

**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.

Application is to be made for the Company's existing Ordinary Shares to be admitted to trading on AIM, a market operated by London Stock Exchange plc ("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. In particular, the attention of investors is drawn to the risk factors set out in the Schedule. London Stock Exchange plc has not itself examined or approved the contents of this document.

It is expected that Admission will become effective and that dealings will commence in the Ordinary Shares on 22 August 2006. There will be no capital raising on Admission.

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**INVESTIKA LTD  
(ABN 45 000 673 423)  
APPENDIX TO AIM ANNOUNCEMENT**

**FURTHER INFORMATION ON INVESTIKA LTD IN CONNECTION WITH ITS PROPOSED  
ADMISSION TO TRADING ON AIM**

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This Appendix has been prepared in accordance with the Supplement to Schedule One of the AIM Rules published by London Stock Exchange plc. It includes, amongst other matters, all information that would otherwise have had to be included in an Admission Document for the Company if one were required and which is not found in the Company's current public disclosure record, or in current public disclosure filed by the Directors and senior officers of the Company, all as filed with the Australian Stock Exchange Limited (collectively, the "Public Record"). The Public Record can be accessed freely on [www.asx.com.au](http://www.asx.com.au) and the Company's website at [www.investika.com](http://www.investika.com). This Appendix should be read in conjunction with the Form of Announcement to be made by an applicant at least 20 business days prior to Admission (the "Announcement Form") and the Public Record. (This Appendix and the Announcement Form together constitute the "Announcement".)

The Directors of the Company, whose names appear on page two of this document, accept responsibility for the information contained in this Announcement, including collective and individual responsibility for the Company's compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in the Announcement is in accordance with the facts and, when read in conjunction with the Public Record, does not omit anything likely to affect the import of such information.

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

This Announcement does not constitute an offer to sell nor a solicitation to buy Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, investors should be aware that this Announcement is not for distribution in, or into the United States of America, Canada, the Republic of South Africa, the Republic of Ireland or Japan. The Ordinary Shares have not been nor will be registered under the United States Securities Act of 1933 (as amended) nor under the securities legislation of any state of the United States or any province or territory of Canada, the Republic of South Africa, the Republic of Ireland or Japan or in any country, territory or possession where to do so may contravene local securities laws or regulations. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered or sold directly or indirectly in or into the United States of America, Canada, the Republic of South Africa, the Republic of Ireland or Japan or to any national, citizen or resident of the United States of America, Canada, the Republic of South Africa, the Republic of Ireland or Japan.

The distribution of this Announcement in certain jurisdictions may be restricted by law. No action has been taken by the Company, by the holders of the Ordinary Shares or by WH Ireland Limited that would permit a public offer of Ordinary Shares or possession or distribution of this Announcement where action for that purpose is required. Persons into whose possession the Announcement comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Copies of the Announcement will be available free of charge during normal business hours on weekdays (excluding public holidays) from the date hereof until one month after Admission from the office of WH Ireland, 24 Martin Lane, London EC4R 0DR and via the Company's website at [www.investika.com](http://www.investika.com).

## **DIRECTORS, SECRETARY AND ADVISERS**

<b>Directors</b>	John Archibald Landels, Chairman, Non-Executive Director Chrisilios Kyriakou, Chief Executive Officer Jonathan Richard Reynolds, Finance Director Sydney James Philip Borg, Non-Executive Director Robert Anthony Cleary, Non-Executive Director all of: Suite 107, 109 Pitt Street Sydney NSW 2000 Australia
<b>Company Secretary</b>	John B. Maguire
<b>Registered Office</b>	Suite 107, 109 Pitt Street, Sydney NSW 2000, Australia
<b>Nominated Adviser and Broker</b>	WH Ireland Limited, 24 Martin Lane, London EC4R 0DR
<b>Legal Advisers to the Company (UK)</b>	Beshoffs Solicitors, 3 <sup>rd</sup> Floor Office, 83 Marylebone High Street, London W1U 4QW
<b>Legal Advisers to WH Ireland</b>	Charles Russell LLP, 8-10 New Fetter Lane, London EC4A 1RS
<b>Auditors</b>	KPMG, 10 Shelley Street, Sydney NSW 2000, Australia
<b>Bankers</b>	National Australia Bank 101 Pitt Street, Sydney NSW 2000, Australia
<b>Registrars (Australia)</b>	Security Transfer Registrars Pty Ltd, 770 Canning Highway, Applecross, Western Australia 6153, Australia
<b>Registrars (UK)</b>	Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU

## DEFINITIONS

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

“Admission”	the admission of the Ordinary Shares in issue to trading on AIM and such admission becoming effective in accordance with the AIM Rules
“AIM”	a market operated by the London Stock Exchange
“AIM Rules”	the rules of the London Stock Exchange governing admission to and the operation of AIM
“Announcement”	this Appendix and the form of announcement made by the Company at least 20 business days prior to Admission pursuant to rule 2 of the AIM Rules
“ASIC”	the Australian Securities and Investments Commission
“ASTC”	the Australian Stock Exchange Settlement and Transfer Corporation
“ASX”	Australian Stock Exchange Limited
“ASX Listing Rules”	the listing rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, with the exception of any express written waiver by ASX
“A\$” and “cents”	references to the Australian currency
“CAN\$”	Canadian Dollars
“CHESS”	Australian Clearing House Electronic Subregister System
“Company” or “Investika”	Investika Ltd ABN 45 000 673 423, a company incorporated and registered in Australia and listed on ASX
“Companies Act”	the Companies Act 1985, as amended
“Constitution”	the constitution of the Company, further details of which are set out in paragraph 4 of this Appendix
“Corporations Act”	the Corporations Act 2001 of the Commonwealth of Australia
“CREST”	the computerised settlement system to facilitate the transfer of title to or interests in securities in uncertificated form, operated by CRESTCo Limited
“Directors” or “Board”	the directors of the Company whose names are set out on page two of this Appendix

“Group”	the Company and its subsidiary
“GST”	goods and services tax as defined in A New Tax System (Goods and Services) Act 1999 of Australia
“JORC Code”	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, as published by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia
“London Stock Exchange”	London Stock Exchange plc
“Official List”	the Official List of the UKLA
“Ordinary Shares”	ordinary shares in the capital of the Company
“Participants’ Option Scheme”	the share option plan of the Company dated 26 May 2005, further details of which are set out in paragraph 11 of this Appendix
“Php”	Philippine Pesos
“Public Record”	the public disclosures filed by the Directors with ASX
“Shareholder”	a holder of Ordinary Shares and the term “Shareholders” should be construed accordingly
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UKLA”	the United Kingdom Listing Authority, being the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
“Warrants”	the warrants granted to WH Ireland to subscribe for Ordinary Shares on the terms of the WH Ireland Warrant Instrument
“WH Ireland”	WH Ireland Limited, the Company’s nominated adviser and broker
“WH Ireland Warrant Instrument”	the warrant instrument adopted by the Company on 21 July 2006, further details of which are set out in paragraph 16 of the Appendix
“US\$”	United States Dollars

## KEY INFORMATION

### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Announcement

**16 August 2006**

Admission and dealings expected to commence in the Ordinary Shares on AIM 22 August 2006

## 1 THE COMPANY

1.1 Investika is an investment company in the mining finance industry with a focus on pre-production emerging resource opportunities. The Company's principal focus is on opportunities located in Asia, North and South America and Africa.

Investika's strategy is to:

- locate prospective resource investment opportunities;
- negotiate terms with the current title holders, including the taking of an appropriate equity position;
- develop the resource opportunities in which Investika has invested to the point at which they are suitable for floating into separate listed or unlisted entities (for example through funding feasibility studies); and
- manage the subsequent development of the resource to achieve positive cash flow returns (either alone or in partnership through outsourcing to other entities).

Information about Investika's principal interests is set out in paragraph 2 of this Appendix and in the Public Record available on [www.asx.com.au](http://www.asx.com.au)

1.2 The Company was incorporated on 26 February 1969. Investika is a public company limited by shares with Australian Business Number 45 000 673 423. The registered office of the Company is at Suite 107, 109 Pitt Street, Sydney NSW 2000, Australia (telephone number +612 9233 8011). The Company's current name is "Investika Ltd".

1.3 The principal legislation under which the Company operates is the Corporations Act and related regulations.

1.4 The Ordinary Shares have been traded on ASX since 6 December 1979 and will continue to be so traded following Admission.

1.5 The Company:

1.5.1 is in compliance with all legal and regulatory requirements involved in having its Ordinary Shares traded on ASX;

1.5.2 complies with the corporate governance guidelines developed by ASX in the form of ASX Principles of Good Corporate Governance and Best Practice Recommendations to the extent set out in the Company's Corporate Governance Statement which is available on [www.investika.com](http://www.investika.com). In those areas where the Company does not comply, the Corporate Governance Statement sets out the reasons for non-compliance. Further details of corporate governance are set out in paragraph 7 of this Appendix.

1.5.3 complies with the continuous disclosure requirements of the ASX Listing Rules.

1.6 All significant changes in the Company's financial or trading position since the end of the financial year ended 31 December 2005 are set out in the Public Record available on [www.asx.com.au](http://www.asx.com.au)

1.7 The Company does not have a holding company. The Company has one subsidiary undertaking which is registered as Kidz.Net National Pty Ltd and which is an Australian dormant proprietary company which holds the Kidz.Net intellectual property rights. The Company holds 99.95 per cent. of the voting interest in Kidz.Net National Pty Ltd but holds 100 per cent. of the shares that provide entitlement to income and capital distributions by this entity.

## 2 PRINCIPAL INTERESTS

2.1 The Company has the following principal interests:

<i>Name</i>	<i>Country of Incorporation</i>	<i>Percentage of issued equity share capital owned</i>
Berong Nickel Corporation	Philippines	18.7
Tommy SA	Chile	49.0
Tarquin Resources plc	England & Wales	29.9
Belitung Zinc Corporation plc	England & Wales	42.5
UMC Energy plc	England & Wales	19.6
Toledo Mining Corporation plc	England & Wales	<b>11.6</b>

In addition to the above listed principal interests **set out** in this paragraph 2.1, the Company holds equity investments in a number of listed and unlisted companies. **On 27 July 2006 the Company subscribed, at a cost of approximately A\$245,000, for 3,333,333 ordinary shares (representing 2.11 per cent. of the issued equity share capital) and 3,333,333 warrants in Cambrian Oil and Gas plc, an AIM quoted company.** The Company has valued **the remainder of** each of **its** other equity investments at less than A\$175,000 and an aggregate value of less than A\$500,000.

## 2.2 **Berong Nickel Corporation**

Investika holds 18.7 per cent. of the ordinary share capital of Berong Nickel Corporation ("BNC"), a company incorporated in the Philippines. BNC has been granted a temporary exploration permit by the Philippines Department of Environmental and Natural Resources ("DENR") which allows field work to be carried out on the project properties prior to BNC securing a mineral production sharing agreement.

The Berong nickel project in Palawan, Philippines comprises four properties (Berong, Moorsom, Long Point and Tagkawayan) with an aggregate of 10,659 hectares, on Palawan's west coast, facing the South China Sea.

Investika entered into a venture agreement in relation to the Berong nickel project on 19 January 2005 with AIM listed Toledo Mining Corporation plc ("Toledo") and Atlas Consolidated Mining and Development Corporation, a company based in the Philippines and quoted on the Philippines Stock Exchange ("ACMDC").

The scope of the venture agreement as far as Investika is concerned covered all mining tenements or applications for mining tenements as well as agreements with and permits granted by the Government of the Philippines in respect of the project which were held by ACMDC, Minor Mining and Exploration Corporation ("MMEC") and Anscor Land Management and Development Company.

The Company holds an 18.7 per cent. interest in the BNC. The remaining economic interests are held by Toledo (56.1 per cent.) and ACMDC (25.2 per cent.). Pursuant to the agreement, the Company issued to MMEC 30,000,000 Ordinary Shares (prior to the share consolidation by the Company in May 2006) (with an attributable value of A\$840,000) and expended A\$1,310,071 on project related expenses, thereby meeting the Company's commitment to advance US\$1,000,000, initially as a loan which was subsequently capitalised, to earn its 18.7 per cent. interest. The Company is required to meet 18.7 per cent. of BNC's future equity funding requirements.

Further details of the venture agreement are set out in paragraph 16 of this Appendix.

The Directors believe that the project is a significant unexploited nickel laterite deposit. The project is currently being developed as a direct ore shipping operation, with initial shipments of ore to ferro-nickel smelters scheduled for calendar year 2006. A bulk sample shipment is scheduled for the third quarter 2006, with commercial shipments scheduled to commence in the fourth quarter 2006 subject to BNC securing the requisite permits from various Philippine government departments. The Palawan Council for Sustainable Development issued to BNC the required clearance certificate in late November 2005, and the DENR issued the required environmental compliance certificate on 14 June 2006. The two principal permits which the Directors are aware need to be received by BNC to allow commercial production are the tree cutting permit and the mineral production sharing agreement both to be granted by the DENR.

BNC has commenced a sampling program with the aim of providing the grade and metallurgical information for mine planning and mining operations at the Berong nickel project.

Pursuant to its rights under the venture agreement, the Company has nominated Chrisilios Kyriakou to be its director on the board of BNC.

The Directors believe there will be a number of permits, approvals and licences, which will be required for future operations in relation to the project.

### 2.3 **Tommy SA**

The Company holds 49 per cent. of the ordinary share capital of Tommy SA, a company incorporated in Chile. The remaining 51 per cent. interest is held by Tarquin Resources plc (AIM: TQN.L) ("Tarquin Resources"), an AIM listed company in which the Company has a 29.9 per cent. interest.

Tommy SA has option interests over two Chilean copper exploration prospects, Las Pascualas and El Morado.

Investika entered into a joint venture agreement in relation to Tommy SA on 17 July 2006 with Tarquin Resources. Under the terms of the joint venture agreement, Investika is responsible for its 49 per cent. share of the option fees payable and project development expenditures arising after 1 December 2006. The option fees payable under the Las Pascualas project which Investika must part fund are as follows: November 2007 US\$1,000,000; and November 2008 US\$5,250,000. The option fees payable under the El Morado project which Investika must part fund are as follows: for November 2007, US\$500,000; and for November 2008, US\$1,280,000.

Further details of the joint venture agreement are set out in paragraph 16 of this Appendix.

Chrisilios Kyriakou is a director of Tommy SA.

#### *Project Las Pascualas*

Located approximately 100km north of La Serena, some 40km east of the Pan American Highway, this project lies in the foothills of the main cordillera at an altitude of about 1,600m. The deposit is of the porphyry copper type.

On 22 June 2006, Tarquin Resources announced that a resource estimate for the enrichment zone at Pascualas North has been completed and that the estimate of 13.87 million tonnes at 1.01 per cent. Cu is considered to be an "inferred mineral resource" compliant with the JORC Code.

***On 16 August 2006, the Company announced that a programme of infill drilling of 52 drill holes with a 100m x 100m spacing is almost complete. It is anticipated that this infill programme will lead to a significant increase in the size of the resource and bring it to a JORC code compliance "indicated resource" standard. The independent international group SRK Consulting has been retained to complete the updated resource estimate which will be ready for release in mid-October 2006.***

Further drilling is planned on Las Pascualas South and East. An area to the south and contiguous with the Las Pascualas property has been pegged by Tommy SA and drilling and mapping is planned to be undertaken.

#### *Project El Morado*

This project lies in the coastal cordillera 40km to the west of the Pan American Highway and the small town of Domeyko. The deposits are structurally controlled manto-style. Copper mineralisation occurs in volcanic rocks at surface over a wide area, and an examination of the small scale workings reveals both the presence of mineral bearing structures and mantos. A programme of mapping and sampling followed by drilling has been designed to test the full potential of the resource. Drilling has commenced results of which have been disappointing and are being further reviewed to ascertain if more work is justified.

### **2.4 Tarquin Resources plc**

Investika holds 29.9 per cent. of the share capital of AIM quoted Tarquin Resources. Tarquin Resources has a market capitalisation of approximately **£2.9 million** and has a 51 per cent. interest in Tommy SA and thereby options over two Chilean copper exploration assets, Las Pascualas and El Morado.

Details of these projects are included in the information on Tommy SA in paragraph 2.3 of this Appendix.

On 25 May 2006, the Company provided a comfort letter to Tarquin Resources whereby it agreed to provide up to US\$1,070,000 to Tarquin Resources specifically for the purpose of enabling Tarquin Resources to meet its commitments to Tommy SA. This commitment expires on 30 November 2006 if not called upon before then. The commitment is contingent on Tarquin Resources not raising further debt or equity funding prior to 30 November 2006 and will be reduced to the extent that Tarquin Resources does raise further debt or equity funding prior to that date. Further, any funding provided by Investika in satisfaction of this commitment will be on commercial terms to be negotiated between Tarquin Resources and Investika upon the date Investika is called on to meet this commitment. As at the date of this Announcement, Tarquin Resources has not made any call on Investika.

Chrislios Kyriakou is a director of Tarquin Resources. Jonathan Reynolds is company secretary and chief financial officer of Tarquin Resources.

### **2.5 Belitung Zinc Corporation plc**

On 17 October 2005, the Company entered in an agreement in relation to the Kelapa Kampit zinc/lead project with, inter-alia, PT Gunung Ki-Kara Mining ("PT GKM") the holder of the contract of work permit over the Kelapa Kampit zinc/lead project on Belitung Island in Indonesia. In November 2005, Investika incorporated Belitung Zinc Corporation plc ("BZC") for the purposes of carrying out the obligations and earning the benefits arising from the project agreement. In January 2006, BZC raised approximately £3.0 million by way of private institutional placement. As at the date of this Announcement, Investika holds 42.5 per cent. of the ordinary share capital in BZC.

Chrislios Kyriakou and Jonathan Reynolds are directors of BZC. Jonathan Reynolds is company secretary and chief financial officer of BZC.

Under the agreement, Investika is required to:

- fund a drilling programme and test works;
- following completion of the initial drilling programme, fund a feasibility study;
- if a decision is made to progress with the development of the mine, pay A\$1,000,000 to Belitung Ltd, which currently holds the economic interest in the project;
- contribute the equity component of the costs of mine construction and the mine processing facilities. The amount contributed will be contributed on terms similar to

the terms of the third party project financiers and will be repayable in the same manner, as far as possible.

The Company had rights to 85 per cent of the economic interest in the project. The agreement allows Investika to nominate another company to take over its rights and obligations. As such, Investika agreed in January 2006 with Belitung Zinc Corporation plc (“BZC”) that BZC would take over all of Investika’s rights and obligations under the agreement.

Further details of the agreement are set out in paragraph 16 of this Appendix.

Planning is presently underway with provincial government authorities in Indonesia to replace the contract of work with a permit to cover the initial drilling programme, expected to commence in the third quarter of 2006. The purpose of the drilling programme is to confirm previous drilling results and obtain samples for metallurgical testing. The Directors believe there will be a number of permits, approvals and licences, which will be required for future operations in relation to the project.

Lead/zinc mineralization at the Belitung project occupies two, semi-parallel, steeply dipping rock units and occurs as mainly galena and sphalerite. Previous operators include BHP Billiton which discovered the mineralization whilst working an adjacent tin mine in the 1970s and 1980s, Preussag, GKM and Diadem Resources. Several resource estimates have been made in the past. None of these estimates claim to conform to the JORC Code nor can an assignment be made now as, despite the substantial drilling that has been completed, most samples and drill cores are no longer available. The object of the first stage of the proposed exploration will be to confirm the previous drilling results and commence to bring the resource to JORC Code conformity by completion of a programme of not less than 2000m of strategically placed drillholes. This programme will also make available a substantial amount of sample for metallurgical testing.

## 2.6 Toledo Mining Corporation plc

Investika holds **11.6** per cent. of the share capital of AIM quoted Toledo Mining Corporation plc (“Toledo”) (AIM:TMC.L).

Toledo has a market capitalisation of approximately **£28.8 million** and has interests in three nickel exploration projects in the Philippines, being the Berong, Ulugan and Iplan projects.

Of the shares in Toledo which the Company owns, 1,704,630 (being 6.2 per cent. of the issued share capital of Toledo) were acquired on deferred settlement terms with the payment price of £1,841,000 due on or prior to 3 November 2006.

The Company has granted options over 1,363,704 of the Toledo shares which it owns to three individual directors of BNC. The options have an exercise price of £1.30 each and an expiry date of 3 November 2006. In the event of Toledo sub-dividing, consolidating, reducing, returning, or otherwise restructuring its share capital (other than by way of further issues of capital), the exercise price and the number of ordinary shares to which the options relate shall be reconstructed in the same proportion.

Chrisilios Kyriakou and Robert Cleary are directors of Toledo. Jonathan Reynolds is company secretary and chief financial officer of Toledo.

## 2.7 UMC Energy plc

Investika incorporated UMC Energy plc (“UMC Energy”) in January 2005 for the purpose of acquiring an option interest over three potential uranium bearing blocks in the Labrador Trough, Canada. Whilst an option agreement was entered into, in March 2006, the directors of UMC Energy elected not to exercise the option and UMC Energy is currently seeking an appropriate alternative investment in the resources sector.

UMC Energy is an AIM listed company (AIM: UEP.L) which has a market capitalisation of approximately **£5.0 million**. The Company has a 19.6 per cent. interest in UMC Energy.

***On 26 July 2006 UMC Energy's shares were suspended from trading on AIM after it announced it is in the final stages of negotiation to acquire an 80 per cent interest in a Madagascan corporation which owns eight permits to explore for uranium in Madagascar. As the acquisition would represent a reverse takeover the shares have been suspended until the publication of a re-admission document.***

Chrisilios Kyriakou and Robert Cleary are directors of UMC Energy. Jonathan Reynolds is company secretary and chief financial officer of UMC Energy.

### **3 FUTURE PROSPECTS**

3.1 The Directors intend to continue to maintain and develop the Company's portfolio of investments. The strategy of the Company is to make investments in the mining and minerals sector. The investments may be in either quoted or unquoted companies, partnerships, joint ventures or direct interests in mining projects. The investments may be made in exploration or development stage undertakings or in producing assets. 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 or other entity in which the Company invests. 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 Company has so far made investments in Europe, South-East Asia and South America. The Directors intend to concentrate on these investments for the time being and it is likely that any further investments will be made in this geographic area, in Asia, North America or in Africa. The Board anticipates financing any investments which the Company might make through an appropriate combination of the issuing of further Ordinary Shares and cash as consideration. There are no restrictions on the time-frame in which the Company must invest its funds.

3.2 No dividends were paid by the Company during the last three financial years ended 31 December 2005. The Directors may recommend distributions at some future date, subject to the generation of sustainable profits.

### **4 THE CONSTITUTION AND CORPORATIONS ACT**

#### **4.1 Objects**

4.1.1 The Corporations Act provides that a company may adopt a constitution upon registration. A company may amend or repeal its constitution with shareholder approval by way of a special resolution. The Constitution of the Company was adopted by special resolution on 9 May 2006.

4.1.2 The Corporations Act specifies that the constitution of a company may specify its objects and/or limit the powers of the company. The Constitution does neither. Pursuant to section 124 of the Corporations Act, the Company has the legal capacity and powers of an individual both in and outside Australia. If a company does have objects set out in its constitution, an act of that company is not invalid merely because it is beyond the scope of the objects.

#### **4.2 Voting Rights**

All shares issued in the Company are Ordinary Shares and equal rights as regards to voting, income and participation in any surplus on winding up, attach to each Ordinary Share. Each Shareholder entitled to vote may vote in person or by proxy, attorney or representative. On a show of hands every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote and on a poll every person present who is a Shareholder or proxy, attorney or representative of a Shareholder shall in respect of each fully paid Ordinary Share held by him have one vote per Ordinary Share but in respect of partly paid Ordinary Shares shall have such number of votes being equivalent to the proportion paid up on those Ordinary Shares.

### 4.3 Dividends

- 4.3.1 Holders of Ordinary Shares are entitled to dividends which may be paid out of the profits of the Company. Dividends may only be paid out of the profits of the Company.
- 4.3.2 The directors may authorise the payment to Shareholders of such dividends as appear to the directors to be justified by the profits of the Company. All dividends must be paid in accordance with the timetable set out in the ASX Listing Rules. The directors may deduct from any dividend payable to a Shareholder, all sums of money presently payable to the Company by the Shareholder on account of or otherwise in relation to the Ordinary Shares in the Company.
- 4.3.3 All dividends declared but unclaimed one year from the date of declaration may be invested by the directors for the benefit of the Company until claimed or until required to be dealt with in accordance with any law relating to unclaimed moneys.
- 4.3.4 Dividends are to be paid to those Shareholders whose names are on the register at the date on which such dividends are declared or any other such date as the directors determine notwithstanding any subsequent transfer or transmission of Ordinary Shares.
- 4.3.5 The directors may from time to time grant Shareholders the right, upon such terms and conditions as they determine, to elect to reinvest all or part of the declared dividend in the Company.

### 4.4 Distribution of Assets on a Winding-Up

On a winding up, the liquidator may with the sanction of a special resolution divide among the Shareholders in kind the whole or any part of the assets of the Company and may, for that purpose, set such value as the liquidator considers fair on any asset to be so divided and may determine how the division is to be carried out as between the Shareholders according to their rights and interests in the Company. The liquidator may also vest the whole or any part of any asset in trustees upon trusts for the benefit of the Shareholders as he thinks fit, but so that no Shareholder shall be compelled to accept any shares or other securities carrying any liability.

### 4.5 Transfer of Ordinary Shares

- 4.5.1 Subject to the Constitution and the Corporations Act, a Shareholder may transfer all or any of the Shareholder's Ordinary Shares:
  - (a) by a proper ASTC transfer (a defined method under the Corporations Act) or any other method of transferring or dealing with Ordinary Shares established or recognised by ASX from time to time or operated in accordance with the ASTC Settlement Rules (as defined in the Corporations Act) or the ASX Listing Rules and in any case recognised under the Corporations Act; or
  - (b) by instrument in writing on any usual or common form or in any other form that the directors approve.
- 4.5.2 Unless otherwise provided for by the Corporations Act, the ASX Listing Rules or the ASTC Settlement Rules, the directors may register all proper ASTC transfers and all registrable transfer forms, split certificates, renunciations and transfers, issue certificates and transmission receipts and mark or note transfer forms without charge, except when replacing a lost or destroyed certificate.
- 4.5.3 However, the Company may refuse to transfer Ordinary Shares where the ASX Listing Rules permit when the Company has a lien on those Ordinary Shares. The directors may also request ASTC to apply a holding lock to prevent a transfer of CHESS approved Ordinary Shares if the ASX Listing Rules permit.

#### **4.6 Variation of Rights**

4.6.1 If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, be varied or abrogated in any way with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

4.6.2 The provisions of the Constitution relating to general meetings apply except that the necessary quorum in a case of variation or abrogation of rights will be Shareholders holding or representing three-quarters of the number of the issued shares of the class. If a resolution is not passed with the necessary majority, all or any of such rights may be varied or abrogated with the consent in writing of the holders of at least three-quarters of the issued shares in the class within two months from the date of the meeting.

#### **4.7 Powers and Duties of Directors**

Subject to the Corporations Act and the Constitution, the management and control of the Company is vested in the directors.

#### **4.8 Remuneration of Directors**

4.8.1 The directors are to be paid out of the funds of the Company as remuneration for their ordinary services as determined by the Company from time to time in the general meeting. The remuneration is to be by fixed sum and not by way of a commission on, or percentage of, the turnover of the Company or its profits (except in the case of the managing director or executive directors).

4.8.2 Directors are entitled to their expenses and any director who performs extra services shall be remunerated as determined by the directors. In the event of a proposal to increase the remuneration of directors and their ordinary services, the notice that calls the general meeting will state the amount of the proposed increase and the maximum sum that may be paid.

#### **4.9 Indemnity and Insurance**

Subject to the Corporations Act, the Company may indemnify any director, secretary, executive officer or auditor of the Company against a liability incurred by that party acting in that capacity where the liability does not arise out of a lack of good faith, and for the costs and expenses incurred by the party in defending proceedings in which judgment in their favour is given or in connection with an application for grants of relief. The Company may pay the directors' insurance premiums, subject to the Corporations Act.

#### **4.10 Directors' Interests in Contracts**

4.10.1 No director is disqualified by the director's office and the fiduciary relationship established by it from holding any office or place of profit (other than that of auditor) from the Company. Subject to the Corporations Act and the ASX Listing Rules, a director may:

- (a) be or become a director of or otherwise hold office or a place of profit in any other company promoted by the Company or in which the Company may be interested as vendor, shareholder or otherwise;
- (b) contract, or make any arrangement with the Company or any company in which the Company shall be a shareholder or otherwise interested, whether as a vendor, purchaser, broker, underwriter, solicitor, or accountant or other professional person or otherwise and any contract or arrangement entered or to be entered into by or on behalf of the Company in which any director is in any way interested is not avoided for that reason; and

- (c) participate in any association, institution, fund, trust or scheme for past or present employees or directors of the Company, a related body corporate or any of their respective predecessors in business or their dependents or persons connected with them.

4.10.2 Each director must disclose that director's interests to the Company and the secretary must record any such declaration in the minutes of the relevant meeting or pursuant to the Corporations Act. The Company must advise ASX without delay of any material contract involving the director's interests in accordance with the ASX Listing Rules.

4.10.3 A general notice given by the director to the directors to the effect that he is an officer or member of or interested in any specified firm or corporation shall be sufficient disclosure as required by the Corporations Act.

#### **4.11 Restrictions on Director's Voting**

4.11.1 Directors may vote in respect of any contract or arrangement in which they are interested other than any contracts or arrangements in which they have a direct or indirect material personal interest (except as permitted by the Corporations Act and subject to the ASX Listing Rules). The director concerned may be counted in the quorum present at any Directors meeting at which such contract, proposed contract or arrangement is considered if the director is permitted under the Corporations Act to be present during consideration of the matter.

4.11.2 The above prohibitions do not apply to any arrangement for giving any director an Ordinary Share or indemnity in respect of money lent by them or obligations undertaken by them for the benefit of the Company or any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the director themselves have assumed responsibility.

4.11.3 Subject to the Corporations Act and the ASX Listing Rules, the restrictions above may at any time be suspended or relaxed to any extent and either prospectively or retrospectively by resolution of the Company in general meeting.

#### **4.12 Number of Directors**

The number of directors must be such number not less than three and not more than ten as the directors determine. If the number of directors falls below the minimum the remaining directors may only act for the purpose of increasing the number of directors to the required minimum or summoning a general meeting.

#### **4.13 Directors' Appointment and Retirement**

4.13.1 At each annual general meeting of the Company one-third of the directors, except the managing director for the time being, or, if their number is not three or a multiple of three, then the number nearest one-third (but not exceeding one-third) and any other director, except the managing director, who has held office for three years or more, must retire from office. The directors to retire shall be the one-third or the nearest number who have been longest in office since the last election and where two or more directors have been the same time in office the director to retire shall be agreed between them, or be determined by lot. All retiring directors shall be eligible for re-election.

4.13.2 The annual general meeting may fill the vacated office by re-electing the same director or electing some other qualified person. Appointments, increases or reductions of the number of directors are to be made by the Company by way of ordinary resolution in a general meeting.

4.13.3 Aside from these provisions any director may retire from office upon giving notice in writing to the Company of its intention to do so. The resignation will take effect

upon the expiration of the notice or its earlier acceptance. The Company also has the power by resolution to remove any director before the expiration of his period of office and appoint another person.

- 4.13.4 At the next annual general meeting, Chrisilios Kyriakou and either Sydney Borg or Robert Cleary will be the next directors to retire from office and offer themselves for re-election. Jonathan Reynolds has filled a casual vacancy and his appointment will have to be confirmed at the next annual general meeting of the Company.

#### 4.14 **Alternate Directors**

Each of the directors has the power to nominate any person to act as an alternate director in his place, however the alternate director must be approved for that purpose by a majority of the directors. A director may at any time revoke or suspend the appointment of an alternate director.

#### 4.15 **Managing Director**

- 4.15.1 The directors may from time to time appoint one or more of the directors to be a managing director or directors. The directors may limit and restrict the powers and fix remuneration and duties of the managing director/s from time to time. The managing director shall not be subject to retirement by rotation but shall be subject to the same provisions as to resignation, disqualification and removal.

- 4.15.2 The managing director's remuneration may be by way of fixed salary or participation in profits of the Company or any other company which the Company is interested but shall not be by way of commission on or percentage of turnover of the Company. This may be in addition to the remuneration received as a director of the Company unless otherwise determined by the Company in general meeting.

#### 4.16 **General Meetings**

- 4.16.1 In accordance with the Corporations Act, the Company must hold an annual general meeting at least once every calendar year, and within five months after the end of the financial year. At least 28 days notice must be given to Shareholders.

- 4.16.2 A general meeting of the Company may also be convened by:

- (a) the directors, at any time they think fit; and
- (b) Shareholder(s) holding at least five per cent. of the total votes. In such a situation, the Shareholder(s) must pay the expense of calling and holding the meeting.

- 4.16.3 The directors may also convene a general meeting on the request of:

- (a) no less than 100 Shareholders entitled to vote at the general meeting; or
- (b) Shareholder(s) entitled to at least five per cent. of the total voting rights of all Shareholders.

- 4.16.4 Notice of a general meeting should be given in accordance with the Corporations Act and shall specify details of the meeting and the general nature of the business to be transacted at the meeting. If a special resolution is to be proposed at the meeting the notice must set out the details of the resolution. The accidental omission to give notice of a general meeting does not invalidate the proceedings or any resolution passed at such a meeting.

- 4.16.5 The directors have the power to postpone holding a general meeting provided the postponed meeting is held within 21 days from the date it was originally called.

- 4.16.6 If a director is to be elected at a general meeting, ASX must be advised of the date of the meeting at least five business days prior to the closing date for the receipt of

nominations. ASX must also be advised of the outcome of each resolution to be put to the general meeting of Shareholders immediately after the meeting.

#### **4.17 Proceedings at General Meetings**

- 4.17.1 No business will be transacted at a general meeting unless there is a quorum of Shareholders. For the purposes of the Constitution three members collectively holding at least one-tenth of the issued capital, will be a quorum. If there is no quorum the meeting will be adjourned.
- 4.17.2 At general meetings any special business may not be moved by a Shareholder unless that Shareholder has given no less than 14 days notice in writing, of their intention to move such a resolution.

#### **4.18 Change in Control**

- 4.18.1 Subject to the ASX Listing Rules and the Constitution, the Directors are restricted from allotting Ordinary Shares in the Company to any person or company if the allotment would have the effect of transferring a controlling interest in the Company without prior approval of an ordinary resolution of the Company in general meeting.
- 4.18.2 This restriction does not apply to proportionate offers of Ordinary Shares to existing Shareholders, or to allotments to an already registered majority Shareholder.
- 4.18.3 The Constitution includes provisions that prohibit the registration of transfers under a proportional takeover bid unless and until a resolution to approve that bid is passed in accordance with the Constitution (an 'approving resolution'). Holders of bid class securities on the day when offers are first made under the bid (other than the bidder and its associates) are entitled to vote and the resolution will be passed if the proportion that the number of votes in favour bears to the total number of votes on the resolution is greater than one-half. If the resolution is rejected, all unaccepted offers under the bid are taken to be withdrawn, and accepting Shareholders are entitled to rescind the takeover contract. The bidder is also entitled to rescind. A bid will be proportional where the offer is for a specified proportion of the securities in the bid class (under the Corporations Act, the proportion specified must be the same for all holders of securities in the bid class).
- 4.18.4 The directors are obliged to ensure the resolution to approve the bid is voted on before the 14<sup>th</sup> day before the last day of the bid period. If, notwithstanding the directors' obligation, no such resolution is voted upon by this deadline, then a resolution to approve it is taken to have been passed.
- 4.18.5 These provisions of the Constitution automatically cease to apply at the end of three years after they were adopted (namely, they cease on 10 May 2009). The Company may renew them in accordance with the procedures set out in the Corporations Act.

#### **4.19 Disclosure of Shareholding**

The Corporation Act requires that a Shareholder with a voting power of five per cent. or more of the Ordinary Shares must give notice to the Company and ASX of the fact, and that Shareholder must continue to give notice if there is a movement of at least one per cent. in their holding.

### **5 THE BOARD**

Brief biographies of the Directors are set out below. Paragraphs 9 and 10 of this Appendix contain further details of the current and past directorships and certain other important information regarding the Directors of the Company:

*John Archibald Landels, AC, Chairman, Non-Executive Director, age 76*

Mr. Landels was Chairman and Chief Executive Officer of the Caltex group of companies prior to his retirement from that organisation in 1992. Since his retirement from Caltex in 1992, Mr Landels has held a number of executive and non-executive positions in both private and publicly-listed companies, and has sat on a number of government committees in Australia.

Mr Landels was appointed a Director and Chairman of the Board on 9 July 1996.

*Chrisilios Kyriakou, LLB, Chief Executive Officer, age 56*

Mr. Kyriakou qualified as a lawyer in 1973 from Sydney University. He was in private practice for the next six years before being appointed Chief Executive Officer of the Company. From then, Mr. Kyriakou has been continuously involved in the mining industry and has extensive experience in Australia, Canada, Africa and Mexico. He has been responsible for the development of a number of mines from exploration through to project finance and commissioning. He has been an executive director of a number mining companies including Giant Yellowknife Mines, Pamour Mines, West Witwatersrand Gold Holdings, Bow River Diamonds and Minera Roca Roja.

Mr. Kyriakou was appointed to the Board on 29 June 1979 and is Chief Executive Officer of the Company. He is a director of, inter alia, Toledo Mining Corporation plc, Tarquin Resources plc, Belitung Zinc Corporation plc and UMC Energy plc.

*Mr. Jonathan R. Reynolds, B.Com (Hons), CA, F Fin, MAICD, Finance Director, age 39*

Mr. Reynolds has been the Company's Chief Financial Officer since 2001. Prior to that he held the position of Chief Financial Officer with a number of other listed entities and before that was a senior manager with BDO, an international firm of chartered accountants. He is a member of the Institute of Chartered Accountants in Australia and holds a Bachelor of Commerce (Honours) degree from the University of the Witwatersrand, Johannesburg.

Mr. Reynolds was appointed to the Board on 7 June 2006. He is a director of Belitung Zinc Corporation plc.

*Chev. Sydney J.P. Borg, FAICD, Non-Executive Director, age 47*

Mr. Borg is the Managing Director of PCS Australia Pty Ltd, a systems integration company facilitating networks in the corporate and government areas. He is also chairman of Zylotech Ltd an ASX listed company that develops and markets video surveillance technology, a position he has held since 2003. Mr. Borg is President of the Australian Maltese Chamber of Commerce and Chief Executive Officer of Mobile Entertainment Systems, a distribution company specialising in in-car entertainment systems. He is a member of the Order of the Knights of St. John of Jerusalem.

Mr. Borg was appointed to the Board on 1 July 1999.

*Mr. Robert A. Cleary, B.Sc (Chem Eng) Non-Executive Director, age 62*

Mr. Cleary was employed for 18 years by the North Ltd/Energy Resources Australia Ltd group prior to his retirement. His last position with that organisation was Managing Director of Energy Resources of Australia Ltd from which position he resigned on 29 January 2004.

Mr. Cleary was appointed to the Board on 16 March 2005. He is a director of Toledo Mining Corporation plc and Chairman of UMC Energy plc.

## 6 REASONS FOR ADMISSION

The Ordinary Shares are listed on ASX and the Directors are seeking Admission to enhance the Company's international profile, widen the Company's shareholder base, provide a further share dealing platform for existing Shareholders and to provide access in future to additional sources of capital for its projects and acquisition program.

## 7 CORPORATE GOVERNANCE

As the Company will be admitted to AIM, it is not required to comply with the Principles of Good Corporate Governance and Code of Best Practice (the "Combined Code"). The Company complies with the corporate governance guidelines developed by ASX in the form of ASX Principles of Good Corporate Governance and Best Practice Recommendations to the extent set out in the Company's Corporate Governance Statement which is available on [www.investika.com](http://www.investika.com). In those areas where the Company does not comply, the Corporate Governance Statement sets out the reasons for non-compliance. The Directors have also established an audit committee, a remuneration committee and a nomination committee with formally delegated duties and responsibilities to operate with effect from Admission.

The Company has two executive Directors and three non-executive Directors. The Board retains full and effective control over the Company. The Company holds regular Board meetings at which financial and other reports are considered and, where appropriate, voted on. Apart from regular meetings, additional meetings will be arranged when necessary to review strategy, planning, operational, financial performance, risk and capital expenditure.

The audit committee, which will initially comprise Mr Landels, Mr Borg and Mr Cleary with Mr Borg acting as Chairman, will determine and examine any matters relating to the financial affairs of the Company including the terms of engagement of the Group's auditors and, in consultation with the auditors, the scope of the audit. In addition it will consider the financial performance, position and prospects of the Company and ensure they are properly monitored and reported on.

The remuneration committee, which will initially comprise Mr Landels, Mr Borg and Mr Cleary with Mr Landels as Chairman, will review the performance of the executive directors and set their remuneration, determine the payment of bonuses to the executive directors and consider the Group's bonus and option schemes.

The nomination committee, which will initially comprise Mr Landels, Mr Borg and Mr Cleary with Mr Cleary acting as Chairman, will review possible nominations to the Board.

The directors of the Company will comply with Rule 21 of the AIM Rules relating to directors' dealings and will take all reasonable steps to ensure compliance by the Company's applicable employees. The Company has adopted and will operate a share dealing code for directors and employees in accordance with the AIM Rules and the rules of ASX.

## 8 ORDINARY SHARE CAPITAL

### 8.1 General

8.1.1 The Company's issued share capital as at the date of this Announcement is 13,034,709 fully paid Ordinary Shares. The Ordinary Shares were created under the Corporations Act. Australian law does not have the concept of nominal or par value and Ordinary Shares are recorded in the accounts of the Company at their issue price.

8.1.2 The Company does not hold any shares in treasury, as the concept is understood in English law. The Corporations Act does not permit shares to be held in treasury.

8.1.3 The Company does not have an authorised share capital, as it is understood in the UK, that sets the limit on the number of shares a company can issue. There is generally no limit in the Corporations Act or the Constitution on the power of the Directors to issue shares. However, subject to certain exceptions (including those in respect of pro rata issues and issues under employee schemes) Rule 7.1 of the ASX Listing Rules prohibits a company which is listed on ASX from issuing shares or options over shares representing more than 15 per cent. of its issued capital in any twelve month period without shareholder approval. Such shareholder approval requires an ordinary resolution passed by a simple majority. As at the date of this Announcement, there is no such approval in place. In addition, the directors are restricted from allotting Ordinary Shares in the Company to any person or company

if the allotment would have the effect of transferring a controlling interest in the Company without prior approval of an ordinary resolution of the Company in general meeting. This restriction does not apply to proportionate offers of Ordinary Shares to existing Shareholders, or to allotments to an already registered majority Shareholder.

- 8.1.4 There is no similar statutory requirement under Australian law, as is found under English law, providing that Shareholders have a right to be offered any shares in the Company which are being newly issued for cash before the same can be offered to new Shareholders and consequently there is no requirement for Shareholders in general meetings to provide a waiver to this obligation.
- 8.1.5 Pursuant to its Participants' Option Scheme, the Company has granted options over 620,000 of its Ordinary Shares. Further details of the Participants' Option Scheme are set out in paragraph 16 of this Appendix.
- 8.1.6 The Company has issued to WH Ireland a right to subscribe for 136,547 Ordinary Shares in the Company, equal to one per cent. of the fully diluted share capital of the Company, in the form of the Warrants. The Warrants are exercisable at the price per Ordinary Share on Admission pursuant to and on the terms of the WH Ireland Warrant Instrument. Further details of the Warrants are set out in paragraph 16 of this Appendix.

## 8.2 Changes in Capital

- 8.2.1 Subject to the ASX Listing Rules and the Corporations Act, the Company may from time to time by (either ordinary or special depending on whether the reduction is equal or selective) resolution in a general meeting reduce its share capital in any way Under the Corporations Act a company may reduce its share capital in a way that is not otherwise authorised by law, if the reduction:
  - (a) is fair and reasonable to the Company's Shareholders as a whole;
  - (b) does not materially prejudice the Company's ability to pay its creditors;
  - (c) is approved by Shareholders under the procedures set out in the Corporations Act for equal and selective reductions (as applicable)
- 8.2.2 Where the Company, pursuant to a reduction of its share capital, distributes to its Shareholders shares in another company
  - (a) the Shareholders will be deemed to have agreed to become members of that company; and
  - (b) the Shareholders is deemed to have appointed the Company or any of its directors as its agent to execute any transfer of shares or other documents (on such terms and subject to such restrictions that may be determined by the Company) to effect the distribution of shares to that Shareholder.
- 8.2.3 Subject to exceptions under the Corporations Act, the Company may not purchase its own shares and may not give financial assistance to any person for the purchase of its own shares .
- 8.2.4 Save as disclosed in this Announcement:
  - (a) no share of the Company has been issued or is now proposed to be issued, either for cash or for a consideration other than cash;
  - (b) no share of the Company is under option or is agreed conditionally or unconditionally to be put under option;

- (c) no commission, discount, brokerage or other special term has been granted by the Company or is now proposed in connection with the issue or sale of any part of the shares of the Company;
- (d) no deferred shares have been issued by the Company; and
- (e) no amount or benefit has been paid or given to any promoter of the Company.

### 8.3 Share Capital History

8.3.1 The following table summarises the changes in the Company's ordinary share capital since 1 January 2003 up to 31 December 2005:

Date	Issue	No of Ordinary Shares
1 January 2003	Balance brought forward	490,229,142
4 August 2003	Conversion of A\$250,000 loan; issue of Ordinary Shares at 1.2 cents each	20,833,333
3 September 2003	Issue of Ordinary Shares at 2.25 cents each in relation to an acquisition	30,000,000
18 March 2005	Issue of Ordinary Shares at 2.8 cents each in relation to the Berong acquisition	30,000,000
31 December 2005	Balance carried forward	571,062,475

8.3.2 The following changes to the Company's Ordinary Share capital have occurred since 31 December 2005:

- (a) the private placement on 9 February 2006 of 80,650,000 Ordinary Shares at A\$0.023 each with funds managed by RAB Capital Plc;
- (b) the pro-rata non-renounceable issue of Ordinary Shares for each fully paid Ordinary Share held as at 22 March 2006 at the issue price of A\$0.02 per share. Fuller details are available in the prospectus of the Company dated 31 March 2006;
- (c) the consolidation of the Company's Ordinary Share capital on the basis of one Ordinary Share for every 100 Ordinary Shares held in the Company. Further details can be found in the Notice of Annual General Meeting dated 31 March 2006 and the Company's announcement to ASX dated 18 May 2006.

## 9 DIRECTORS OF THE COMPANY

9.1 The Directors hold or have held the following directorships (*other than in the Company*) or have been partners in the following partnerships within the five years immediately prior to the date of this Announcement:

Director	Current directorships/partnerships	Former directorships/partnerships in the previous five years
John Landels	None	Air New Zealand Ltd (New Zealand); AWA Ltd (Australia);

Director	Current directorships/partnerships	Former directorships/partnerships in the previous five years
		<p>Caltex Oil Ltd (Australia);</p> <p>Mercantile &amp; General Reinsurance Company of Australia (Australia);</p> <p>Oakbridge Pty Ltd (Australia);</p> <p>Nippon Oil (Australia) Pty Ltd (Australia);</p> <p>Queensland Nickel Industries Ltd (Australia);</p> <p><b>QuikTrak Telecommunications plc (4145613);</b></p> <p><b>QuikTrak Technologies Limited (4001707) (dissolved);</b></p> <p><b>QuikTrak Telecommunications (UK) Limited (3861459) (dissolved);</b></p> <p><b>QuikTrak (UK) Limited (3086770)</b></p> <p><b>Tarquin Resources plc;</b></p> <p>QuikTrak Networks Ltd (Australia)</p>
Chrisilios Kyriakou	<p>Belitung Zinc Corporation plc (5636567);</p> <p>Tarquin Resources plc (4479227);</p> <p>Toledo Mining Corporation plc (5055833);</p> <p>UMC Energy plc (5331770);</p> <p>Tommy SA (Chile);</p> <p>TMM Management Inc (Philippines)</p> <p>QuikTrak Networks Limited (5343083);</p> <p>QuikTrak (UK) Limited (3086770);</p> <p>QuikTrak Telecommunications BV (Netherlands)</p>	<p>Max Petroleum plc (5419021);</p> <p>First Toronto Capital Corporation (Canada);</p> <p>QuikTrak Networks Limited (Australia);</p> <p>QuikTrak Telecommunications plc (4145613);</p> <p>QuikTrak Telecommunications (UK) Limited (3861459) (dissolved);</p> <p>Kidz.net Limited (3891724) (dissolved);</p> <p>Kidz.net Trading Limited (3694467) (dissolved);</p> <p>QuikTrak Technologies Limited (4001707) (dissolved)</p>
Jonathan Reynolds	<p>Belitung Zinc Corporation plc (5636567)</p>	None
Sydney Borg	<p>Zylotech Ltd (Australia);</p> <p>PCS Australia Pty Ltd (Australia);</p> <p>PCS Investments Pty Ltd (Australia);</p> <p>PCS New Zealand Ltd (New Zealand);</p> <p>Mobile Entertainment Pty Ltd</p>	None

Director	Current directorships/partnerships	Former directorships/partnerships in the previous five years
	(Australia)	
Robert Cleary	Toledo Mining Corporation plc (5055833); Crossland Mines Limited; UMC Energy plc (5331770); Accomplishments Pty Ltd (Australia)	Energy Resources of Australia Ltd (Australia); EWL Sciences Pty Ltd (Australia)

First Toronto Capital Corporation, a Canadian company of which Chrisilios Kyriakou was a director was placed into liquidation. The liquidation was completed in approximately 1990. The company had debts of CAN\$15m.

QuikTrak Networks Ltd, a company of which Chrisilios Kyriakou was a director was placed into administration. The administration was completed in 2005. The company had debts of A\$3m. John Landels resigned as a director of this company within twelve months of the date the company was placed in administration.

QuikTrak Telecommunications (UK) Limited, a company of which Chrisilios Kyriakou was a director was placed into liquidation. The liquidation was completed in 2006. The company had debts of approximately £4.9 million of which £4.0 million was owed to its parent.

9.2 Save as disclosed in paragraph 9.1 of this Announcement, none of the Directors has:

- 9.2.1 any unspent convictions in relation to indictable offences;
- 9.2.2 ever been declared bankrupt or been the subject of an individual voluntary arrangement;
- 9.2.3 ever been the director of a company which, while he was a director or within twelve months of him ceasing to be a director, had a receiver appointed or entered into compulsory liquidation, creditors' voluntary liquidation, administration, compulsory voluntary arrangement or any composition or arrangement with its creditors generally or with any class of its creditors;
- 9.2.4 ever been a partner within a partnership which, while he was a partner or within twelve months of his ceasing to be a partner, entered into compulsory liquidation, administration or a partnership voluntary arrangement;
- 9.2.5 owned an asset which has been placed in receivership or been a partner in a partnership whose assets have been placed in receivership whilst he was a partner or within the twelve months preceding such an event; or
- 9.2.6 been the subject of any public criticism by statutory or regulatory authorities (including recognised professional bodies) or been disqualified by a court from acting as director of a company or from acting in the management or conduct of the affairs of any company.

## 10 DIRECTORS' INTERESTS

10.1 The interests of the Directors (either held directly or indirectly) and persons connected with them (within the meaning of section 346 of the Companies Act) in the Ordinary Shares as at **16 August 2006**, being the latest practicable date prior to the publication of this Announcement, are as follows:

Director	Number of Ordinary Shares	Percentage of Ordinary Shares
John Landels	100,000	0.77
Chrisilios Kyriakou	<b>4,427,168</b>	<b>33.96</b>
Jonathan Reynolds	6,000	0.05
Sydney Borg	56,259	0.43
Robert Cleary	Nil	Nil

- 10.2 As at **16 August 2006**, being the latest practicable date prior to the publication of this Announcement, the Directors have the following options over Ordinary Shares pursuant to the Participants' Option Scheme:

Director	No. of underlying Ordinary Shares	Exercise Price (A\$)	Date from which exercisable	Expiry Date
John Landels	50,000	2.50	Already vested	30 June 2010
Chrisilios Kyriakou	150,000	2.50	Already vested	30 June 2010
Jonathan Reynolds	30,000	2.50	Already vested	30 June 2010
Sydney Borg	15,000	2.50	Already vested	30 June 2010
Robert Cleary	120,000	2.50	Already vested	30 June 2010

- 10.3 For the financial year ended 31 December 2005, management consultancy fees of A\$118,182 were paid to Capma Pty Ltd, a company in which Mr Kyriakou has an interest. For the financial year ended 31 December 2004, A\$109,091 was paid to that company. The Company's offices are also rented from Capma Pty Ltd. The original agreement for one year has as at the date of this announcement expired and the arrangement continues informally on a month-to-month basis at the same rates. No formal written contract is in place. The annual gross rent of the premises since occupation has been A\$63,250.
- 10.4 For the financial year ended 31 December 2005, IT equipment amounting to A\$5,001 was purchased, and IT services of A\$5,168 were supplied, by a company in which Sydney Borg has an interest.
- 10.5 For the financial year ended 31 December 2005, management fees of A\$12,844 were charged by the Company to Tarquin Resources plc, of which Mr Kyriakou is a director. For the financial year ended 31 December 2004, A\$53,737 was paid by that company for management fees.
- 10.6 For the financial year ended 31 December 2005, management fees of A\$44,224 were charged by the Company to Toledo Mining Corporation plc, of which Mr Kyriakou and Mr Cleary are directors. For the financial year ended 31 December 2004, A\$55,995 was paid by that company.
- 10.7 For the financial year ended 31 December 2005, management fees of A\$9,675 were charged by the Company to UMC Energy plc, of which Mr Kyriakou and Mr Cleary are directors.

- 10.8 For the financial year ended 31 December 2005, A\$58,024 (comprising director's fees and consultancy fees) were paid by the Company to Accomplishments Pty Ltd, a company in which Mr Cleary has an interest.
- 10.9 In the financial year ended 31 December 2004, management, administrative, rent and secretarial fees of A\$67,100 were charged by the Company to QuikTrak Networks Ltd, of which Mr Kyriakou and Mr Landels were directors. By 31 December 2004, A\$24,893 of the total amount had not been recovered and an impairment loss was recorded against this amount in the 2004 financial year.
- 10.10 In the financial year ended 31 December 2004, the Company advanced A\$230,000 to QuikTrak Networks Ltd, of which Mr Kyriakou and Mr Landels were directors. By 31 December 2004, A\$90,000 of the total amount had not been recovered and an impairment loss was recorded against this amount in the 2004 financial year.
- 10.11 In the financial year ended **31 December 2005**, the Company offered to Tarquin Resources plc, of which Mr Kyriakou is a director, the opportunity to acquire a 51 per cent. holding in Tommy SA. Tarquin Resources plc reimbursed the Company A\$293,743 in respect of project evaluation expenditure. In addition to which, Tarquin Resources plc is required to fully meet the first year's exploration costs estimated at US\$2,750,000 which includes the first two year's option payments, estimated at US\$970,000.

## 11 PARTICIPANTS' OPTION SCHEME

- 11.1 The Company has established the Participants' Option Scheme under which options can be granted over Ordinary Shares to employees, directors and consultants of the Company by the Board. Where options are proposed to be granted to directors, shareholder approval by ordinary resolution is required by the ASX Listing Rules.
- 11.2 The options are granted free of charge and each option entitles the holder to subscribe for one Ordinary Share. The options may be exercised following grant by the option holder giving 10 days notice to the Company. The options expire on the earlier of 30 June 2010 or 90 days after such time as the option holder ceases to be employed by, act as a director of, or act as a consultant to the Company.
- 11.3 The options are non-transferable, and option holders have no right to vote or participate in bonus or new issues of Ordinary Shares in respect of an option. The Ordinary Shares allotted under the option scheme rank *pari passu* with the other Ordinary Shares in the capital of the Company.
- 11.4 In the event of a reconstruction (including subdivision, consolidation, reduction or return) of the share capital of the Company, the number of options and the exercise price of the options shall be restructured in accordance with the ASX Listing Rules and in a manner that will not result in any benefits being conferred on option holders which are not conferred on holders of Ordinary Shares.
- 11.5 Amendments to the Participants' Option Scheme must be approved by a special resolution of shareholders, excluding shareholders who have been granted options.

## 12 DIRECTORS' CONTRACTS AND LETTERS OF APPOINTMENT

- 12.1 Mr Chrisilios Kyriakou has entered into a letter of appointment with the Company dated 17 July 2006 setting out the terms upon which he acts as Chief Executive Officer. In addition to the usual events of termination Mr Kyriakou's appointment will be terminated if he is not re-elected when retiring by rotation or is removed pursuant to the Constitution. The services of Mr Kyriakou are provided through a contract for services dated 17 July 2006 (the "Kyriakou Consultancy Agreement") with a company called Capma Pty Ltd which is paid A\$240,000 per annum (inclusive of GST) for providing such services. The Kyriakou Consultancy Agreement continues until terminated by the Company giving twelve months notice or Capma Pty Ltd giving six months notice.

- 12.2 Mr Jonathan Reynolds has entered into a letter of appointment with the Company dated 17 July 2006 setting out the terms upon which he acts as Chief Financial Officer. In addition to the usual events of termination Mr Reynolds' appointment will be terminated if he is not re-elected when retiring by rotation or is removed pursuant to the Constitution. The services of Mr Reynolds are provided through a contract for services dated 17 July 2006 (the "Reynolds Consultancy Agreement") with an agreed fee of A\$79,025 per annum (exclusive of any applicable GST) for providing such services. The Reynolds Consultancy Agreement continues until terminated by the Company giving six months notice or Mr Reynolds giving three months notice.
- 12.3 Mr John Landels has entered in a letter of appointment with the Company dated 17 July 2006 setting out formally the terms upon which he acts as Non-Executive Chairman. Mr Landels receives directors' fees of A\$50,000 per annum, inclusive of any applicable superannuation contributions. In addition to the usual events of termination Mr Landels' appointment will be terminated if he is not re-elected when retiring by rotation or is removed pursuant to the Constitution.
- 12.4 Mr Sydney Borg has entered in a letter of appointment with the Company dated 17 July 2006 setting out formally the terms upon which he acts as a Non-Executive Director. Mr Borg receives directors' fees of A\$25,000 per annum, inclusive of any applicable superannuation contributions. In addition to the usual events of termination Mr Borg's appointment will be terminated if he is not re-elected when retiring by rotation or is removed pursuant to the Constitution.
- 12.5 Mr Robert Cleary has entered into a letter of appointment with the Company dated 17 July 2006 setting out the terms upon which he acts as a Non-Executive Director. In addition to the usual events of termination Mr Cleary's appointment will be terminated if he is not re-elected when retiring by rotation or is removed pursuant to the Constitution. The services of Mr Cleary are provided through a contract for services dated 17 July 2006 (the "Cleary Consultancy Agreement") with a company called Accomplishments Pty Ltd which is paid a retainer of A\$25,000 per annum (exclusive of any applicable GST) for providing such services plus a fee for each day additional consultancy services are provided of A\$2,000 (exclusive of any applicable GST). The Cleary Consultancy Agreement continues until terminated by either party giving three months notice.

### 13 PRINCIPAL HOLDERS OF ORDINARY SHARES

- 13.1 As at **16 August 2006**, being the latest practicable date prior to the publication of this Announcement, so far as the Company is aware, the following persons hold or will hold, directly or indirectly, three per cent. or more of the issued Ordinary Shares:

Name	Number of Ordinary Shares	Percentage of Ordinary Shares
Good Hope Finance and Investment Pty Limited*	<b>4,427,168</b>	<b>33.96</b>
RAB Special Situations (Master) Fund Limited **	1,661,139	12.74
Mustoni Limited	1,648,420	12.65
Cambrian Mining plc	855,000	6.56
Golden Dragon Trading Limited	600,475	4.61
ANZ Nominees Limited	<b>656,531</b>	<b>5.04</b>

\* Mr Chrisilios Kyriakou, a Director, has an interest in this company

\*\* The registered holder of this interest is Westpac Custodian Nominee Limited

13.2 The Corporations Act specifies certain notice requirements to be complied with when any person begins to have, or ceases to have, a substantial holding in a listed company or if a person has substantial holding and there is a movement of at least one per cent. in their holding. Broadly, a person has a substantial holding if total votes attached to voting shares in the company in which the person or their associates have relevant interests is five per cent. or more of the total number of votes attached to voting shares in the company. There is no requirement in Australia on a person to notify relevant interests in a listed company above three per cent. but below five per cent.. Save as disclosed above, there are no persons, so far as the Company is aware, who have an interest which is notifiable under the Corporations Act or to the extent known to the Company are there any person or persons who are, or following Admission will or are likely to be, directly or indirectly, jointly or severally, able to exercise control over the Company.

13.3 The major Shareholders of the Company do not have any different voting rights attaching to their Ordinary Shares. They have the same voting rights as all other holders of Ordinary Shares.

#### 14 **EMPLOYEES**

14.1 The Company has two executive directors, Mr Chrisilios Kyriakou and Mr Jonathan Reynolds. Mr Kyriakou is based in Monaco and Mr Reynolds is based at the Company's registered office in Sydney.

14.2 The Company has engaged Mr John Maguire as Company Secretary on a full-time permanent basis. He is based at the Company's registered office in Sydney.

14.3 The Company also has one administrative employee who acts as personal assistant to Mr Kyriakou, and is employed on a permanent part-time basis at the Company's registered office in Sydney. Salary is calculated based on an hourly rate.

#### 15 **RISK FACTORS**

The risk factors which should be taken into account in assessing the Company's activities and investment in the Company include, but are not necessarily limited to, those set out in the Schedule to this Appendix.

#### 16 **MATERIAL CONTRACTS**

The following contracts, being contracts not entered into in the ordinary course of business, have been entered into by the Company within two years immediately preceding the date of this Announcement and are, or may be, material to the Company:

##### 16.1 **Berong Project Agreement (Philippines)**

###### **General**

Investika has entered into a venture agreement with Atlas Consolidated Mining and Development Corporation ("ACMDC"), Minoro Mining and Exploration Corporation ("MMEC") and Toledo Mining Corporation PLC ("Toledo") (collectively the "Project Parties"), dated 19 January 2005 (the "JVA"). The governing law of the JVA (and related documents) is that of the Philippines.

The JVA sets out the terms of the joint venture project to explore, develop and utilise **the seven mineral properties (PMP SA No. IV(1)-7, PMP SA No. IV(1)-9, AMA-IVB-147, AMA-IVB-038, AMA-IVB-047, EPA-IVB-011, EPA-IVB-058)** in the Philippines (for these purposes, the "Berong Mineral Properties").

The JVA created an option for Investika to acquire an interest in the development of the Berong Mineral Properties.

The scope of the JVA as far as Investika is concerned covered all mining tenements or applications for mining tenements as well as agreements with and permits granted by the

Government of the Philippines (“MPSAs”) in respect of the Berong Mineral Properties which were held by ACMDC, MMEC and Anscor Land Management and Development Company (“Anscor”).

#### ***MMEC and ACMDC’s obligations***

The JVA provided for the incorporation of Berong Nickel Corporation (“BNC”) to hold the rights to the mining tenements and MPSA’s in respect of the Berong Mineral Properties.

Pursuant to the JVA, MMEC and ACMDC transferred the Berong Mineral Properties and rights under the applications for MPSA to BNC; and

ACMDC agreed it would:

- (a) purchase or acquire all rights, title and interest to the Berong Mineral Properties from Anscor for the amount of US\$650,000 (which was funded by Toledo and Investika in equal shares); and
- (b) pay to MMEC Php1,300,000 and CAN\$125,000 for the transfer of any rights, title and interest MMEC had to the Berong Mineral Properties.

#### ***Investika’s rights and obligations***

Investika was granted the right to acquire a 20 per cent. equity interest in BNC in return for the fulfilment of the following conditions:

- (a) Investika progressively advancing US\$1,000,000 to BNC as an interest free loan (the “Loan”);
- (b) Investika issuing 30,000,000 fully paid ordinary shares to MMEC;
- (c) Investika paying to MMEC US\$200,000; and
- (d) Investika paying US\$325,000 to ACMDC for the acquisition of rights, title and interest of Anscor (this amount formed part of the Loan).

Upon Investika acquiring the 20 per cent. equity in BNC and paying the required amounts to MMEC and ACMDC, they each transferred such of their shareholding in BNC equivalent to 10 per cent. of BNC’s outstanding capital stock to Investika.

The JVA provided for Investika to transfer to Toledo 1.3 per cent. of the outstanding capital stock of BNC.

As at the date of this Announcement, these obligations have been satisfied and Investika has attained an 18.7 per cent. equity interest in BNC. Investika is required to fund future expenditures by BNC in proportion to its shareholding of 18.7 per cent.

#### ***Termination***

Toledo and Investika have a right to withdraw from the JVA for any reason as long as they provide 90 days written notice of their intended withdrawal. However, they may still be responsible for any expenditures up to the date of withdrawal.

The JVA also sets out the circumstances in which any party may declare another party to be in default.

#### ***Representations and warranties***

Under the JVA, the Project Parties have given certain standard warranties and representations regarding corporate standing and capacity to enter the agreement as well as regarding material facts and circumstances.

In addition, ACMDC gave specific representations and warranties that:

- (a) it is qualified to hold the rights to the Berong Mineral Properties and has the necessary governmental approvals;
- (b) the Berong Mineral Properties are not environmentally contaminated and are free of hazardous or toxic substances;
- (c) it has no knowledge of litigation or government procedures in relation to the Berong Mineral Properties;
- (d) the mineral resources are located within the Berong Mineral Properties and covered by an appropriate MPSA application in its name or that of Anscor;
- (e) it has the exclusive and unrestricted right to the Berong Mineral Properties, subject to the acquisition of rights then held by Anscor;
- (f) the Berong Mineral Properties are free of encumbrances, claims and demands and have been properly located and acquired and registered in accordance with the law and are valid and in full force and operation; and
- (g) the Berong Mineral Properties contain recognised nickel mineral resources.

ACMDC separately guaranteed to Investika and Toledo that it would not do anything to adversely affect the Berong Mineral Properties or MPSA for two years after execution of the JVA.

## 16.2 Berong Management Agreement

The JVA provided that TMM Management Inc., a company incorporated in the Philippines, ("TMM"), a project manager operating under management agreement (the "Berong Management Agreement") between BNC and TMM, owned 40 per cent. by Toledo and 60 per cent. by ACMDC, will manage the operations of the Berong Mineral Properties. The JVA anticipates that under the Management Agreement, TMM will give certain warranties, including the manner in which the operations will be conducted. The Berong Management Agreement is for an initial period of 5 years, and automatically renews every five years unless 30 days written notice is served on TMM. The governing law of the management agreement is that of the Philippines.

During the performance of its obligations under the Management Agreement, TMM has a right to call on all of the Project Parties to provide financial, technical, logistical and other support.

## 16.3 Berong Shareholders Agreement

Investika is a party to a shareholder agreement between ACMDC, MMEC and Toledo (collectively the "Shareholder Parties") in relation to shares in BNC dated 29 September 2004 (the JVA superseded an earlier joint venture agreement dated 29 September 2004) for the purpose of protecting Investika and Toledo's rights as holders of equity in BNC (the "Berong Shareholders Agreement"). The governing law of the Berong Shareholders Agreement is that of the Philippines.

The board of directors of BNC will have at least one nominee appointed by Investika who will act as Vice President, out of a total of five directors. However, three of the five directors must be Philippine citizens. Four directors will constitute a quorum, provided that at least one of the directors nominated by Investika, Toledo and Nickeline Resources Holdings Inc ("Nickeline"), a company owned by ACMDC, MMEC and Toledo, is present.

All board matters, except as required under Philippine Law or otherwise specified, are to be decided by majority decision of the directors present. However, certain resolutions require a four-fifths majority vote. These are:

- (a) shortening the term of existence of BNC which, under its constitution, is fifty years;
- (b) voluntary dissolution of BNC or placing BNC under receivership;

- (c) any sale, disposition, lease or encumbrance of all or substantially all of the properties or assets of BNC;
- (d) any investment of funds of BNC in any shareholder or any of its affiliates, or for any purpose other than BNC's primary purpose as stated in the articles of incorporation (or an ancillary purpose);
- (e) entering into any management contract with Nickeline or with an affiliate of Nickeline, other than with the TMM;
- (f) other than with TMM, entering into any management contract where the stockholders representing the same interest own or control more than one-third of the outstanding capital stock of both TMM and BNC, or where one-third of the members of the Board of TMM also comprise one-third of the members of BNC's Board;
- (g) merger or consolidation with any other corporation;
- (h) changing of the name of BNC;
- (i) issuance or grant of option over or right to acquire any additional shares or securities of BNC (except in the exercise by any shareholder of its pre-emptive right) or purchase or redemption of any shares or securities of BNC;
- (j) change in the rights attaching to any class of shares;
- (k) adoption of a resolution to carry on any business other than the primary business activities described in the articles of incorporation and any necessarily ancillary business activity, or otherwise change the nature or geographical area of its business;
- (l) declaration or payment of any dividend except as provided in the articles of incorporation or by-laws;
- (m) issuance of any debentures or other securities convertible into shares or debentures;
- (n) creation of any fixed or floating charge, lien (other than a lien arising by operation of law) or other encumbrance over the whole or substantially all of BNC's undertaking, property or assets (except for the purpose of securing BNC's indebtedness to its bankers for sums borrowed in the ordinary and proper course of business and not exceeding Php 10,000,000 in the aggregate);
- (o) incurring any indebtedness or the granting of any security interest over the assets of BNC that involves an amount greater than Php 10,000,000 in the aggregate in any financial year;
- (p) advancing any loan or giving any credit (except to a subsidiary or in the ordinary course of business);
- (q) giving any guarantee or indemnity for or otherwise securing the liabilities or obligations of any person (except a subsidiary in the ordinary course of business);
- (r) making any capital expenditure in excess of Php 10,000,000 in any financial year other than in accordance with a program and budget approved by the shareholders;
- (s) hiring or terminating or changing the terms of employment of any employee or consultant earning in excess of Php 500,000 per month;
- (t) taking any action in relation to pensions, retirement schemes, share option, profit-sharing or bonus schemes or any other similar executive or employee benefits;
- (u) amending the accounting policies or reporting practices previously adopted by BNC;
- (v) making, amending or terminating any long-term, unusual or onerous contract ("long-term" meaning a contract under which the obligations of any Shareholder Party

thereto may remain outstanding for more than one year) or taking any action which could, as a consequence of any action taken by another Shareholder Party, result in any of the same;

- (w) making, amending or terminating any contract under which it is required to spend more than Php 5,000,000 or entitled to receive more than Php 5,000,000 (other than contracts in the ordinary course of business for the supply or purchase of goods or services);
- (x) any change in the articles of incorporation or by-laws;
- (y) the adoption of annual business plans and budgets, or any amendment or variation thereof, except for the Management Agreement entered into by BNC which shall be determined in accordance with the terms therein;
- (z) all transactions between BNC and any related or affiliated company of any shareholder of BNC other than transactions pursuant to the Management Agreement;
- (aa) the remuneration of the directors, officers and senior management of BNC; and
- (bb) such other acts and things as the Board may determine to require the four-fifths affirmative vote of the entire membership of the Board.

If there are sufficient earnings, cash dividends will be declared annually in the amount of at least five per cent. of the net profit of the preceding fiscal year.

The Shareholding Parties agree that if any party wishes to sell, transfer or assign some or all of their shares it must first offer the shares to the other Shareholding Parties, along with a notice specifying the terms of the offer from the proposed purchaser. This does not apply to transfers to subsidiaries or nominees. The other Shareholder Parties will have 60 days to decide whether to accept the offer, and then five days from acceptance to remit ten per cent. of the price of the offered shares. If the balance is not paid within 180 days, then the ten per cent. will be forfeited in favour of the selling party.

If no offer is made by the Shareholder Parties within 60 days then the selling party is free to sell the shares to a third party within 180 days, provided that the third party agrees to be bound by the Shareholder's Agreement and related agreements. After the lapse of 180 days, the process begins again.

The Shareholder Parties are restricted from pledging shares in BNC, or using them for as collateral.

The Shareholder's Agreement also creates tag-along rights in respect of a proposed transfer of shares by one of the Shareholder Parties. The Shareholder Parties have 30 days from the date of notice of the proposed transfer to elect to exercise their tag along rights.

Shareholders representing at least 75 per cent. of the capital of BNC will be necessary to constitute a quorum. Any actions requiring shareholder approval must have unanimous support by all shareholders to be valid.

#### **16.4 Option over Toledo shares**

The Company has granted options over 1,363,704 ordinary shares in the capital of Toledo, which it owns to three individual directors of BNC. The options have an exercise price of £1.30 each and an expiry date of 3 November 2006.

#### **16.5 Chilean Shareholders' Agreement**

The joint venture shareholders' agreement is between Tarquin Resources and Investika and dated 17 July 2006 ("Chilean Shareholders' Agreement"). The Chilean Shareholders' Agreement is governed by the law of England.

The Chilean Shareholders' Agreement acknowledges Tarquin Resources' 51 per cent. and Investika's 49 per cent. holdings in the capital of Tommy SA. The purpose of the Chilean Shareholders' Agreement is to govern the business of Tommy SA, including the copper projects of Las Pascualas and El Morado, Chile ("Copper Projects"), and the funding arrangements for Tommy SA.

Under the Chilean Shareholders' Agreement, Tarquin Resources has the right to appoint three directors to the Board of Tommy SA, and Investika has the right to appoint two directors, with five directors being the maximum number on the board. The current directors of Tommy SA are Roger Shakesby and Tomislav Bogdanic for Tarquin Resources and Chrisilios Kyriakou (current chairman) for Investika.

The board has the power to supervise and manage Tommy SA, except in relation to particular matters which require the approval of Tarquin Resources and Investika. These matters include the registration of any other members of Tommy SA, permitting Tommy SA to carry out new projects other than the Copper Projects, altering the name or articles of association of Tommy SA, adopting a business plan for each financial year and selecting an external auditor. The quorum at any meeting of directors will be one director appointed by Tarquin Resources and one director appointed by Investika.

### ***Financing***

Tarquin Resources agrees to pay:

- (a) £198,428 to Investika in consideration for Investika facilitating Tarquin Resources' interest in Tommy SA;
- (b) the initial exploration costs of the Copper Projects from November 2005 to November 2006, which includes the 2005 and 2006 option fees and which are estimated to be US\$2,750,000, by way of loan to Tommy SA (which is to be repaid out of the project cash flow, if any, to both Tarquin Resources and Investika, in accordance with their respective 51 per cent. and 49 per cent. interests).

Tarquin Resources may also transfer its shareholding in Tommy SA to Investika at any time up until 30 November 2006, for no consideration, and be relieved of its obligations in relation to the initial exploration costs.

Tarquin Resources and Investika agree to jointly pay (in accordance with their 51 per cent. and 49 per cent. split):

- (a) any subsequent exploration costs in relation to the copper projects, where Tommy SA is unable to secure third party financiers, repayable by Tommy SA out of the project cash flow (if one party is unable to pay then the other party can pay for them in the form of a loan which will earn interest quoted by NatWest Bank for US\$ at the time plus a margin of two per cent.); and
- (b) a success fee to Dr Richard Sillitoe, an independent consulting geologist, comprising:
  - (a) US\$25,000 12 months after signing the Las Pascualas option agreement;
  - (b) US\$50,000 on each subsequent anniversary of the Las Pascualas option agreement; and
  - (c) US\$250,000 on completion of a feasibility study and decision to mine, or if Tommy elects to sell the property, 5 per cent. of the sale price.

providing the Las Pascualas option agreement is still proceeding at the date payment falls due.

### ***Dividends***

There will be no dividends until Tommy SA has repaid loans owing to its shareholders. However, thereafter Tommy SA will distribute annual dividends of at least 80 per cent. of the

profit for each financial year (after tax). Dividends are to be made within six months of the day the annual audited accounts are made.

### ***Termination***

The Chilean Shareholders' Agreement will terminate either when one party ceases to hold any shares in Tommy SA, or when Tommy SA is wound up. If Tommy SA is wound up the parties agree to endeavour to perform existing agreement to the extent possible and return certain assets to the rightful party.

### ***Voting Rights***

A deadlock will occur whenever all of the directors appointed by Tarquin Resources or shareholders or directors appointed by Investika or shareholders vote against or abstain from voting in relation to a resolution. The Chilean Shareholders' Agreement sets out a procedure for resolving a deadlock. However, if a deadlock cannot be resolved, then either party may serve deadlock notice. The recipient of such a notice may choose (by way of counter notice) to either purchase all of the other party's shares in Tommy SA or to sell all of its shares in Tommy SA to the party.

As a general matter, if there is any conflict between Tommy SA's articles of association and the Chilean Shareholders' Agreement, the latter is to prevail.

A party may transfer their shares. However, it is required to firstly provide details of the proposed transfer by way of notice to the remaining party who has 28 days to give notice that it wishes to buy the shares. If the remaining party does not give such notice, then the other party may transfer all its shares to the buyer identified in the transfer notice within three months.

In some defined circumstances, the parties are obliged to transfer their shares; such as where a party goes into liquidation, a court appoints an administrator or a third party takes steps to appoint a receiver/manager, the party becomes insolvent or enters an arrangement with creditors or commits a material or persistent breach of the contract. When a party becomes aware of any of these circumstances it must give notice to the other party, who has the right within 60 days to offer to buy their shares for fair value, to be independently assessed.

The Chilean Shareholders' Agreement specifies the manner of completion for a transfer of shares either by way of deadlock notice, general transfer or as the result of an obligatory event. The agreed process includes resignations of directors and warranties in relation to title and rights to the share capital.

### ***Accounting and Financial Matters***

There will be an annual business plan for Tommy SA which will include cash flow statement, profit and loss account, operating budget and balance forecast, management report and financial report. The business plan is to be prepared within 45 days of the end of financial year (31 December).

Tommy SA is to maintain accurate and up to date accounting and financial records and shall supply Tarquin Resources and Investika with each year's business plan, audited accounts and monthly management accounts.

### ***Confidentiality***

Confidential information includes information regarding Tommy SA, other parties or the contents of the Chilean Shareholder Agreement itself, unless it is public knowledge known to a party prior to the Agreement or the parties otherwise agree.

A party may disclose confidential information to its subsidiaries, with the written consent of Tommy SA or the party the information relates to, as required by law or the rules of an approved stock exchange or other regulatory body to tax authority, or if it is already in the public domain.

## 16.6 Belitung Project Agreement

### General

Investika entered into an agreement with Dr IR Ariono Abdulkadir (“Ariono”), PT Menara Cipta Mulia (“PT Menara”), PT Gunung Ki-Kara Mining (“PT GKM”), PT Andriant Trading and Engineering (“Andriant”), ACA Howe (“Howe”) and Belitung Limited (“Belitung”) on 17 October 2005 (for these purposes, the “Project Agreement”). The governing law of the Project Agreement is the law of Indonesia. The Project Agreement relates to an area on Belitung Island in Indonesia, covered by a Government contract of work (the “Project Area”). The Project Agreement is structured into a step by step process, with the potential to ultimately govern the mining of the Project Area.

Investika’s rights under the Project Agreement are protected by an exclusivity clause which provides that the parties must not offer, or enter negotiations in relation to the grant of, an interest in the project or the Project Area to any person other than Investika.

Pursuant to the Project Agreement, Investika must incorporate a wholly-owned Singaporean company (for these purposes “Newco”) and thereafter procure it to sign and exchange a Project Expenditure Loan Agreement (“the Expenditure Agreement”) with PT Menara. Investika must also procure Newco to become a party to the Project Agreement. The Expenditure Agreement has been entered into by Investika. It is intended that Investika will assign the Expenditure Agreement to Newco. Under the Expenditure Agreement, Investika must advance to PT Menara monies to fund (a) the relinquishment of the Kelapa Kampit contract of work; (b) applications for a *kuasa pertambangan*, being a mining right, (a “KP”) for the Project Area and other KPs; (c) stage one activities (see below); (d) a feasibility study; and (e) such other expenses incurred by PT Menara in relation to the project as Investika approves. On commencement of commercial production, PT Menara must assign to a PMA Service Company or Contract of Work Company (as defined below) the obligation to repay the advances made to it by Investika. The Project Agreement also contains restrictions on Investika disposing of Newco or allowing Newco to acquire assets exceeding US\$50,000 save for shares in PMA Services Company and/or Contract of Work Company or allowing Newco to dispose of or charge any of its assets.

PT GKM is obliged to apply to the Indonesian Government to relinquish the Kelapa Kampit contract of work (the “KK Contract of Work”), conditionally on the grant to PT Menara of the Project Area KP.

PT Menara shall apply for a KP for the Project Area at the same time as PT GKM applies to relinquish the existing KK Contract of Work. Within 30 days from date of the Project Agreement, PT GKM must transfer land and assets in and around the Belitung mine to PT Menara for nil consideration.

### **Initial Consideration**

Initially Investika:

- (a) released Belitung from the US\$50,000 loan which had previously been advanced by Investika to Belitung; and
- (b) paid certain vendors US\$31,000 in aggregate.

Stages of development of the Project Area:

#### (a) **Stage 1 Activities**

On obtaining the Project Area KP, PT Menara must carry out and complete a drilling program and test works, which are known as the Stage 1 activities through contractors approved by Investika.

#### (b) **Feasibility Study**

After the Stage 1 activities have been completed to Investika's satisfaction and provided Investika has not withdrawn from the project, PT Menara will carry out and complete a feasibility study, and submit a report to Investika.

(c) ***Mine Development***

If Investika is satisfied with the study, Newco can then direct PT Menara to make a decision to mine. If PT Menara makes a decision to mine it will notify Investika, Howe and Belitung of that decision. Once the decision to mine has been made, PT Menara agrees to apply for permits to allow exploitation of the Project Area, processing and refining of minerals and the transportation and sale of minerals recovered.

Investika agreed that following a decision to mine being made, it will pay Belitung A\$1,000,000 (described in further detail below).

(d) ***PMA Company***

Once the Project Agreement has progressed to this stage, Investika will arrange for Newco to incorporate a services company in Indonesia ("the PMA Company") for the purpose of providing mining and related services to PT Menara for the project. The PMA Company will be wholly-owned by Newco except for one share to comply with Indonesian law requirements and directors and commissioners will be appointed by Investika.

(e) ***Production Sharing Agreement***

Following incorporation of the PMA Company, the PMA Company will enter into a production sharing agreement with PT Menara, whereby PMA Company will provide all the services required to construct and operate a mine within the Project Area, and for the transportation and sale of minerals recovered from the mine. The term of the agreement is for as long as the PT Menara has the right to mine the Project Area. Remuneration will be either 100 per cent. of the gross sale proceeds from the sale of minerals or 100 per cent. of minerals recovered (in the PMA Company's discretion). The agreement is to be governed by Indonesian law.

***Project Area Contract of Work***

Investika may at any time require Newco and PT Menara to apply for a contract of work relating to the Project Area to be entered into between the Indonesian Government and ***a new separate Indonesian company*** ("Contract of Work Company"). Once such notice has been given the parties acknowledge that Investika intends the project to be carried out by the Contract of Work Company and not through any arrangements with PT Menara. The Contract of Work Company would be owned as to 90 per cent. by Newco and 10 per cent. by PT Menara. In such event, (i) application will be made for the KPs to be converted into the Project Area contract of work, (ii) application will be made for additional licences/permits required for the contract of work company to mine and sell the minerals, (iii) the various PT Menara shareholder funding structures put in place (other than any outstanding loans thereunder) shall be terminated, (iv) the production sharing agreement between the PMA company and PT Menara shall be terminated, (v) the Contract of Work Company shall assume the obligation to repay all monies outstanding under the Expenditure Agreement and (vi) PT Menara shall transfer title to the project assets to the Contract of Work Company for nil consideration. Any obligation to make any net profit payments to PT Menara shall thereafter cease.

***Net Profit Payments***

After commencement of commercial production, a payment based on the net profits of the PMA Company will be payable by the PMA Company to PT Menara at a rate of 10 per cent.. These net profit payments will be calculated on a quarterly basis.

***Withdrawal, Default and Termination***

Investika may withdraw from the project at any time after the Stage 1 activities have been completed but before a decision to mine has been made with 30 days written notice. If Investika chooses to withdraw from the project, it will arrange for the transfer of all its shares in Newco to Belitung for nominal consideration and will discharge the accrued liabilities of Newco. Any party may be served with a defaulting notice if the party defaults on any of its obligations under the Project Agreement.

### ***Representations and Warranties***

Each of the parties to the Project Agreement made certain representations and warranties in relation to various stages of the project.

Specifically, each party undertook that, in the event that Investika decides to incorporate a Contract Work Company, they will do all things reasonably necessary to procure the grant of a Project Area contract of work permit. In addition to this, some of the parties gave specific warranties in favour of Investika.

Ariono undertook to Investika that he would not, and will ensure that other shareholders in PT Menara will not, without Investika's prior written consent:

- (a) dispose of or encumber any shares in PT Menara except for up to 10 per cent to an Ariano associate ;
- (b) permit PT Menara to issue any shares to persons other than himself and the PT Menara minority shareholders except for up to 10 per cent to an Ariano associate ;
- (c) permit PT Menara to acquire any assets having a value of US\$50,000 or more;
- (d) permit PT Menara to dispose of or encumber any assets in particular any interests in the Project Area; or
- (e) permit PT Menara to engage in any business other than that contemplated by the Project Agreement.

Howe, Belitung and other Indonesian parties have given certain representations and warranties to Investika in relation to the project in respect of (a) title to the assets transferred, (b) environmental liabilities and (c) past mining activities.

### ***Funding of the Project***

The initial capitalisation of PT Menara was arranged by Investika advancing to Ariono and the other shareholder in PT Menara, amounts to be applied by them in capitalising and subscribing for shares in PT Menara. Investika entered into various agreements with Ariono, the other minority shareholder and PT Menara on 20 February 2006 and 20 March 2006. These agreements include loan facility agreements, pledge of shares agreements, option agreements, ***assignment of dividends***, powers of attorney to exercise rights and sell shares and the Expenditure Agreement. They will be assigned to Newco

Thereafter, amounts will be advanced by Newco under the Expenditure Agreement (if the advances are made to PT Menara). On commencement of commercial production, the obligations of PT Menara under the Expenditure Agreement will be assumed by the PMA company or the Contract of Work Company (as the case requires). The parties intend that to the extent third party financing is available, the mine construction costs, the processing facilities and commissioning costs will be project financed on a non-recourse basis, but if such third party financing is insufficient to fund the project, Investika shall provide the balance by way of loan on behalf of Newco, Ariono and the other minority shareholders in proportion to their respective interests in the project. If the mine and process facilities are owned/operated by the Contract of Work Company, the equity and loan contributions required will be made by its shareholders in proportion to their percentage interests in that company. If Investika decides to proceed with the development of the mine, then upon serving a development notice, it shall pay A\$1,000,000 to Belitung or issue to it of such number of fully paid ordinary shares in Investika which is equal in value to A\$1,000,000 (at Investika's sole discretion). The

number of shares to be issued shall be determined by dividing A\$1m by the average closing price of Investika's shares on the ASX for the 10 trading days expiring on the effective date of the development notice.

#### **16.7 Agreement with the Regency of Belitung**

Pursuant to a letter dated 24 May 2006, Investika agreed with the Regency of Belitung (the "Regency"), the local administrative unit, that the Regency will be distributed a five per cent. share of the net after tax profits of the PMA Company.

#### **16.8 Assumption of Investika's Obligations under the Project Agreement**

The Project Agreement allows Investika to nominate another company to take over its rights and obligations. As such, Investika agreed in January 2006 with Belitung Zinc Corporation plc ("BZC") that BZC would take over all of Investika's rights and obligations under the Project Agreement.

#### **16.9 Belitung Project Expenditure Facility Agreement**

A project expenditure facility agreement, dated 20 February 2006, was made between Investika and PT Menara. The Expenditure Agreement sets out the terms upon which Investika, through Newco, agrees to fund PT Menara (the "Expenditure Agreement"). Investika intends to assign the Expenditure Agreement to Newco.

Under the Expenditure Agreement, Investika may, in its discretion, make advances to PT Menara of up to US\$5,000,000. Advances are only to be used towards expenses connected with PT Menara's rights and obligations under the Project Agreement.

PT Menara is not entitled to request a drawdown until it has, if requested by Investika, provided to Investika a security interest over some or all of PT Menara's rights or assets, in favour of Investika.

Interest will only become payable after the start of commercial production. Interest will be charged at an annual rate of LIBOR plus 3 per cent.. The Expenditure Agreement continues until Investika's obligations to make advances cease and all repayments have been made by PT Menara.

Investika may demand repayment of all or part of the advances it has made to PT Menara (including interest). Investika is entitled to priority in respect of any other of PT Menara's third party debts.

PT Menara gave certain representations and warranties regarding its capacity to enter into the Expenditure Agreement. PT Menara also represented and warranted that it was solvent, there was no pending litigation against it, and no default events. These warranties are to be repeated with every drawdown.

PT Menara undertook to maintain its corporate existence, comply with tax laws, give notice to Investika of certain situations, maintain its insurance, obtain relevant government approvals and to uphold its mining permits.

A failure by PT Menara to pay an amount due on time, fulfil its obligations either under the Expenditure Agreement or the Project Agreement, remain solvent, maintain its mining permits or government authorisations, will mean that PT Menara is in default of the Expenditure Agreement. If PT Menara defaults, Investika may declare that the advances are terminated and amounts owing due and payable.

#### **16.10 Nominated Adviser Agreement**

The Company entered into an agreement with WH Ireland on 1 June 2006 pursuant to which the Company retained WH Ireland as its exclusive financial adviser in the UK to provide financial advisory services in connection with the Admission and upon Admission to act as the

Company's nominated adviser. The Company has agreed to pay WH Ireland the following fees:-

- (a) £100,000 which will be due and payable upon Admission;
- (b) a retainer of £20,000 per annum for the performance of the role of financial adviser until the date of Admission;
- (c) an advisory fee of £20,000 per annum for the performance of the role of nominated adviser as from the date of Admission.

In addition to the above, the Company has agreed to issue to WH Ireland a right to subscribe at any time during the three years following the date of Admission to the value of one per cent. of the fully diluted ordinary share capital of the Company immediately following Admission at the same price per share as the closing price per share on ASX on the business day of Admission. WH Ireland's appointment as nominated adviser to the Company commences on Admission and will be for a minimum period of twelve months and thereafter may be terminated by either party giving to the other not less than 90 day's prior written notice.

The engagement letter contains indemnities from the Company in respect of certain services provided by WH Ireland.

#### **16.11 Broker Agreement**

The Company entered into an agreement with WH Ireland on 1 June 2006 pursuant to which the Company retained WH Ireland to upon Admission act as the Company's broker. The Company has agreed to pay WH Ireland a retainer of £20,000.

WH Ireland's appointment as broker to the Company commences on Admission and will be for a minimum period of twelve months and thereafter may be terminated by either party giving to the other not less than 90 day's prior written notice.

The engagement letter contains indemnities from the Company in respect of certain services provided by WH Ireland.

#### **16.12 WH Ireland Warrant Instrument**

The Company has issued to WH Ireland a right to subscribe for 136,547 Ordinary Shares in the Company, equal to one per cent. of the fully diluted share capital of the Company, in the form of the Warrants. The Warrants are exercisable at the price per Ordinary Share on Admission pursuant to and on the terms of the WH Ireland Warrant Instrument. The Warrants can be exercised for a period of three years from the date of Admission. The instrument provides that in the event of any issue of Ordinary Shares by the Company to its Shareholders by way of capitalisation of reserves or profits or any sub-division or consolidation or reduction of Ordinary Shares, the number of Ordinary Shares and the exercise price shall be adjusted in accordance with the ASX Listing Rules and in the absence of such rules to such extent as the auditors of the Company then certify in writing to the Company and the warrant holder to be fair and reasonable in their opinion. The Company is required to give the warrant holder sufficient notice of a rights or other pre-emptive issue by the Company to enable the warrant holder to participate in such rights issue. The Company is further required to give the warrant holder advance notice of its intention to effect such matters in accordance with the ASX Listing Rules. If an order is made or a resolution is passed for the winding-up of the Company (and there is a surplus available for distribution among the Shareholders), the warrant holder shall be treated as if immediately before the date of such order or resolution, the Warrants have been exercised in full. The Warrants are assignable, except that WH Ireland may not assign to more than five persons.

#### **16.13 Admission Agreement**

An Admission Agreement dated 21 July 2006 between the Company (1) the Directors (2) and WH Ireland (3) pursuant to which WH Ireland were formally appointed as nominated adviser and broker to the Company on the terms of the engagement letters described in paragraphs

16.10 and 16.11 above. WH Ireland conditionally agrees to provide all reasonable assistance to the Company to obtain Admission to AIM. The Company and Directors give certain warranties and indemnities relating to, amongst other things, the provision of documents to WH Ireland, as to the accuracy of the information given in the Announcement and other matters in relation to the Company and its business. WH Ireland may terminate the agreement in certain circumstances, including in the event that any of the conditions contained in the agreement are not satisfied or a warranty contained in the agreement is breached.

## 17 SETTLEMENT AND CREST

The Ordinary Shares are in book entry form. The Ordinary Shares are listed, and will continue to be listed, on ASX. Application has been made to the London Stock Exchange for all of the Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and dealings will commence in the Ordinary Shares on **22 August 2006**.

### UK Registered Shareholders and CREST

CREST is a computerised paperless share transfer and settlement system which allows shares and other securities, including depository interests, to be held in electronic rather than paper form.

Securities issued by non-UK registered companies, such as the Company, cannot be held or transferred in the CREST system. However, to enable investors to settle such securities through the CREST system, a depository or custodian can hold the relevant securities and issue dematerialised depository interests (“DIs”) representing the underlying securities which are held on trust for the holders of the DIs.

With effect from Admission, it will be possible for CREST members to hold and transfer interests in Ordinary Shares within CREST pursuant to a depository interest arrangement established by the Company. The Ordinary Shares will not themselves be admitted to CREST. Instead Capita Registrars, the UK Registrar, acting as depository, will issue DIs in respect of the Ordinary Shares. The DIs will be independent securities constituted under English law which may be held and transferred through the CREST system. DIs will have the same international security identification number (“ISIN”) as the underlying Ordinary Shares, namely AU0000001VK1.

The DIs will be created and issued pursuant to a deed poll entered into by the UK Registrar, which will govern the relationship between Capita Registrars, as depository, and the holders of the DIs.

CREST is a voluntary system and Shareholders who wish to retain certificates will be able to do so.

### Australian registered Shareholders and CHESS

Settlement on the Australian register will continue to be conducted under ASX’s electronic CHESS system.

## AUSTRALIAN TAKEOVER LAW

It is emphasised that, although the Ordinary Shares will trade on AIM, the Company will not be subject to takeover regulation in the UK.

The Company is incorporated in Australia, has its registered office and principal of business in Australia and is resident in Australia. Transactions in the Ordinary Shares are governed by the Corporations Act, the Constitution and the ASX Listing Rules and regulated by ASIC, ASX and the Takeovers Panel (established under Part 10 of the Australian Securities and Investments Commission Act, 2001 of the Commonwealth of Australia).

The Corporations Act forbids the acquisition of a “relevant interest” (basically, the power to vote or dispose of the share) in voting shares in a company incorporated in Australia if as a result, the “voting power” of the acquirer (or any other person) would increase from 20 per

cent. or below to more than 20 per cent. Similarly, the acquisition is forbidden if any person who already has more than 20 per cent., but less than 90 per cent. of the voting power gains increased voting power in the target company.

There are several exceptions which allow acquisitions which would otherwise be prohibited from taking place. These exceptions include acquisitions:

- under a formal takeover offer in which all Shareholders can participate;
- with the approval of the Shareholders given at a general meeting of the Company; and
- in three per cent. increments every six months (provided that the acquirer has had voting power of at least 19 per cent. in the target company for at least six months).

In relation to a takeover bid, the Corporations Act allows an offeror to compulsorily acquire the remaining shares of the target company following a bid if the bid results in the offeror and its associates having a relevant interest in:

- (a) 90per cent. of the shares in the bid class; and
- (b) 75per cent. of the shares offered to be acquired under the takeover.

There is also a general compulsory acquisition power under the Corporations Act where a person holds 90per cent.: of (i) the voting power in the issuer, (ii) the full beneficial interests in the securities of a particular class or (iii) the value of all the securities in the issuer (either alone or with a related body corporate). To compulsorily acquire securities under this power a person must prepare a prescribed notice that sets out details of the compulsory acquisition procedure and any other material information.

## 18 TAXATION

### 18.1 Scope and Disclaimer

- 18.1.1 This section outlines the general Australian and UK income tax considerations for Australian resident and non-Australian resident individual and corporate shareholders relating to the payment of dividends by the Company on Ordinary Shares, and on future sales by these Shareholders of their Ordinary Shares in the Company.
- 18.1.2 The following comments are based on the existing Australian and UK income tax law applicable at the time this document was prepared. It does not take into account or anticipate changes in income tax law (by legislation or judicial decision) after this time. The comments are general in nature, and do not take into account the financial or taxation circumstances of any Shareholder. The comments do not provide an exhaustive examination of all the income tax considerations that may be relevant to a Shareholder.
- 18.1.3 This summary is relevant for Shareholders who hold their interests in capital account. The income tax consequences for Shareholders may differ where Shareholders hold their interests on revenue account, as trading stock or as part of a profit-making undertaking or scheme, or where the Shareholders are insurance companies, life companies or financial institutions.
- 18.1.4 The following comments are prepared on the basis that the Company does not operate from a permanent establishment in the UK; is not managed and controlled in the UK; does not presently trade from within the UK; is not presently liable to UK Corporation Tax; and is not required to be registered for UK Value Added Tax.
- 18.1.5 The Company recommends that all persons obtain specific taxation advice from a suitably qualified taxation adviser that takes into account their specific circumstances before acquiring, owning or selling Ordinary Shares in the Company.

18.1.6 References to Ordinary Shares in this section 19 should be read to include references to DIs.

## 19 AUSTRALIAN TAXATION

### 19.1 Taxation of a future sale of Ordinary Shares

#### *Australian Resident Shareholders*

An Australian tax resident Shareholder who sells their Ordinary Shares in the future may be subject to Australian tax.

A capital gains tax ("CGT") event will happen on a sale by the Australian resident Shareholder of their Ordinary Shares (unless the Shareholder holds the Ordinary Shares as trading stock). Generally, the Australian resident Shareholder will derive a capital gain if the consideration for the sale of the Ordinary Shares is greater than the cost base of their Ordinary Shares. The Australian resident Shareholder will incur a capital loss if the consideration for the sale of the Ordinary Shares is less than the reduced cost base of their Ordinary Shares.

If the Australian resident Shareholder derives a capital gain on the sale of their Ordinary Shares, then it may be possible for the Shareholder to offset the capital gain with any net capital losses brought forward from prior years, and also any capital losses arising from other CGT events that happen in the same income year.

Australian resident Shareholders that are individual, trustees or complying superannuation funds may be entitled to reduce any net capital gain arising on a sale of Ordinary Shares (after first offsetting all available capital losses) if the Shareholder has held the Ordinary Shares for at least 12 months before the time of the CGT event relating to the sale of the Ordinary Shares. Where the reduction applies, individuals will be liable to CGT on only 50 per cent. of any capital gain, and complying superannuation funds will be subject to CGT on only two thirds of any capital gain. Corporate Shareholders are not entitled to any reduction.

For trustees, where no beneficiaries are presently entitled to the net income of a trust that is a Shareholder, the trustee will be assessable on the net income of the trust, which will include the full amount of any capital gain in respect of the disposal of the Ordinary Shares. Where beneficiaries are presently entitled, the net capital gain for the trust is determined with the benefit of the 50 per cent. CGT discount where the Ordinary Shares have been held for at least 12 months. Upon distribution by the trustee, the net capital gain would be grossed up to 100 per cent. in the hands of beneficiaries. Beneficiaries that are individuals or complying superannuation funds should then be entitled to the 50 per cent. CGT discount for individuals and the one third CGT discount for complying superannuation funds in respect of the disposal of the Ordinary Shares by the trust.

#### *Non-Australian Resident Shareholders*

A non-Australian resident Shareholder should not be liable for CGT on disposal of the Ordinary Shares where the Shareholder together with associates beneficially holds less than 10 per cent. by value of the shares in the Company at all times during the 5 years prior to disposal.

If a non-Australian resident Shareholder together with associates beneficially owned at least 10 per cent. by value of the shares in the Company at any time during the 5 years prior to disposal, then the CGT consequences of disposal of the Ordinary Shares for the non-Australian resident Shareholder will be the same as outlines above for an Australian resident Shareholder. It should be noted that the Australian taxation consequences from the disposal of the Ordinary Shares by a non-Australian resident Shareholder may be affected by any double tax agreement ("DTA") between Australia and the country of residence.

In the May 2005 Federal Budget, the Government announced that it intended to narrow the application of CGT to non-Australian residents, by targeting the application of CGT to non-Australian residents' real property, and the business assets of Australian branches of a non-resident, rather than the current wide range of assets. These measures are contained in *Tax*

*Laws Amendment (2006 Measures No. 4) Bill 2006* which was introduced into Parliament on 22 June 2006.

The measures are proposed to have effect on or after the date of Royal Assent. Broadly, the Bill proposes that:

- non-Australian resident Shareholders who together with associates hold less than 10 per cent. by value of the shares in the Company should continue to not be subject to Australian CGT in respect of the disposal of these shares; and
- non-Australian resident Shareholders who together with associates hold at least 10 per cent. by value of the shares (“non-portfolio interest”) in the Company (whether directly or through interposed entities, including foreign interposed entities) may only be subject to Australian CGT in respect of these shares where more than half of the Company’s assets are attributable to underlying Australian real property (“principal asset test”). . This would be a question of fact to be determined at the time of a disposal.

The non-portfolio interest test is satisfied if the interest passes the test either:

- at the time of the CGT event (generally the time of disposal); or
- throughout a 12 month period that began no later than 24 months before that time and ended no later than that time.

In undertaking the principal asset test, it is necessary to disregard the market value of any asset that is acquired for a purpose that included ensuring that the principle asset test is not passed.

## 19.2 **Taxation of dividends paid on Ordinary Shares**

### *Australian resident Shareholders*

Australian tax resident Shareholders will be required to include in their assessable income dividends paid to them by the Company.

It will be possible for the Company to ‘frank’ dividends that it pays to its Shareholders. Broadly, the Company will be able to frank the dividends that it pays if it pays Australian tax on its profits, or it receives dividends from other companies that are franked.

Unless individual Shareholders otherwise qualify for the de-minimus exception, in order for Australian resident Shareholders to be eligible for any franking credit benefits attaching to dividends, they may be required to hold the Ordinary Shares at risk for at least 45 days.

Broadly, if an Australian resident individual or complying superannuation fund Shareholder receives a franked dividend from the Company, then the Shareholder will be required to include the ‘franking credit’ relating to the franked dividend in their assessable income. The Australian resident individual or complying superannuation fund Shareholder will be entitled to a tax offset equal to the franking credit in their income tax assessment for the relevant year. Individuals and complying superannuation funds may be entitled to a refund for any franking credits in excess of their total tax liability.

There are special ‘flow through’ rules that may allow franking credits to flow through trusts and partnerships to beneficiaries and partners respectfully.

Australian resident corporate shareholders that receive franked dividends from the Company will be assessable on these dividends in a similar fashion to Australian resident individual Shareholders. However, Australian resident corporate Shareholders are generally not entitled to a refund of tax if the tax offset relating to franked dividends received exceeds the tax payable by the corporate Shareholder in the relevant year.

Australian resident corporate Shareholders may also receive a credit to their franking accounts to reflect franked dividends received from the Company.

#### *Non-Australian resident Shareholders*

Unfranked dividends paid to non-Australian resident Shareholders will generally only be subject to Australian dividend withholding tax at the rate of 15 per cent. where a DTA is in force between Australia and the non-Australian resident Shareholder's country of residence. An unfranked dividend represents a dividend paid to Shareholder out of available profits on which no Australian tax has been paid.

Under the DTA between Australia and the UK, unfranked dividends to UK resident Shareholders may be subject to dividend withholding tax at the rate of 5 per cent. where the UK resident Shareholder is a company and directly holds at least 10 per cent. of the voting power in the company paying the dividend.

Where a DTA is not in force, withholding tax at the rate of 30 per cent. will generally apply to unfranked distributions.

Franked distributions to non-Australian residents will not be subject to dividend withholding tax.

Unfranked dividends paid to tax exempt foreign superannuation funds may not be subject to Australian withholding tax.

The Company will be required to deduct and remit any withholding tax in respect of a dividend paid to a non-Australian resident Shareholder.

Legislation was introduced into the Australian Parliament on 14 September 2005 and received Royal Assent on 14 December 2005 containing amendments to the taxation of certain foreign source income that is paid as dividends by Australian resident companies to their non-Australian resident Shareholders. The effect of these amendments was to broaden the categories of foreign source income that may be paid as dividends by the Company to its non-Australian resident Shareholders free from Australian dividend withholding tax. These amendments apply to conduit foreign income arising to the Company on or after 1 July 2005 and distributions by the Company which are declared to be conduit foreign income on or after 14 December 2005.

### **19.3 UK taxation**

#### **19.3.1 Chargeable Gains**

##### *UK Resident Shareholders*

A disposal of Ordinary Shares by a Shareholder who is at any time in the relevant UK tax year resident or ordinarily resident in the UK may, subject to the application of relevant reliefs and exemptions, give rise to a chargeable gain or allowable loss for the purpose of UK taxation or chargeable gains.

Special rules may apply to individual Shareholders who are resident or ordinarily resident but not domiciled in the UK, depending on where the Company's share register is situated. These rules will only apply if that share register is situated outside the UK. Their effect is to defer the date on which such a Shareholder will recognise, for the purposes of UK taxation of chargeable gains, any chargeable gain accruing to such a Shareholder on the disposal of Ordinary Shares, until the proceeds of such a disposal are, or are deemed to be, remitted to the UK. There is no guarantee that the Company's share register will remain outside the UK.

##### *Non-UK Resident Shareholders*

A Shareholder who is not resident and not ordinarily resident in the UK for tax purposes should not be subject to UK taxation in respect of any gain arising on a

disposal of Ordinary Shares, unless the Shareholder carries on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a corporate Shareholder, a permanent establishment) and has used, held or acquired the Ordinary Shares for the purposes of such trade, profession or vocation.

Special rules may apply to tax gains arising on a disposal of Ordinary Shares made by individual Shareholders at a time when they are temporarily neither resident nor ordinarily resident on the UK.

### 19.3.2 **Dividends**

#### *UK Resident or Ordinary Resident Individual Shareholder*

The Company will not be required to withhold UK tax from dividends paid on the Ordinary Shares. Any individual holder of Ordinary Shares who is resident or ordinarily resident and domiciled in the UK or who carries on a trade, profession or vocation in the UK and to which the Ordinary Shares are attributable, will generally be subject to UK income tax on dividends paid on Ordinary Shares held by that Shareholder. As such dividends will be foreign income for the purposes of UK income tax, they will be subject to a different income tax regime from that which applies to dividends received from UK companies; in particular, the 1/9<sup>th</sup> tax credit which attaches to dividends paid by UK resident companies does not apply to dividends paid by non-UK resident companies, such as the Company.

If dividends have been subject to Australian dividend, withholding tax ("WHT") the amount of the dividends received plus the WHT (the gross dividend) will be included in the taxable income of the UK resident or ordinarily resident Shareholder. The Shareholder should be entitled to a credit for the WHT. The credit will be limited to the lesser of the WHT or the UK tax payable on the gross dividend. If the WHT exceeds the UK tax payable on the gross dividend, then the excess is neither creditable nor repayable.

UK resident or ordinarily resident Shareholders who are not domiciled in the UK may only be subject to UK income tax on dividends paid by the Company when the dividend is, or is deemed to be, remitted to the UK, provided that the Company's share register is situated outside the UK (e.g. in Australia). There is no guarantee that the Company's share register will remain outside the UK.

#### *UK Resident Corporate Shareholder*

A UK resident corporate Shareholder will be subject to a UK corporation tax in respect of dividends paid by the Company. If the dividend has been subject to WHT, such a Shareholder will be subject to UK corporation tax on the gross dividend, but will generally be entitled to a tax credit for so much of the WHT as does not exceed the UK corporation tax payable on the gross dividend (i.e. as described above in the second sub-paragraph of this paragraph 19.3.2).

A UK resident corporate Shareholder holding at least 10 per cent. of the Company's profits out of which a dividend is paid may get a credit for the tax which the Company paid in Australia on its profits out of which the dividend is paid.

### 19.3.3 **UK Inheritance tax**

If any individual Shareholder is, or is deemed, domiciled in the UK for inheritance tax purposes, inheritance tax may be payable in respect of the value of Ordinary Shares held on the death of the Shareholder, and in respect of the reduction in the value of such a Shareholder's estate resulting from certain transactions (e.g. gifts) involving the Ordinary Shares which occur before the death of that Shareholder.

No inheritance tax should be payable in respect of Ordinary Shares held by an individual Shareholder who is neither domiciled, nor deemed to be domiciled, in the UK for inheritance tax purposes, provided such shares are not situated in the UK

for the purposes of UK inheritance tax. The Ordinary Shares would be regarded as situated in the UK for these purposes if they are registered on a UK register. There is no guarantee that a register of members of the Company will never be kept in the UK.

#### 19.3.4 **UK Stamp Duty and Stamp Duty Reserve Tax**

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

There is generally no liability to UK stamp duty or stamp duty reserve tax on the issue of Ordinary Shares by the Company.

Any transfer of Ordinary Shares will generally not be subject to UK stamp duty or stamp duty reserve tax provided the Ordinary Shares continue to be registered only on a register which is kept in Australia. There is no guarantee that a register of members of the Company will never be kept in the UK.

UK stamp duty may arise on a transfer of Ordinary Shares, *if* the transfer is executed in the UK, or relates to any matter or thing done, or to be done, in the UK. Such UK stamp duty will be payable at rate of 0.5 per cent., rounded up to the nearest £5.

With effect from Admission, it will be possible for CREST members to hold and transfer interests in Ordinary Shares within CREST pursuant to a depository interest arrangement established by the Company. The Ordinary Shares will not themselves be admitted to CREST. Instead Capita Registrars, the UK Registrar, acting as depository, will issue DIs in respect of the Ordinary Shares. The DIs will be independent securities constituted under English law which may be held and transferred through the CREST system. No UK stamp duty, or stamp duty reserve tax, should be payable in respect of any dealings in the DIs, provided the Ordinary Shares are not registered on a register which is kept in the UK, and the Ordinary Shares continue to be listed on a recognised stock exchange, such as ASX so long as such DIs are only capable of settlement in CREST. There is no guarantee that a register of members of the Company will never be kept in the UK, or that the Ordinary Shares will continue to be listed on ASX or any other recognised stock exchange.

## 20 **LITIGATION**

There are no litigation proceedings recorded against the Company for the previous five years in the High Court of Australia, the Federal Court of Australia or the Supreme Court of New South Wales. Neither have there been any governmental, legal or arbitration proceedings which may have or have had significant effects on the Company's financial position or profitability recorded against the Company for the previous 12 months nor is the Company aware that any such actions are pending or threatened.

## 21 **GENERAL**

21.1 There are no persons (excluding professional advisers otherwise disclosed in this Announcement or in the Public Record and trade suppliers) who have received, directly or indirectly, from the Company within the twelve months preceding the date of this Announcement nor have they entered into contractual arrangements (not otherwise disclosed in this Announcement) to receive, directly or indirectly from the Company on or after Admission, fees or Ordinary Shares in the Company or any other benefit with a value of £10,000 or more at the time of Admission, except for commission paid to Logica (Overseas) Ltd of A\$92,747.50 arising on the placing of A\$1,854,950 to funds managed by RAB Capital Plc.

21.2 The expenses of the Admission are estimated to amount to approximately £270,000 (excluding VAT).

- 21.3 Other than as disclosed in this Announcement or as otherwise disclosed in the Public Record, the Directors are not aware of any significant factors, including unusual or infrequent events or new developments, which have or will have a material affect on the Company's income from operations.
- 21.4 Other than as disclosed in this Appendix or as otherwise disclosed in the Public Record, the Directors are not aware of any governmental, economic, fiscal, monetary or political policies or factors that have materially or could materially affect, directly or indirectly, the Company's investments.
- 21.5 Other than as disclosed in this Appendix or as otherwise disclosed in the Public Record, there has been no significant change in the financial or trading position of the Company since 31 December 2005, being the date to which the last audited financial statements of the Company were prepared.
- 21.6 The accounting reference date of the Company is 31 December.
- 21.7 The Ordinary Shares are currently listed, and will continue to be listed, on ASX, a recognised investment exchange but, other than the Company's application for the Ordinary Shares to be admitted to trading on AIM, no application for admission to any other recognised investment exchange has been made.
- 21.8 The Group is not dependent on patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Company's business.
- 21.9 WH Ireland has given and not withdrawn its consent to the inclusion in this Announcement of references to its name in the form and context in which it appears.

## **SCHEDULE**

### **RISK FACTORS**

The Directors believe that the following risk factors should be considered.

If any of the circumstances identified in the risk factors were to materialise, the Company's business, financial condition and results of operation could be materially and adversely affected. It should be noted that this list is not exhaustive and that certain other risk factors may apply.

An investment in the Company may not be suitable for all recipients of this document. Investors are accordingly advised to consult an independent financial adviser duly authorised under the Financial Services and Markets Act 2000 and who specialises in advising upon the acquisition of shares and other securities before making a decision to invest.

#### **The Company**

Investika is an investment company evaluating and making investments in the natural resources sector. The exploration and development of natural resources is speculative and involves a high degree of risk for a prolonged period of time. Few properties that are explored are ultimately developed into producing mines.

The mineral deposits to be assessed by the Company may not be commercially viable. This depends on a number of factors such as the size and grade of the deposit, commodity prices, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting and environmental protection. The effect of these factors cannot be accurately predicted. Substantial expenditure is also required to establish reserves and to construct mining and processing facilities. No assurance can be given that the exploration programme undertaken by any investee company will result in any commercial mining operation being brought into operation.

#### **Governmental Regulations**

The natural resources sector is often heavily regulated by national, state and local authorities. Governmental permits, approvals and licences for current or proposed operations may be required. The costs, liabilities and requirements associated with complying with these laws and regulations or to comply with the changes to these laws and regulations or the manner in which they are applied may be substantial and time consuming and may delay the commencement or continuation of exploration, mining and/ or production activities. Failure to comply with these laws or regulations or to obtain or renew the permits, approvals and licences required may have a material adverse affect on the results of the operations and financial condition of any investee company.

The entities in which the Company has in the past and may in the future invest operate in countries where there is uncertainty as to what permits are required in all circumstances. To the extent that additional permits may be required, this may delay the Company's development activities and add to the cost of such operations.

The entities in which the Company has in the past and may in the future invest may operate in countries where legislation governing the natural resources sector is not firmly established and some doubt may exist as to the validity of structures adopted by the Company in making its investments. The Company does seek appropriate legal advice prior to entering into agreements and seeks only to accept a commercially sensible level of risk, but there is always the possibility that the structure may be set aside in which case the value of the Company's investment may reduce significantly or be lost entirely.

## **Operation Risks and Hazards**

The operations of any investee company may be disrupted by a variety of risks and hazards which are beyond the control of that company. These may include geological, geotechnical and seismic factors, environmental hazards, industrial accidents, occupational and health hazards, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions, explosions and other acts of God. These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. No assurance can be given that the investee company will be able to obtain insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims. The occurrence of any of these hazards can delay activities of the investee company and may result in liability. The investee company may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining activities for which it was not responsible.

## **Dependence on Key Employees**

On Admission, the Company will have two executive Directors and three non-executive Directors. The Company's future success is substantially dependent on the continued services and performance of these personnel. Their loss or the inability to recruit personnel of the appropriate calibre, could have a significant adverse effect of the business of the Company.

## **Exchange Rate Risk**

Currency fluctuations may affect the cash flow that the Company will realise from its operations, as the Company has significant commitments in United States Dollars. Fluctuations in exchange rates between currencies may cause fluctuations in the Company's financial results which are reported in Australian Dollars.

## **Requirement for Further Funding**

The Directors have no reason to believe the working capital available to the Company and the Group will not be sufficient for the Company's present requirement, that is for at least the next 12 months from the date of Admission. However, it is likely that the Company will need to raise further funds in the future. There is no guarantee that the then prevailing market conditions will allow for such a fundraising.

## **Investment in AIM Securities**

Investment in shares traded on AIM is perceived to involve a higher degree of risk and be less liquid than investment in companies whose shares are listed on the Official List and traded on the London Stock Exchange's market for listed securities. An investment in Ordinary Shares may be difficult to realise. Prospective investors should be aware that the value of Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may therefore realise less than, or lose all of, their investment.

## **Potentially Volatile Share Price and Liquidity**

The share price of quoted companies can be highly volatile and shareholdings illiquid. The price at which the Ordinary Shares are quoted and the price at which investors may realise for their Ordinary Shares may be influenced by a significant number of factors, some specific to the Company and its operations and some which affect quoted companies generally. These factors could include the performance of the Group, large purchases or sales of Ordinary Shares, legislative changes and general, economic, political or regulatory conditions.

## **Taxation**

The attention of potential investors is drawn to paragraphs 19 of this Appendix headed "United Kingdom Taxation" and "Australian Taxation", respectively. The tax rules, including stamp duty

provisions, and their interpretation relating to an investment in the Company may change during the life of the Company.

The levels of, and reliefs from, taxation may change. The tax reliefs referred to in this Appendix are those currently available and their value depends upon the individual circumstances of investors. Any change in the Company's tax status or the tax applicable to holding Ordinary Shares or in taxation legislation or its interpretation, could affect the value of the investments held by the Company, affect the Company's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. Statements in this Appendix concerning the taxation of the Company and its investors are based upon current tax law and practice which is subject to change.

Dated: **16 August 2006**