade in the United Kingdom or United Kingdom insurance companies).



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This is only a summary of the tax relief's available to investors and should not be construed as constituting advice which a potential investor should obtain from his or her own investment or taxation adviser before subscribing for ordinary shares.

#### Inheritance Tax Relief

Provided a shareholder has owned shares in a qualifying company for at least two years and certain conditions are met at the time of the transfer, 100 per cent business property relief is available, which reduces the inheritance tax liability on the transfer to nil.

#### Income Tax

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

Individual shareholders resident for tax purposes in the United Kingdom should generally be entitled to a tax credit in respect of any dividend received. The amount of this tax credit in respect of dividends paid is currently set at 1/9 of the amount of the dividend. Such an individual shareholder's liability to United Kingdom income tax is calculated on the aggregate of the dividend and the tax credit which will be regarded as the top slice of the dividend and the tax credit. The tax credit will discharge the income tax liability of an individual shareholder who is not liable to income tax at a rate greater than the basic rate. A shareholder who is liable to income tax at the higher rate (currently 40 percent). Has further income tax to pay at a rate of 22.5 per cent of the dividend and related tax credit. The tax credit cannot be reclaimed from HM Revenue & Customs.

With certain exceptions for traders in securities, a holder of ordinary shares that is a company resident (for taxation purposes) in the United Kingdom and receives a dividend paid by the company, will not be subject to tax in respect of the dividend.

#### Stamp Duty and Stamp Duty Reserve Tax

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

**Any person who is in any doubt as to his or her tax position or who may be subject to tax in any jurisdiction other than the United Kingdom should consult his or her own professional adviser.**

#### 9. General

- 9.1 The total proceeds which it is expected will be raised by the Placing are ££3,997,848 and the net proceeds after deduction of expenses are estimated at £3,656,756.
- 9.2 The accounting reference date of the Company is 31 August and the first audited accounts will be made up to 31 August 2006.
- 9.3 The expenses of and incidental to the Admission including registration and London Stock Exchange fees, professional fees and the costs of printing and distribution, are estimated to amount to approximately £141,200 (excluding VAT) together with £199,892 of commissions, all of which will be payable by the Company.
- 9.4 Save as disclosed in this document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:

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- 9.4.1 received, directly or indirectly, from the Company within 12 months preceding the date of this document; or
- 9.4.2 entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following:
- (a) fees totalling £10,000 or more; or
  - (b) securities in the Company with a value of £10,000 or more; or
  - (c) any other benefit with a value of £10,000 or more at the date of Admission.
- 9.5 The financial information contained in Part II of this Prospectus does not constitute full statutory accounts as referred to in section 240 of the Act.
- 9.6 MRI Moores Rowland LLP have given and not withdrawn their written consent to the issue of this document with the inclusion of their Reports and references to their name in the form and context in which they appear.
- 9.7 Nabarro Wells & Co Limited have given and not withdrawn their written consent to the issue of this document with the inclusion of their name and references to their name in the form and context in which they appear.
- 9.8 Save as set out in this document, the Directors are not aware of any exceptional factors that have influenced the Group's activities.
- 9.9 The Placing has not been underwritten or guaranteed by any person.
- 9.10 Save as set out in this document, no commission is payable by the Company to any person in consideration of his agreeing to subscribe for securities to which this document relates or of his procuring or agreeing to procure subscriptions for such securities.
- 9.11 The Placing Shares will be issued at 3p per share, a premium of 2.9p per Ordinary Share above nominal value.
- 9.12 Save as disclosed in this document, no payment (including commissions) or other benefit has been or is to be paid or given to any promoter of the Company.
- 9.13 Save as disclosed in this document, there are no patents or other intellectual property rights, licences or particular contracts which are, or may be, of fundamental importance to the business of the Company.
- 9.14 Save as disclosed in this document, there are no investments in progress which are significant.
10. Documents available for inspection
- Copies of the following documents will be available for inspection at the offices of Nabarro Wells at Saddlers House, Gutter Lane, Cheapside, London EC2V 6BR and from the registered office of the Company at Third Floor, 55 Gower Street, London WC1E 6HQ, during normal business hours on any weekday (Saturdays and public holidays excepted) from the date of this document until at least 30 days after the date of Admission:
- 10.1 the memorandum and articles of association of the Company;
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- 10.2 the Accountants' Report set out in Part III of this document;
  - 10.3 the Directors' letters of appointment and service contracts referred to in paragraph 4.6 of this Part IV;
  - 10.4 the material contracts referred to in paragraph 5 of this Part V; and
  - 10.5 the letters of consent referred to in paragraphs 9.6 and 9.7 of this Part IV.

05 May 2006