

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities before taking any action. The whole of the text of this document should be read. Investment in the Company is speculative and involves a high degree of risk. Your attention is also drawn to the section headed "Risk Factors" on pages 12 and 13 of this document.**

This document comprises an admission document in relation to AIM drawn up in accordance with the AIM Rules and in accordance with the requirements of the Public Offers of Securities Regulations 1995 (as amended) ("POS Regulations"). A copy of this document (which comprises a prospectus) has been delivered to the Registrar of Companies in England and Wales in accordance with Regulation 4(2) of the POS Regulations.

The Directors of Thor Mining PLC, whose names appear on page 6 of this document, accept responsibility, individually and collectively, for the information contained in this document including responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

**Application will be made for the whole of the ordinary share capital of Thor Mining PLC both issued and to be issued to be admitted to trading on AIM. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. 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.**

**The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of these securities to the Official List. Neither the United Kingdom Listing Authority nor the London Stock Exchange plc has examined or approved the contents of this document. The Ordinary Shares are not dealt in on any other recognised investment exchange and no other such applications have been or are intended to be made.**

It is expected that Admission will become effective and dealings in the Ordinary Shares will commence on AIM on 29 June 2005.



*(Incorporated in England and Wales with Registered Number 05276414)*

## **Placing of 81,675,000 new Ordinary Shares at 2p per share and Admission to trading on the Alternative Investment Market**

**Nominated Adviser and Broker  
ARM Corporate Finance Limited**

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

Authorised		Issued and fully paid	
<i>Amount</i>	<i>Number</i>	<i>Amount</i>	<i>Number</i>
£10,000,000	10,000,000,000	£181,675	181,675,000
	Ordinary Shares of £0.001 each		

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ARM which is regulated by The Financial Services Authority, is acting exclusively for the Company and no one else in connection with the Admission. Accordingly ARM will not be responsible to any other person other than the Company for providing the protections afforded to its own clients nor for providing advice to any other person in connection with Admission. The responsibilities of ARM, as Nominated Adviser, are solely to the London Stock Exchange. ARM is the Company's broker for the purposes of the AIM Rules. No representation or warranty, express or implied, is made by ARM as to the contents of this document (without limiting the statutory rights of any person to whom this is issued).

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

Copies of this document will be available free of charge to the public at the Registered Office of the Company at 3rd Floor, 55 Gower Street, London WC1E 6HQ from the date of this document up to and including the date which is one month following Admission.

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## DEFINITIONS

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

“Act”	the Companies Act 1985 (as amended)
“Acquisition”	the acquisition of all the issued share capital of Sunsphere pursuant to the terms of the Sale and Purchase Agreement
“Admission”	admission of all the issued Ordinary Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
“AIM”	the AIM Market of the London Stock Exchange
“AIM Rules”	the rules of AIM as published by the London Stock Exchange
“ARM”	ARM Corporate Finance Limited, the Company’s Nominated Adviser and Broker which is regulated by The Financial Services Authority
“Articles”	the articles of association of the Company
“Board”	the directors of the Company whose names appear on page 6
“Company” or “Thor”	Thor Mining PLC
“Consideration Shares”	the 45,000,000 new Ordinary Shares issued pursuant to the Sale and Purchase Agreement at a price of 1p per Share
“CREST”	the computerised settlement system to facilitate the transfer of title in shares in uncertificated form, operated by CRESTCO Limited
“CRESTCO”	CRESTCO Limited
“Directors”	the directors of the Company
“Enlarged Group”	the Group as enlarged by the Acquisition
“Existing Shares”	100,000,000 existing issued Ordinary Shares
“Group”	the Company and its subsidiaries
“JORC”	The Joint Ore Reserve Committee – Australian Institute of Mining & Metallurgy.
“JORC Code”	Australasian code for reporting of identified mineral resources and ore reserves.
“London Stock Exchange”	London Stock Exchange plc
“Official List”	the Official List of the United Kingdom Listing Authority
“Ordinary Shares” or “Shares”	ordinary shares of £0.001 each in the capital of the Company
“Placing”	the Placing of 81,675,000 new Ordinary Shares at a price of 2p per Ordinary Share
“Placing Agreement”	the conditional agreement dated 23 June 2005 between (1) ARM (2) the Company and (3) the Directors relating to the Placing, further details of which are contained in paragraph 5.3 of Part 6 of this document
“Placing Price”	2p per Ordinary Share
“Placing Shares”	81,675,000 new Ordinary Shares issued pursuant to the terms of the Placing Agreement
“Placees”	the subscribers of Placing Shares pursuant to the Placing
“Properties”	the tenements in the Northern Territory of Australia owned by Sunsphere
“Proposals”	the Acquisition, Placing and Admission and other proposals referred to in this document

“POS Regulations”	the Public Offers of Securities Regulations 1995
“Sale and Purchase Agreement”	the agreement dated 20 May 2005 between TNG and the Company relating to the acquisition of Sunsphere as described in paragraph 5.6 of Part 6 of this document
“Shareholders”	holders of Ordinary Shares in the Company
“Sunsphere”	Sunsphere Pty Ltd, a Company registered in Western Australia with Australian Company Number 112 922 497 acquired by the Company under the Sale and Purchase Agreement, owner of the Properties
“TNG”	Tennant Creek Gold Limited, a company registered in New South Wales with Australian Company Number 000 817 023, the vendor of Sunsphere to the Company
“UK Listing Authority”	the competent authority for listing in the UK, which is part of the Financial Services Authority

All amounts shown in this document are pounds and pence sterling unless shown to the contrary. Converted at a rate of exchange between Sterling and the Australian dollar of £1: AUD2.42.

## EXPECTED TIMETABLE OF EVENTS

Publication of this document	23 June 2005
Admission and dealings expected to commence	29 June 2005
Shares credited to Crest accounts	29 June 2005
Share certificates expected to be despatched on or about	1 July 2005

## PLACING STATISTICS

Placing Price per Placing Share	2p
Number of Ordinary Shares being placed	81,675,000
Placing Shares as a percentage of the enlarged issued Ordinary Share capital of the Company	45 per cent
Number of Ordinary Shares in issue immediately following completion of the Proposals	181,675,000
Net proceeds of the Placing	£1.4 million
Market capitalisation of the Enlarged Group on the basis of full subscription at Placing Price	£3.6 million

## **DIRECTORS, SECRETARY AND ADVISERS**

<b>Directors</b>	John William Barr ( <i>Executive Chairman</i> ) Andrew Ronald McMillan Bell ( <i>Non-executive Director</i> ) Peter Mark Smyth ( <i>Non-executive Director</i> )
<b>Registered Office and Directors' business address</b>	3rd Floor 55 Gower Street London WC1E 6HQ
<b>Secretary</b>	Stephen Frank Ronaldson
<b>Nominated Adviser and Broker</b>	ARM Corporate Finance Limited 12 Pepper Street London E14 9RP
<b>Auditors and Reporting Accountants</b>	Chapman Davis LLP 2 Chapel Court London SE1 1HH
<b>Solicitors to the Company</b>	Ronaldsons Solicitors 55 Gower Street London WC1E 6HQ
<b>Solicitors to the Placing</b>	Maclay Murray & Spens 5 Old Bailey London EC4M 7JX
<b>Principal Bankers</b>	Coutts & Co 440 Strand London WC2R 0QS
<b>Registrars</b>	Computershare Limited P O Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH

# PART 1

## INFORMATION ON THE COMPANY

### **Introduction and Strategy**

Thor has been established as a mineral exploration and development company. Its wholly owned subsidiary Sunsphere, based in Perth Western Australia, has resource assets in the Northern Territory of Australia. The Board seeks to increase shareholder value by the systematic exploration of its existing resource assets as well as the acquisition of suitable exploration and development projects and producing assets.

The principal project of the Company is the Molyhil molybdenum-tungsten deposit in the Northern Territory. The Molyhil deposit has an indicated resource of 1,530,000 tonnes at 0.32% WO<sub>3</sub> and 0.19% MoS<sub>2</sub>, and an inferred resource of 500,000 tonnes at 0.25% WO<sub>3</sub> and 0.15% MoS<sub>2</sub>. The Directors believe that, based on historical experience and bulk sampling, mining should demonstrate head grades exceeding current drill-indicated grades, and that the proposed further exploration should give scope for an increase in resource estimates.

The Directors have extensive experience in both the mining and finance sectors. The Directors are experienced in the evaluation of mining assets, in raising funds on international capital markets, in evaluating acquisition and investment prospects and in the day to day management of public companies, as detailed in the paragraph "Directors" on page 10 of this document. The Directors believe that their expertise and experience will benefit the Company in the development of the Company's business.

Following a successful Placing and Admission to AIM, the Directors will undertake shaft sinking and further detailed sampling to evaluate the head grade and mineralogical characteristics of the Molyhil deposit. The results will be utilised to update the current JORC Code compliant resource and provide the final resource to complete the feasibility study. The Directors believe that a further fund raising will be required as the Molyhil deposit approaches production.

### ***Molybdenum***

World demand for molybdenum has been growing at 2% to 4% per annum and molybdenum prices have more than trebled over the past year to circa US\$38/lb for molybdenum roasted oxide concentrates (Mo 57%). Molybdenum is a refractory metallic element used primarily as an alloying agent in steel, cast iron and super alloys to enhance hardness, strength and toughness and wear and corrosion resistance. Most world production of molybdenum historically has come as a by-product from the large porphyry copper mines of the United States, a supply source that is in long-term decline. Global production of molybdenum in 2003 totalled approximately 127,000 tonnes and the forecast for 2004 is approximately 130,000 tonnes. The three main producing countries in 2003 were USA (c.27%), Chile (c.25%), and China (c.24%).

### ***Tungsten***

Tungsten is a most distinctive metal with some extreme physical properties:

- it is the hardest pure metal;
- the strongest of all metals;
- highest melting point of all metals and the second highest of all elements;
- extremely dense: SG 19;
- high resistance to corrosion;
- environmentally friendly, very low toxicity; and
- high thermal and electrical conducting.

Tungsten prices have increased significantly this year to circa US\$25/kg for tungsten ore (WO<sub>3</sub> 65%). Tungsten is used in tool steels and specialist industrial applications, with world supply impacted by the recent closure of three large tungsten mines in China. World consumption of tungsten in 2004 was approximately 60,000 tonnes of which approximately 40% is consumed by China.

## **Acquisition of Sunsphere**

Sunsphere, formally a wholly owned subsidiary of TNG was incorporated in Australia on 14 February 2005 and owns molybdenum and tungsten tenements in the Northern Territory. At an extraordinary general meeting of Thor held on 20 May 2005 Shareholders approved the Acquisition of Sunsphere.

Under the terms and conditions of the Sale and Purchase Agreement Thor acquired all the outstanding equity shares issued by Sunsphere for an aggregate consideration of £0.7 million, satisfied as to £250,000 in cash and £450,000 by the issue of the Consideration Shares. Further details of the Sale and Purchase Agreement are set out in paragraph 5.6 of Part 6 of this document. To fund the cash element of the consideration of the Acquisition, pay associated costs and provide additional working capital, the Company raised £425,000 by way of a private placing of 42.5 million shares at 1p per Share.

Pursuant to the Sale and Purchase Agreement, Thor acquired Sunsphere's portfolio of properties, which includes two Exploration Licences ("EL") (EL22913 and EL22349). These authorise the beneficial holder the exclusive right to enter onto the area covered by the licence with any necessary equipment for the purposes of exploring for minerals and any connected operations on the area covered by that EL, including the extraction and collection of samples from that area. The EL's are for a maximum period of six years and there is provision for the EL's to be renewed for 2 further periods of two years at the Minister's discretion. The EL's are valid, in full force and effect and have not been revoked nor have they become liable to revocation. The EL's are subject to the standard conditions applied to the mining industry by the Northern Territory Government.

In addition, Sunsphere's portfolio includes three Exploration Licence Applications ("ELA") (ELA22912, ELA23463 and ELA24392) and two Mining Lease Applications ("MLA") (MLA23825 and MLA 24429). These ELA's do not confer any exclusive rights in relation to the underlying land, although in the case of MLA's the holder may conduct surveys. The MLA's have satisfied the native title process and have been advertised and are presently awaiting grant.

The registered holders of each of EL's, MLA's and ELA's are either TNG or Imperial Granite and Minerals Pty Limited ("Imperial"). Sunsphere acquired the beneficial interests of TNG and Imperial in each of these properties pursuant to the terms and conditions of a Share Sale Agreement entered into between Sunsphere and Tennant Creek Gold (NT) Pty Ltd, a subsidiary of TNG, dated 23 February 2005.

Following successful exploration and a positive feasibility study the Company may apply for a mining lease to facilitate the mining of the ore. Mining leases are normally granted subject to certain conditions including: environmental issues; safety factors; rehabilitation of the environment; and native title.

## **Portfolio of Properties**

Sunsphere's portfolio of properties comprise seven tenements at Molyhil, Thring Creek and Hatches Creek in the Northern Territory.

### ***The Molyhil Project***

The Molyhil project comprises a group of four mineral tenements. Molyhil is located 220 kilometres north east of Alice Springs within the prospective polymetallic province of the Proterozoic Eastern Arunta Block, Northern Territory. The granted exploration licence covers in excess of 800 square kilometres and the three mineral lease applications cover an area in excess of 100 square kilometres. The most advanced area had extensive exploration activities during 2004. The project is located 28 kilometres north of the Plenty Highway that provides access to the major transport routes of the recently completed Adelaide-Darwin railway and the Stuart Highway. A JORC Code compliant resource has been estimated for the Molyhil deposit of 2.03 million tonnes grading 0.30% WO<sub>3</sub> and 0.18% MoS<sub>2</sub> to 150 metres vertical depth.

An Indigenous Land Use Exploration Agreement that permits exploration currently exists for the granted exploration licence. Agreements for the applications and a mining agreement to allow mining are currently in the process of negotiation with the Central Lands Council.

Tungsten and molybdenum mineralisation was originally discovered at Molyhil in 1973. 20,000 tonnes of tungsten ore was selectively mined during 1976 and 1977. Petrocarb Exploration NL ("Petrocarb") acquired the operation in 1978 and production continued until late 1981 when tungsten prices fell below viability. In 1982 Petrocarb published an indicated (non JORC compliant) open cut reserve of 1.8 million tonnes at 0.6% WO<sub>3</sub> and 0.3% MoS<sub>2</sub>. The reserve ore grade was primarily based on statistical analysis of mining head grades. Mining experience indicated that the drill estimated grades were low, with production head grades significantly higher.

TNG acquired 100% of the Molyhil deposit during 2004 and commenced a systematic exploration programme to fully evaluate the resource zone and to investigate the local and regional exploration potential. Exploration expenditure on the Molyhil project from the date of acquisition by TNG to 20 May 2005 amounted to approximately AUD1.4 million. The deposit comprises two bodies:

- (i) Southern
- (ii) Yacht Club

A low level aeromagnetic survey flown over the tenements delineated numerous aeromagnetic signatures similar to the Molyhil deposit. These areas have the potential to host tungsten-molybdenum skarn deposits.

Magnetic modelling of the Southern and Yacht Club ore-bodies indicates the mineralised zone extends to 400-500 metres vertical depth and has the potential for additional high grade ore.

In mid 2004, TNG completed five diamond drill holes for 675.6 metres and 23 Reverse Circulation holes for 3,146.7 metres. The JORC compliant drill indicated resource was subsequently calculated. The resource zone remains open at depth and along strike to the south.

In late 2004, three trenches were excavated over an 80 metre strike length of the Southern ore-body and 15 tonnes of ore extracted for metallurgical test-work. An average grade of 0.70% WO<sub>3</sub> and 0.58% MoS<sub>2</sub> was calculated for the 15 tonne sample and is an almost identical grade to historical mined grade. The bulk sample results were considerably higher than assayed intersections from nearby reverse circulation drill holes, and provide further evidence that the drill indicated grade may substantially underestimate the true grade of the deposit.

Immediately following completion of the Placing, Thor proposes that underground bulk samples be mined from the Southern skarn; the mining to consist of three shafts sunk to between 15 and 30m below the base of the present pit and three crosscuts cut across the width of the skarn from the base of each shaft. The extracted ore will be treated under metallurgical test conditions in a pilot scale facility to fully evaluate the ore head grade and mineralogical characteristics. The results from this programme will be utilised to revise the current JORC compliant resource and provide the final resource for the feasibility study.

It is the opinion of Continental Resource Management Pty Ltd that there is reasonable expectation of the Molyhil deposit containing economic mineralisation, that the Tenements are worthy of continued exploration and that the programme and budget proposed for the projects is appropriate. Reference to this opinion is made in Part 5 of this document.

The Directors believe that a higher degree of confidence than is presently available is required for the overall grade of the deposit. However if the proposed exploration programme is successful there is a reasonable expectation of the Molyhil deposit containing economic mineralisation.

### ***Thring Creek***

The Thring Creek aeromagnetic anomaly is situated approximately 24 kilometres east of the Molyhil deposit. The feature is 7 kilometres long and up to 1.5 kilometres wide, and represents magnetite bearing rocks with identical response to the Molyhil deposit.

The zone has not been previously prospected or explored as it also coincides with surficial alluvial sediments of the Thring Creek system and as the aeromagnetic high, which is easily identified on recently available aeromagnetic data, was not obvious on earlier data.

### ***Exploration Potential***

There is potential within the Molyhil project to discover further mineralisation, especially within skarns. Of prime interest is the north-south aeromagnetic high of Thor's Thring Creek prospect. Elsewhere in the project area, both the Black Ridge prospect and the Oorabra quartz vein system are worthy of systematic exploration.

### ***Proposed Exploration***

The most developed prospect within the project area is the Molyhil deposit. It is proposed that three shafts be sunk within the Southern skarn and that cross-cuts be driven from their bases across the width of the mineralised body. This process should provide a clearer indication of grade than was able to be obtained from the recent drilling programme.

It is also proposed that the Thring Creek prospect be explored, initially by a detailed low level aeromagnetic survey, which should be followed up by a shallow drilling programme.

The Black Ridge prospect is of lower priority and should be explored initially by a combination of detailed geological mapping, rock, and soil sampling.

A proposed budget for the recommended exploration is £320,000 in the first six months following Admission and £205,000 in the following year. If the results from the exploration on the Molyhil deposit are positive, Thor expects to facilitate the completion of a feasibility study for the possible re-commencement of mining operations. Funding for the completion of the feasibility study and the possible mining is not in the proposed budget.

### ***Hatches Creek***

Hatches Creek project is comprised of a group of three mineral tenements located in the central portion of the Northern Territory. The project is comprised of one granted exploration licence and two exploration licence applications. The tenements cover 815 square kilometres and contains the historical Hatches Creek mining field, which was known as the Wolfram Field, within which numerous mines exploited quartz veins containing wolframite, a tungsten mineral. Mining of eluvial deposits containing wolframite and gold and copper also occurred.

The project is located about 325 kilometres northeast of Alice Springs and 160 kilometres southeast of Tennant Creek. Access from the sealed Stuart Highway is via a combination of formed and unformed dirt roads for a total distance of about 165 kilometres.

The Hatches Creek prospect has not been subjected to modern exploration for the vein hosted mineralisation. The shear systems have not been systematically tested for gold mineralisation nor have the eluvial and alluvial sediments been systematically tested for wolframite concentrations.

Thor proposes to carry out a geological interpretation utilising air photographs and satellite image interpretation and data synthesis; carry out a data compilation of information relating to the historical Wolfram Field mines, complete a detailed airborne magnetic-radiometric survey, and carry out a first-pass Rotary Air Blast programme. If the results from the initial drilling are positive Thor intends to follow them up by means of a more extensive drilling programme.

A proposed budget for the recommended exploration is £14,000 in the first six months following Admission and £80,000 in the following year.

### **Directors**

Details of the Directors are set out below:

#### ***John W Barr***, CA FAICD, aged 49, Executive Chairman

John qualified as a Chartered Accountant in 1981 and has subsequently developed considerable experience in the natural resources sector through the management of private and public companies, establishing a number of successful start-up companies, capital reconstructions, fund raisings, mergers and acquisitions and flotations in Australia and internationally. He has acted as an executive director of companies operating in Australia, Philippines, Indonesia, Vietnam and South Africa including Aquarius Exploration N.L. (now Aquarius Platinum Limited), Pacific Nickel N.L. and Lone Star Exploration N.L. John is currently the chairman of Batavia Mining Limited and Tennant Creek Gold Limited, companies listed on the Australian Stock Exchange.

#### ***Andrew Bell***, MA, LLB, aged 50, Non-executive Director

In the late 1970's Andrew was a natural resources analyst at Morgan Grenfell & Co. His business experience encompasses periods in fund management and advisory work at financial institutions including Grieson Grant & Co and Phillips & Drew, corporate finance in Hong Kong and private equity. Andrew is currently Chairman of Regency Mines Plc, a company traded on AIM, a non-executive director of Ormonde Mining Plc, a company listed on the Exploration Securities Market of the Irish Stock Exchange, Axiom Resources Ltd, a company listed on the Venture Exchange of the Toronto Stock Exchange and Magyar Mining Plc. He is President of BellMin Limited and Minera Condor S.A., and is a director of Redstone Metals Pty Ltd.

#### ***Mark Smyth***, MA, aged 65, Non-executive Director

During his career Mark has held a number of directorships over a wide range of international mining and resource companies. He began his career in the mining industry in 1969 with Selection Trust where he was part of the

project development team for the Mt Newman iron ore and Agnew nickel projects in Australia. Since 1975 he has co-founded a number of companies involved in the exploitation and production of gold, oil and gas and diamonds including: Arabex Petroleum N.L, listed on the Australian Stock Exchange (“ASX”); Northern Petroleum Plc, a company traded on AIM; and CityView Corporation a company listed on the ASX and NASD. He is currently chairman of Magyar Mining Plc and of Simba Mines Inc. and is a non-executive chairman of European Oil Limited. Mark has an MA from Pembroke College Oxford and qualified as a solicitor in 1966.

It is proposed that a chief executive with the relevant sector experience will be appointed to the board as soon as practical following Admission.

### **The Placing**

The Company is proposing to raise £1,633,500, before expenses, by the placing of 81,675,000 Ordinary Shares at the Placing Price. Assuming full subscription, the Placing Shares being issued will represent 45 per cent of the issued share capital of the Company as enlarged by the Proposals.

Application has been made to the London Stock Exchange for all the Consideration Shares, the Existing Shares and the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Consideration Shares, the Existing Shares and the Placing Shares will commence on AIM on 29 June 2005.

The Acquisition and the Placing are conditional *inter alia* on Admission. The Placing Shares will rank *pari passu* in all respects with the Existing Shares and the Consolitation Shares of the Company.

Further details of the Placing are set out in paragraph 5.3 of Part 6 of this document.

### **Reasons for the Admission**

The Directors believe that the admission of the Company’s issued share capital to trading on AIM will provide future access to capital for the long term development of its business, increase the market’s general awareness of the Company, enable Thor to acquire assets through the issue of equity and enhance the liquidity of the Company’s issued share capital by attracting UK high net worth and institutional investors.

### **Use of Proceeds**

The proceeds of the Placing will be used to finance the mineral exploration programme of the Company, and for general working capital purposes.

### **Lock-in and Orderly Market Arrangements**

The Directors are committed to the long term future of the Company. Their aggregate direct and indirect interests in the issued ordinary share capital of the Company immediately following Admission will amount to 57,350,000 Ordinary Shares, equivalent to approximately 31.6 per cent of the issued ordinary share capital of the Company at that time. The Directors and their connected persons have each undertaken not to dispose of any interest in the Ordinary Shares held by them for a minimum period of 12 months following Admission. Thereafter the Directors and their connected persons have each agreed to maintain an orderly market in relation to the sale of Ordinary Shares for a further 12 months by consulting with ARM prior to the sale of any Ordinary Shares, save in certain specified circumstances, and, for as long as ARM is the Company’s broker, they have agreed that they will not dispose of or acquire Ordinary Shares without first giving ARM the opportunity to effect such disposal or acquisition.

Regency Mines plc and their connected persons have undertaken not to dispose of any interest in Ordinary Shares held by them, which on Admission will amount to 8,200,000 Ordinary Shares, for a minimum period of 12 months following Admission. Thereafter Regency Mines plc and their connected persons have each agreed to maintain an orderly market in relation to the sale of Ordinary Shares by consulting with ARM prior to the sale of any Ordinary Shares, save in certain specified circumstances, and, for as long as ARM is the Company’s broker, they have agreed that they will not dispose of or acquire Ordinary Shares without first giving ARM the opportunity to effect such disposal or acquisition.

Alpha Capital Inc. and their connected persons have undertaken not to dispose of any interest in Ordinary Shares held by them, which on Admission will amount to 4,150,000 Ordinary Shares, for a minimum period of 12 months following Admission. Thereafter Alpha Capital Inc. and their connected persons have each agreed to maintain an orderly market in relation to the sale of Ordinary Shares by consulting with ARM prior to the sale of any Ordinary Shares, save in certain specified circumstances, and, for as long as ARM is the Company’s broker, they have

agreed that they will not dispose of or acquire Ordinary Shares without first giving ARM the opportunity to effect such disposal or acquisition.

### **Working Capital**

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

### **Dividend Policy**

The nature of the Company's business means that it is unlikely that the Directors will recommend a dividend in the early years following Admission. The Directors believe the Company should seek to generate capital growth for its Shareholders. The Company may recommend distributions at some future date when it becomes commercially prudent to do so, having regard to the availability of Thor's distributable profits and the retention of funds required to finance future growth.

### **Taxation**

The attention of prospective investors is drawn to the taxation section in paragraph 8 of Part 6 of this document.

### **Corporate Governance**

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

The Board will establish an audit committee and a remuneration committee. The audit committee will meet at least twice each year and will be responsible for ensuring the integrity of the financial information reported to shareholders and internal control systems. This committee, chaired by Mark Smyth, provides an opportunity for reporting by the Company's auditors. The remuneration committee, chaired by Mark Smyth, will meet at least once each year to determine the terms of employment and total remuneration of the executive Directors, including the granting of share options or participation in other incentive schemes. The objective of this committee will be to attract, retain and motivate executives capable of delivering the objectives of the Company.

The Company will ensure, in accordance with and subject to the provisions of Rule 21 of the AIM Rules, that the Directors and applicable employees shall not deal in any of the Ordinary Shares during a close period (as defined in the AIM Rules) and will take all reasonable steps to ensure compliance by the Directors, and applicable employees with this Rule 21.

### **CREST**

The Directors have arranged with CRESTCO for Consideration Shares, the Existing Shares and the Placing Shares to be admitted to CREST with effect from Admission. Accordingly settlement of transactions in Consideration Shares, the Existing Shares and Placing Shares following Admission may, if a shareholder wishes, take place within the CREST system. CREST is a paperless settlement procedure, which allows title to securities to be evidenced without a certificate and transferred otherwise than by written instrument. The Articles permit the holding and transfer of Ordinary Shares under CREST.

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

### **Risk Factors**

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

- The Molyhil deposit may prove not to contain economically viable mineralisation, or other infrastructure or metallurgical factors may exist that prevent Thor bringing it into production.
- The prices of tungsten and molybdenum have been volatile in the past. It is possible future prices might fall to a level that makes the project uneconomic to develop or operate.

- The Company may be unable to effect an investment in an identified opportunity, as a consequence of which resources might have been expended fruitlessly on investigative work and due diligence.
- The Company's main strategic focus for investment will be in the mining and minerals sector and therefore the Company will be exposed to general exploration, mining and processing risks. These include unusual and unexpected geological formations, rock falls, seismic activity, flooding and other conditions involved in the extraction of material, any of which could result in the damage to, or destruction of, mines and or other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimise risk will be taken, operations are subject to hazards which may result in environmental pollution and consequent liability which could have an adverse impact on business, operations and financial performance of the Company.
- The Company may invest in exploration for and the development of resources which is speculative and involves a significant degree of risk. There is no assurance that such exploration will lead to commercial discoveries or, if there is a commercial discovery, that such reserves will be realisable. If reserves are developed, it can take a number of years from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish ore reserves through drilling, to determine metallurgical processes to extract metals from ore and, in the cases of new properties, to construct mining and processing facilities. As a result of these uncertainties, no assurance can be given that the exploration programmes undertaken by the Group will result in any new commercial mining operations being brought into operation.
- The Company's total return and net assets can be significantly affected by currency movements.
- The Company may not be able to obtain such necessary consents as may be required under native title legislation in respect of any of its properties to allow it to explore or develop such property.
- Share market conditions, particularly those affecting mining and exploration companies, may affect the ultimate value of the Company's share price regardless of future operational performance.
- The Company is likely to face competition from other entities operating in its business sector, many of which may have significantly greater resources than the Company.
- The market price of the Ordinary Shares may not reflect the underlying value of the assets of the Company.
- The market in the Ordinary Shares may be illiquid or subject to sudden or large fluctuations and it may be difficult for an investor to sell his Ordinary Shares and he may receive less than the amount originally invested.
- A further issue of Ordinary Shares may be necessary for the Company to achieve its objectives.
- The Company is highly dependent upon the Directors. Whilst the Board has sought to and will continue to ensure that Directors and key employees are appropriately incentivised, their services cannot be guaranteed. The Group has a small management team and the loss of one or more executive or key employees may have a material adverse effect on the performance of the Company.
- Native title legislation in Australia has resulted in some uncertainty regarding proprietary rights over land including rights in and to mining tenements. Whilst the Directors believe that all necessary legislation and regulations have been complied with outstanding native title claims may result in native title rights co-existing with the Company's rights over the various tenements.
- The Company's current and future exploration, mining and processing activities are dependent upon the grant of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. There can also be no assurance that they will be renewed or if so, on what terms.
- The Company does not have an established trading record. The Company's operations are at an early stage of development and success will depend upon the Directors' ability to manage the current project and to identify and take advantage of further opportunities which may arise.

- The successful extraction of any precious and base metals may require very significant capital investment. In addition, delays in the construction and commissioning of any of the Company's mining projects or drilling projects or other technical difficulties may result in projected target dates for related production being delayed and/or further capital expenditure being required. In common with all mining and drilling operations, there is uncertainty, and therefore risk, associated with operating parameters and costs resulting from the scaling up of extraction methods tested in laboratory conditions. The Company's ability to raise further funds will depend on the success of existing and acquired operations. The Company may not be successful in procuring the requisite funds and, if such funding is unavailable, the Company may be required to reduce the scope of its operations or anticipated expansion.

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

**Further Information**

Your attention is drawn to Part 2 to 6 of this document, which provides additional information on the matters discussed above.

## PART 2

### ACCOUNTANTS REPORT ON THOR MINING PLC

Chapman  
Davis LLP

CHARTERED ACCOUNTANTS

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The Directors  
Thor Mining  
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The Directors  
ARM Corporate Finance Limited  
12 Pepper Street  
London E14 9R

23 June 2005

Dear Sirs,

#### THOR MINING PLC (“the Company”)

##### Introduction

We report in connection with the proposed placing and admission of the Company’s ordinary share capital to trading on AIM. This report has been prepared for inclusion in the Admission Document dated 23 June 2005 (“the Document”).

The Company was incorporated on 3 November 2004 with registration number 05276414 as Thor Mining Limited and was re-registered as a public limited company under the name Thor Mining PLC on 6 June 2005.

The Company has one wholly owned subsidiary, Sunsphere Pty Limited (“Sunsphere”). Sunsphere was incorporated and registered in Western Australia on 14 February 2005 with Australian Company Number 112922497.

On incorporation, the Company had an authorised share capital of £10,000,000 divided into 10,000,000,000 ordinary shares of £0.001 each of which two were issued, fully paid, to the subscriber to the memorandum of association of the Company.

On 3 May 2005 the number of shares issued and fully paid was increased from 2 Ordinary Shares of £0.001 each to 12,500,000 Ordinary Shares of £0.001 each, following subscription for 12,499,988 new Shares at par.

On 20 May 2005, following completion of an agreed offer for the entire issued share capital of Sunsphere, 45,000,000 new Ordinary Shares of £0.001 each were issued to the shareholders of Sunsphere at a price of £0.01 per share together with a cash consideration of £250,000.

The Company has not traded, prepared any financial statements for presentation to members other than the balance sheet prepared as required under Section 43 of the Companies Act 1985 as at 6 June 2005, incurred neither profit or loss, and has neither declared nor paid dividends or made any other distributions since the date of incorporation. There have been no transactions other than as described in Part 5 of the Document and the acquisition of the entire issued share capital of Sunsphere by the allotment of shares described above. Accordingly, no profit and loss account information is presented in this report.

##### Basis of preparation

The financial information set out below has been extracted from financial records of the Company for the period ended 7 June 2005, no adjustments being considered necessary. No audited financial statements have been prepared for submission to members in respect of any period since incorporation.

## Responsibility

The financial records are the responsibility of the Directors of the Company (“Directors”). The Directors are also responsible for the contents of the Document in which this report is included.

It is our responsibility to compile the financial information set out below from the Company’s financial records and to make a report in accordance with paragraph 45 of Schedule 1 to the Public Offers of Securities Regulations 1995. Our work has been undertaken so that we might state those matters we are required to state in our report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone for any other purpose for our work, for this report or for the opinions we have formed.

## Basis of opinion

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

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

## Opinion

In our opinion, the financial information set out below gives, for the purpose of the Document, a true and fair view of the state of affairs of the Company as at 7 June 2005.

## BALANCE SHEET

	<i>Notes</i>	<i>As at 7 June 2005 £</i>
<b>Fixed assets</b>		
Investments	2	700,000
<b>Current Assets</b>		
Cash at Bank		187,500
		<u>£887,500</u>
<b>Capital and reserves</b>		
Called up share capital	3	100,000
Share premium	4	787,500
		<u>£887,500</u>

## NOTES TO THE FINANCIAL INFORMATION

### 1. Accounting policies

The principal accounting policies, which have been consistently applied in the Company's financial information throughout the period under review, are as follows:

#### *Basis of accounting*

The financial information has been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

#### *Investments*

Long term investments are described as participating interests and are classified as fixed assets. Short term investments are classified as current assets.

Unlisted investments are stated at cost.

Provision is made for any impairment in the value of fixed asset investments.

#### *Foreign currency*

Foreign currency transactions are converted into Sterling at the rates prevailing on the date of transaction. Monetary assets held in foreign currency are translated using rates applicable at the balance sheet date/

### 2. Investment in subsidiary undertakings

<b>Cost</b>	<i>Shares in subsidiary undertakings</i> £
Additions	700,000
As at 7 June 2005	<u>700,000</u>

The Company has an equity interest in the following undertakings:

	<i>Class of holding</i>	<i>Proportion</i>	<i>Country of Incorporation</i>	<i>Nature of business</i>
Sunsphere Pty Ltd	Ordinary	100%	Australia	Mining and exploration

As at 7 June 2005, the Company undertook an impairment review of its investment in subsidiary undertakings, as a result of which, no provisions were required.

The Company acquired 100 per cent of the issued share capital of Sunsphere Pty Ltd on 20 May 2005. This acquisition gave rise to negative goodwill of approximately £134,009 as follows:

	<i>Initial book value (converted to £ Sterling at 2.42 AUD) £</i>	<i>Fair value adjustment £</i>	<i>Fair value at acquisition £</i>
Net assets acquired			
Intangible Fixed assets			
Exploration costs and intellectual property rights	775,706	–	775,706
Current assets	76,455	–	76,455
Long term liabilities	(18,152)	–	(18,152)
	<u>834,009</u>	<u>–</u>	<u>834,009</u>
Consideration settled by shares		450,000	
Consideration settled by cash		250,000	700,000
Negative goodwill on acquisition			<u>(£134,009)</u>

### 3. Share capital

	<i>Notes</i>	<i>As at 7 June 2005 £</i>
Authorised: 10,000,000,000 ordinary shares of £0.001 each		<u>10,000,000</u>
Issued and fully paid: 100,000,000 ordinary shares of £0.001 each		<u>100,000</u>

The Company was incorporated on 3 November 2004 with an authorised share capital of £10,000,000 divided into 10,000,000,000 ordinary shares of £0.001 each of which two were issued.

On 3 May 2005 12,499,998 ordinary shares were issued at par for cash consideration of £12,500.

On 20 May 2005 45,000,000 ordinary shares were issued for £0.01 per share to the vendors of the Company's wholly owned subsidiary in part consideration for the transfer of the entire share capital of the subsidiary.

On 6 June 2005 42,500,000 ordinary shares were issued for £0.01 per share for a total cash consideration of £425,000.

### 4. Share premium account

On 87,500,000 shares issued in the period	<u>£ 787,500</u>
---	----------------------

#### **Nature of financial information**

The financial information presented above in respect of the period to 7 June 2005 does not constitute UK statutory accounts for the period.

#### **Consent**

We consent to the inclusion of this report in the Document and accept responsibility for this report for the purposes of paragraph 45 of Schedule 1 to the Public Offers of Securities Regulations 1995.

Yours faithfully,

**Chapman Davis LLP**  
*Chartered Accountants*

## PART 3

### ACCOUNTANTS REPORT ON SUNSPHERE PTY LTD

Chapman  
Davis LLP

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CHARTERED ACCOUNTANTS

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Thor Mining PLC  
Third Floor  
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London WC1E 6HQ

The Directors  
ARM Corporate Finance Limited  
12 Pepper Street  
London E14 9R

23 June 2005

Dear Sirs,

#### Sunsphere Pty Ltd

#### Introduction

We report on the financial information set out below relating to Sunsphere Pty Ltd (“Sunsphere” or “the Company”) a company incorporated and resident in Australia. The Company was incorporated on 14 February 2005 to assemble a portfolio of mining opportunities. This information has been prepared for inclusion in the Admission Document of Thor Mining PLC dated 23 June 2005 (“the Document”).

#### Basis of preparation

The financial information set out below is based on the financial statements in Australian Dollars (“AUD”) of the Company for the period from 14 February 2005 to 30 April 2005 to which no adjustments were considered necessary. The exchange rate at the balance sheet date was £1 to 2.42 Australian Dollars.

The financial statements for the period to 30 April 2005 were audited by Somes & Cooke Chartered Accountants registered in Australia. The opinion expressed in their audit report was unqualified.

#### Responsibility

The financial statements are the responsibility of the Directors of the Company, who approved their issue.

The Directors of Thor Mining PLC are responsible for the contents of the Prospectus in which this report is included.

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

#### Basis of opinion

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

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

#### Opinion

In our opinion, the financial information contained in this report gives, for the purposes of the Document drawn up under the Public Offers of Securities Regulations 1995, a true and fair view of the state of affairs of the Company as at 30 April 2005 and of its results and cash flows for the periods then ended.

**Profit & Loss for the period 14 February 2005 to 30 April 2005**

	<i>AUD</i>
<b>Income</b>	
Interest Received	–
Other Income	–
Total Income	<u>–</u>
<b>Expenses</b>	
Consultancy fees	15,000
Legal fees	1,720
Total Expenses	<u>16,720</u>
Total Loss	<u>16,720</u>
<b>Accumulated Losses</b>	<u><b>16,720</b></u>

**Balance Sheet as at 30 April 2005**

	<i>Note</i>	<i>AUD</i>
<b>Current Assets</b>		
Cash Assets		20
Receivables		185,000
Inventories		–
Other Assets		–
<b>Total Current Assets</b>		<u>185,020</u>
<b>Non-Current Assets</b>		
Plant & equipment		–
Exploration Expenditure	2	1,877,209
Total Non-Current Assets		<u>1,877,209</u>
<b>Total Assets</b>		<u><b>2,062,229</b></u>
<b>Current Liabilities</b>		
Payables		–
Non-interest bearing liabilities		–
Provisions		–
<b>Total current Liabilities</b>		<u>–</u>
<b>Non-Current Liabilities</b>		
Non-interest bearing liabilities	3	43,929
<b>Total Non-Current Liabilities</b>		<u>43,929</u>
<b>Total Liabilities</b>		<u>43,929</u>
<b>NET ASSETS</b>		<u><b>2,018,300</b></u>
<b>Equity</b>		
Issued Capital	4	2,035,020
Reserves		–
Accumulated losses		(16,720)
<b>TOTAL</b>		<u><b>2,018,300</b></u>

## Statement of Cash Flows for the period 14 February 2005 to 30 April 2005

AUD

<b>Cash Flows From Operating Activities</b>	
Payments to creditors	—
Receipts from debtors	—
Interest received	—
	<hr/>
Net Cash Flows from Operating Activities	—
	<hr/>
<b>Cash Flow From Investing Activities</b>	
Exploration and evaluation expenditure	—
Acquisition of plant and equipment	—
	<hr/>
Net Cash Flows used in Investing Activities	—
	<hr/>
<b>Cash Flow From Financing Activities</b>	
Cash Proceeds from issue of shares	20
	<hr/>
Net Cash Flows from Financing Activities	20
	<hr/>
Net Increase in Cash Held	20
Add opening cash brought forward	—
	<hr/>
<b>Closing Cash Carried Forward</b>	<b>20</b>
	<hr/>

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### 1. STATEMENT OF ACCOUNTING POLICIES

The financial report is a special purpose financial report for use by directors. The directors have determined that the company is not a reporting entity.

The financial report has been prepared in accordance with the requirements of the following Australian Accounting Standards:

AAS 5: Materiality

AAS 8: Events Occurring After Reporting Date

No other Australian Accounting Standards, Urgent Issues Group Consensus Views or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The financial report is prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following specific accounting policies have been adopted in the preparation of this report.

##### (a) Income Tax

The Company adopts the liability method of tax effect accounting whereby the income tax expense shown in the profit and loss account is based on the pre-tax accounting profit adjusted for any permanent differences.

Timing differences which arise due to the different accounting period in which items of revenue and expense are included in the determination of pre-tax accounting profit and taxable income are brought to account either as provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Further income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of these benefits brought to account or which may be realised is based on the assumption that no adverse change will occur in income taxation legislation, the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

##### (b) Acquisitions of assets

All assets acquired, including property, plant and equipment and intangibles other than goodwill, are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided

plus incidental costs directly attributable to the acquisition. Acquired in-process research and development is only recognised as a separate asset when future benefits are expected beyond any reasonable doubt to be recoverable.

When the equity instruments are issued as consideration, their market price at the date of acquisition is used as fair value, except where the notional price at which they could be placed in the market is a better indication of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received, otherwise expensed.

Where settlement of any part of cash consideration is deferred, the amounts payable are recorded at their present value. Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received, otherwise expensed.

The costs of assets constructed or internally generated by the consolidated entity, other than goodwill, include the cost of materials and direct labour. Directly attributable overheads and other incidental costs are also capitalised to the asset. Borrowing costs are capitalised to qualifying assets.

Expenditure, including that on internally generated assets other than research and development costs, is only recognised as an asset when the entity controls future economic benefits as a result of the costs incurred that are probable and can be measured reliably. Costs attributed to feasibility and alternative approach assessments are expensed as incurred.

### **(c) Exploration Expenditure**

Exploration and development costs include expenditure on prospects at an exploratory or development stage. These costs include costs of acquisition, exploration, determination of recoverable reserves, economic feasibility studies and all technical and administrative overheads directly associated with those projects.

Recoupment of capitalised exploration and development costs is dependent upon the successful development and commercial exploitation of each area of interest and are amortised over the expected commercial life of each area once production commences.

The Company adopts the “area of interest” method of accounting, whereby all exploration and development costs relating to an area of interest are capitalised and carried forward until abandoned. In the event that an area of interest is abandoned, or if the Directors consider the expenditure to be of no value, accumulated exploration costs are written off in the financial year in which the decision is made. All expenditure incurred prior to approval of an application is expensed with the exception of refundable rent which is raised as a debtor.

### **(d) Cash**

For the purposes of the statement of cash flows, cash includes cash on hand and deposits held at call with a financial institution which are being used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

### **(e) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

### **(f) Recoverable amount of non-current assets valued on cost basis**

The carrying amounts of non-current assets valued on the cost basis, other than exploration expenditure carried forward, are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is expensed in the reporting period in which it occurs.

Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets.

In assessing recoverable amounts of non-current assets the relevant cash flows have not been discounted to their present value, except where specifically stated.

### **(g) Going Concern**

The financial statements have been prepared on a going concern basis.

The Company is dependant on its parent entity for ongoing financial support.

### **(h) Adoption of Australian equivalents to International Financial Reporting Standards**

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of the next financial year (ie as at 1 July 2004).

The company's management, along with its auditors, are assessing the significance of these changes and preparing for their implementation. The directors are of the opinion that the major differences in the Company's accounting policies which will arise from the adoption of IFRS are:

#### ***Financial Instruments***

Under AASB 129 *Financial Instruments: Recognition and Measurement*, all financial instruments will be required to be classified into one of five categories which will, in turn, determine the accounting treatment of the item. The classifications are:

- loans and receivables – measured at cost;
- held to maturity – measured at amortised cost;
- held for trading – measured at fair value with fair value changes charged to net profit or loss;
- available for sale – measured at fair value with fair value changes taken to equity; and
- non trading liabilities – measured at amortised cost.

This will result in a change in the current accounting policy that does not classify financial instruments. The future financial effect of this change in accounting policy is not yet known as the classification and measurement process has not yet been fully completed.

#### ***Impairment of Assets***

Under AASB 136 *Impairment of Assets*, the recoverable amount of an asset is determined as the higher of net selling price and value in use. This will result in a change in the Company's accounting policy which determines the recoverable amount of an asset on the basis of undiscounted cash flows. Under the new policy it is likely that impairment of assets will be recognised sooner and the amount of write-downs greater. Reliable estimation of the future financial effects of this change in accounting policy is impracticable because the conditions under which impairment will be assessed are not yet known.

#### ***Income Taxes***

Under AASB 112 *Income Taxes*, the Company will be required to use a balance sheet liability method which focuses on the tax effects of transactions and other events that affect amounts recognised in either the Statement of Financial Position or a tax-based balance sheet.

#### ***Share Based Payments***

Under AASB 2 *Share Based Payments*, the Company will be required to determine the fair value of options issued to employees as remuneration and recognise an expense in the Statement of Financial Performance over the vesting period. This standard is not limited to options and also extends to other forms of equity based remuneration. It applies to all share based payments issued after 7 November 2002 which have not vested as at 1 January 2005. Under the current accounting policy no amounts are recognised in the financial accounts in relation to equity based compensation schemes in respect of options. Reliable estimation of future financial effects of this change in accounting policy is impracticable as the details of future equity based remuneration plans are unknown.

#### ***Exploration and Evaluation Expenditure***

AASB 6 "*Exploration for and Evaluation of Mineral Resources*" will require the Company to apply "area of interest" accounting to exploration and evaluation expenditures, effectively grandfathering the treatment currently used by the Company under AASB 1022 "*Accounting for the Extractive Industries*". Under AASB 6, if facts and circumstances suggest that the carrying amount of any recognised exploration and evaluation assets may be impaired, the Company must perform impairment tests on those assets in accordance with AASB 136 "*Impairment of Assets*". Impairment of exploration and evaluation assets is to be assessed at a cash generating unit or group of cash generating units' level provided this is no larger than an area of interest. Any impairment loss is to be recognised as an expense in accordance with AASB 136.

The adoption of AASB 6 is not expected to lead to a change in the Company's accounting policy with respect to exploration and evaluation expenditure.

## 2. EXPLORATION EXPENDITURE

	<i>AUD</i>
Acquisition costs	1,850,000
Exploration expenditure	<u>27,209</u>
	<u>1,877,209</u>

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

Sunsphere acquired mining assets during the period that include mining and exploration license applications. Executed transfer documents are held by Sunsphere pending grant of the tenements. In accordance with the terms of the Mining Act, the registration of the transfers is subject to the approval of the Minister. As part of the granting process exploration agreements may need to be entered into with native title claimants prior to the grant of any applications.

## 3. NON INTEREST BEARING LIABILITIES

	<i>AUD</i>
Loan – parent entity	<u>43,929</u>

The funds lent to the company are non current, non interest bearing and unsecured.

## 4. EQUITY

	<i>AUD</i>
Issued Capital	
1,850,100 ordinary shares	<u>2,035,020</u>

## 5. PARENT ENTITY

### *Ultimate Parent Entity*

The immediate parent entity and ultimate parent entity of Sunsphere Pty Ltd is Tennant Creek Gold Limited.

## 6. NOTES TO THE STATEMENT OF CASH FLOWS

### *Non Cash Financing & Investing Activities*

During the period the Company issued 1,850,000 shares to acquire mining assets with a cost of \$1,850,000.

During the period the Company was provided loan funds of \$43,929 by its parent entity to fund exploration expenditure.

## 7. EXPENDITURE COMMITMENTS

### *Exploration Expenditure Commitments*

	<i>AUD</i>
Exploration commitments not provided for in the financial report payable:	
Within one year	<u>42,000</u>

### *Nature of financial information*

The financial information presented above in respect of the period to 30th April 2005 does not constitute UK statutory accounts for the period.

### *Consent*

We consent to the inclusion of this report in the Document and accept responsibility for this report for the purposes of paragraph 45 of Schedule 1 to the Public Offers of Securities Regulations 1995.

Yours faithfully,

**Chapman Davis LLP**

Chartered Accountants

## PART 4

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

Chapman  
Davis LLP

CHARTERED ACCOUNTANTS

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Thor Mining PLC  
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The Directors  
ARM Corporate Finance Limited  
12 Pepper Street  
London E14 9R

23 June 2005

Dear Sirs,

#### THOR MINING PLC (“the Company”)

We report on the *pro forma* statement of net assets as set out in Part 4 of the Admission Document dated 23 June 2005, which has been prepared, for illustrative purposes only, to provide information about how the proposed placing might have affected the financial information presented.

#### Responsibilities

It is the responsibility solely of the Directors of Thor Mining PLC to prepare the *pro forma* statement of net assets.

It is our responsibility to form an opinion on the *pro forma* statement of net assets and to report our opinion to you. We do not accept any responsibility for any reports previously given by us or any financial information used in the compilation of the *pro forma* statement of net assets beyond that owed to those to whom the reports were addressed by us at the dates of their issue.

#### Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards and Bulletin “Reporting on *pro forma* financial information pursuant to the Listing Rules” issued by the Auditing Practices Board. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the *pro forma* statement of net assets with the Directors of Thor Mining PLC.

#### Opinion

In our opinion:

- (i) the *pro forma* statement of net assets has been properly compiled on the basis stated;
- (ii) such basis is consistent with the accounting policies of Thor Mining PLC; and
- (iii) the adjustments are appropriate for the purposes of the *pro forma* statement of net assets as disclosed.

Yours faithfully,

**Chapman Davis LLP**  
*Chartered Accountants*

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

	<i>Thor Mining PLC per Accountants' Report as at 7 June 2005 (Note 1) £'000</i>	<i>Sunsphere Pty Ltd per Accountants' Report as at 30th April 2005 (Note 1) £'000</i>	<i>Minimum net proceeds of the Placing (Note 2) £'000</i>	<i>Unaudited pro forma adjusted net assets of the Group on Admission  £,000</i>
<b>Fixed assets</b>				
Exploration costs	–	776	–	776
Investments	700	–	–	–
Negative goodwill on consolidation	–	–	–	(134)
	<u>700</u>	<u>776</u>	<u>–</u>	<u>642</u>
<b>Current assets</b>				
Cash at bank and in hand	188	–	1,010	1,198
Debtors	–	76	–	76
	<u>188</u>	<u>76</u>	<u>1,010</u>	<u>1,274</u>
<b>Creditors</b>				
Amounts falling due within one year	–	–	–	–
<b>Net current assets</b>	<u>188</u>	<u>76</u>	<u>1,010</u>	<u>1,274</u>
Amounts falling due after more than one year	–	18	–	18
<b>Net assets</b>	<u>888</u>	<u>834</u>	<u>1,010</u>	<u>1,898</u>

**Notes:**

- The *pro forma* net assets statement has been prepared by the Company to illustrate the combination of the effect of the proceeds of the Placing, together with the notional group consolidation. Save for the adjustments outlined in note 2 no account has been taken of any trading or transactions since the balance sheet dates for Thor Mining PLC or its subsidiary. The exchange rate used to convert the net assets of the subsidiary was £1 to AUD2.42.
- The net proceeds of the Placing are based on the gross proceeds of £1.2 million (being the minimum amount which must be raised by the Company for the Placing to become unconditional) less estimated expenses payable by the Company for the Placing and Admission of £190,000.

## PART 5

### CONSULTING GEOLOGIST'S REPORT

#### CONTINENTAL RESOURCE MANAGEMENT PTY LTD

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12 May 2005

The Directors  
Thor Mining PLC  
Third Floor  
55 Gower Street  
London WC1E 6HQ  
UK

and

The Directors  
ARM Corporate Finance Limited  
12 Pepper Street  
London E14 9RP

Dear Sirs,

#### CONSULTING GEOLOGISTS' REPORT

This report has been prepared by Continental Resource Management Pty Ltd ("CRM"), an independent geological consultancy established in 1989, for inclusion in this Prospectus at the request of Thor Mining PLC ("Thor" or the "Company"). The report has been prepared to provide an independent geological assessment of the Company's mineral exploration projects and proposed exploration programmes on those properties which are located in the Northern Territory of Australia, in preparation for the listing of the entire issued share capital of the Company on the AIM Market of the London Stock Exchange ("AIM") in the United Kingdom ("UK"). This report complies with Chapter 19, paragraphs 19.14 to 19.16 of "The Listing Rules" as published by the UK Listing Authority ('UKLA').

Thor has acquired an interest in two groups of tenements (Tenements) located in the Northern Territory, Australia. The Tenements include the Molyhil molybdenum-tungsten deposit, the top 15m of which was mined by an open-cut between 1970 and 1972 and which contains an Indicated Resource of 1,530,000t at 0.32% WO<sub>3</sub> and 0.19% MoS<sub>2</sub>.

In the first year Thor intends to carry out bulk test-work on the resource by the sinking of three shafts to depths of between 15 and 30m from the existing pit floor and to drive across the full width of the mineralisation from each of the shafts. Concurrently, Thor proposes to conduct further surface exploration in other areas within the Tenements to assess the potential for additional resources. The agreements, status, and interests held by Thor in the Tenements are set out elsewhere in this placing document.

CRM's assessment of the Tenements is based upon technical information provided by Thor. CRM collated the information under their appointment as an independent geological consultancy to Tennant Creek Gold Limited ("TNG") to provide advice on the Molyhil deposit, the Thring Creek Prospect and the Hatches Creek Project that included the proposed exploration programmes, assistance with structural geology, preparation of the resource estimation, in accordance with the terminology of the JORC Code, and recommendations in relation to the proposed shaft sinking and trial mining. Reference has been made to other sources of information, published and unpublished, including government reports and reports prepared by previous title holders to the areas, where it has been considered necessary. CRM has endeavoured, by making reasonable enquiries, to confirm the authenticity and completeness of the technical data used in the preparation of this report and to ensure CRM had access to all relevant technical and other information.

It is the opinion of CRM that there is reasonable expectation of the Molyhil deposit containing economic mineralisation, that the Tenements are worthy of continued exploration, and that the programme and budget proposed for the projects is appropriate. It is not possible to accurately determine the outcome of exploration and considerable variation to the proposed exploration programme and budget may be required as new data becomes available. We have visited the Molyhil Project area in the course of our review and have examined the available drilling and analytical data.

The statements contained in this report are given in good faith and have been derived from information believed to be reliable and accurate, and supplemented by our own investigations. We have relied upon this information and have no reason to believe that any material facts have been withheld from us and our report has taken into account all of the relevant information supplied to us. We do not imply that we have carried out any type of audit on the technical, accounting or other records of Thor or that our assessment has revealed all of the matters which an audit or more extensive examination might disclose at the date of this report.

This report was prepared by John L. Baxter who has relevant and appropriate experience, competence and independence to appraise these projects and to be considered a 'Competent Person' under Chapter 19, paragraph 19.12 and 19.13 of UKLA. Mr Baxter was assisted by J. J. G. Doepel in the preparation of this report.

John L Baxter, a director of CRM, has more than 30 years' experience in the mineral industry as a geologist. He has written scientific papers on skarn mineralisation and estimation of mineral resources. Mr Baxter holds a Master and Bachelor of Science with Honours degree from the University of Western Australia. He is a Member of the Australian Institute of Geoscientists (RPGeo), the Geological Society of Australia, and the Australasian Institute of Mining and Metallurgy (CPGeo). He has provided geological expertise to exploration and mining projects for a wide variety of metals and minerals.

J.J.G. (John) Doepel, a senior consultant geologist at CRM, has 25 years' experience in the mineral industry as a geologist. He has carried out exploration on numerous projects including many resource estimations. Mr Doepel holds a Bachelor of Science with Honours and a Graduate Diploma in Forensic Science from the University of Western Australia and a Diploma of Teaching from Curtin University. He is a Member of the Geological Society of Australia and of the Australasian Institute of Mining and Metallurgy. He has explored for a wide variety of metals and minerals, especially gold and base metals in the Archaean and Proterozoic of Australia.

No member or employee of CRM is, or is intended to be a director, officer or other direct employee of Thor. No member or employee of CRM has, or has had, any share holding, or the right (whether enforceable or not) to subscribe for securities, or the right (whether legally enforceable or not) to nominate persons to subscribe for securities in Thor. Fees are being charged at a commercial rate for the preparation of this report, the payment of which are not contingent either upon the conclusions of the report or on the success of the proposed Admission of Thor to trading on AIM.

CRM has given consent to the Company to use this report as part of the Prospectus to be published in connection with an application for all the issued share capital of the Company to be traded on AIM, and to reference this report in any applicable disclosure document, provided that no portion be used out of context in such a manner as to convey a meaning which differs from that set out in the whole.

Yours faithfully

John Baxter

duly authorised by:

**Continental Resource Management Pty Ltd**

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## INTRODUCTION

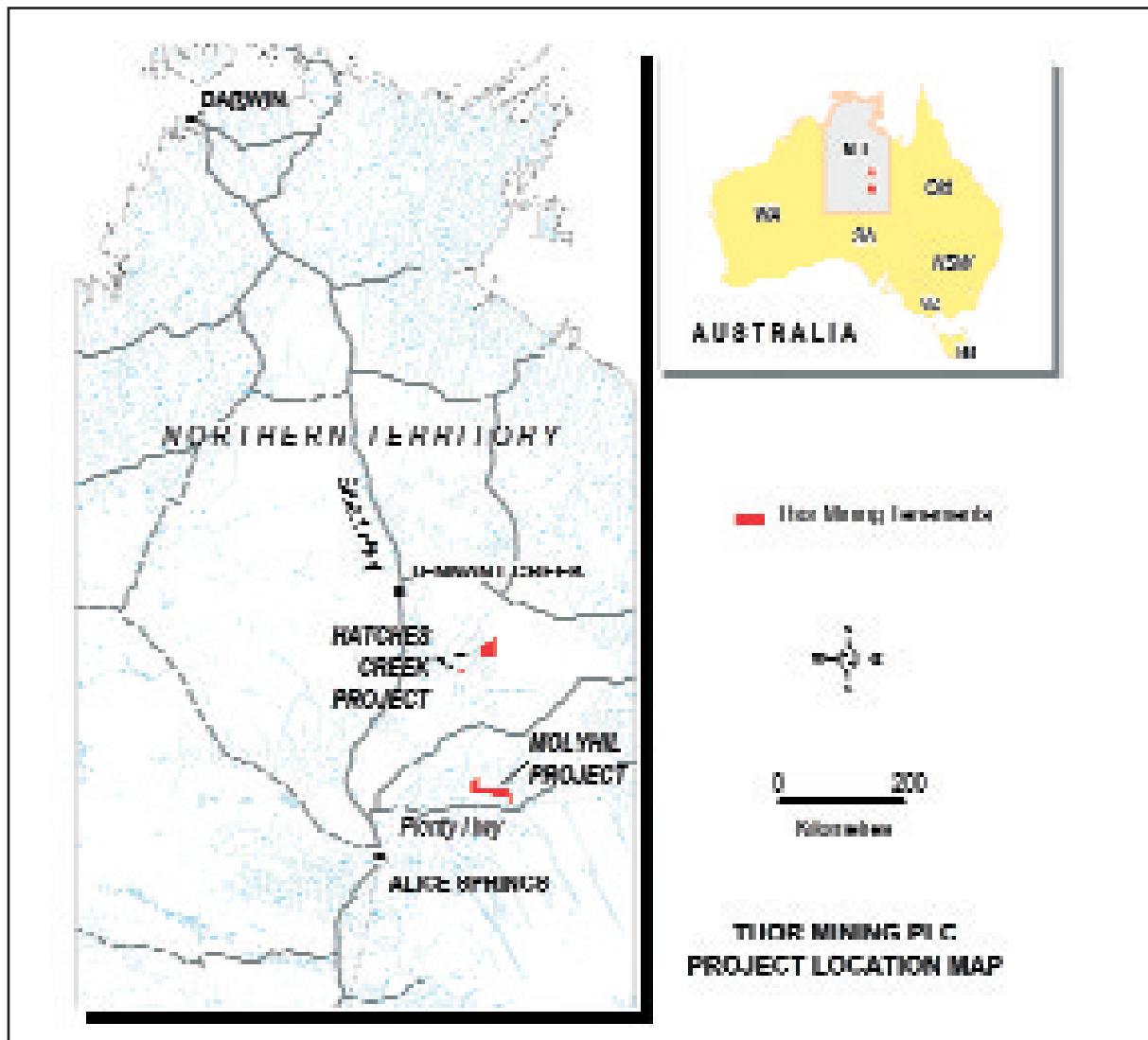
Thor Mining PLC (“Thor”) has mineral assets that consist of two projects situated in the Northern Territory, Australia (Fig 1). The most developed, the Molyhil Project, which contains the Molyhil molybdenum-tungsten deposit, is situated about 220km northeast of Alice Springs in central Australia. The other project, Hatches Creek, is another 220km to the north and contains the historical Hatches Creek Wolfram Field.

The Molyhil Project is comprised of four tenements and the Hatches Creek Project of three. All are in the beneficial ownership of Sunsphere Pty Ltd (“Sunsphere”), a wholly owned subsidiary of Thor. Sunsphere was previously a wholly owned subsidiary of Tennant Creek Gold Ltd (“TNG”). Tennant Creek Gold (NT) Pty Ltd (“TCGNT”) is a wholly owned subsidiary of TNG. In this report TCGNT and TNG are collectively referred to as the vendor.

The Molyhil molybdenite-scheelite deposit, that occurs in two adjacent skarns, was drilled by the vendor during 2004. Subsequent to the drill programme, CRM estimated resources for the deposit: an Indicated Resource of 1,530,000t at 0.32% WO<sub>3</sub> and 0.19% MoS<sub>2</sub> and an Inferred Resource of 500,000t at 0.25% WO<sub>3</sub> and 0.15% MoS<sub>2</sub>. The vendors also carried out bulk sampling and commissioned metallurgical test-work and a geotechnical study. The grades obtained from the bulk sampling of costeans were higher than those returned from drill holes situated beneath them. It is thought that sampling issues related to the drilling may have caused the discrepancy. To resolve this issue, it is proposed that three shafts be sunk and three crosscuts be driven through the deposit.

Thor also proposes to conduct regional exploration for additional skarn mineralisation within its larger Molyhil Project area and to begin exploration for tungsten, molybdenum, and gold in its Hatches Creek Project.

Figure 1 Project Location Map



## MOLYHIL PROJECT

Thor's Molyhil Project is comprised of a group of four mineral tenements located in the central portion of the Northern Territory. The tenements cover 924km<sup>2</sup> and contain the Molyhil molybdenum-tungsten deposit, which to a depth of 250m, have an Indicated Resource of 1,530,000t at 0.32% WO<sub>3</sub> and 0.19% MoS<sub>2</sub> and an Inferred Resource of 500,000t at 0.25% WO<sub>3</sub> and 0.15% MoS<sub>2</sub>.

Skarn hosted scheelite mineralisation was discovered within the area in 1973 and subsequent exploration outlined the Molyhil skarn deposit, which was mined by open-pit. Low scheelite prices in 1981 caused the closure of the mine after over 100,000t of ore had been mined. In the last months of mining 12,400t grading 0.78%WO<sub>3</sub> and 0.51% MoS<sub>2</sub> was mined and milled.

### Location and Access

The project is located about 220km northeast of Alice Springs. Access from Alice Springs is north by the sealed Stuart Highway for 70km and then east by the Plenty Highway, the first 100km of which is also sealed, for a further 235km. The Molyhil deposit is about 25km north of the highway. Travel time by road from Alice Springs is approximately four hours. In the event of the Molyhil deposit being developed the dirt road between the mine and the Plenty Highway would require upgrading.

### Tenements and Agreements

The project is comprised of one granted exploration licence (EL), and two mineral lease applications (MLAs). The tenement details are summarised in Table 1 and their locations are shown in Figs 2 and 12. The MLAs cover the area around the Molyhil deposit, which is within the granted EL. The Molyhil deposit is within MLA23825, applied for by Imperial Granite and Minerals Pty Ltd (Imperial Granite). The remaining tenements are in the name of TCGNT. Sunsphere is the beneficial holder of all of the tenements. Details of agreements and titles are given elsewhere in this admission document.

Ten small mineral leases are excised from EL22349. The total affected area is about 200ha. The leases are over quartz veins containing fluorite and barite mineralisation.

Table 1 – Molyhil Project – Tenement Summary

Tenement	Holder	Beneficial	Expiry Date	Area	Annual Commitment
EL22349	TCGNT	Sunsphere	16/5/2008	820.7km <sup>2</sup>	\$20,000
ELA24392	TCGNT	Sunsphere	Application	105.2km <sup>2</sup>	Not applicable
MLA23825	Imperial Granite	Sunsphere	Application	97ha	Not applicable
MLA24429	TCGNT	Sunsphere	Application	97ha	Not applicable
<b>Total*</b>				<b>924km<sup>2</sup></b>	

\*Total less than sum of nominal areas of tenements due to excised areas.

### Indigenous Land Issues

An Indigenous Land Use Agreement (ILUA) was signed by the previous holder of EL22349, Imperial Granite, and the Central Land Council prior to the granting of the EL. A Native Title Claim has been made over the area of the Molyhil MLA's and their surrounds, but has been subject to several rejections since the initial application.

Aboriginal Land Claims have been made over a part of each of the western portion of EL 22349 and the southern portion of ELA24392. A number of sites of aboriginal significance are present within the project area. Their locations and the conditions relating to them are known. None are expected to impact on the potential development of the Molyhil deposit or on Thor's exploration programme. Details of agreements and claims are given elsewhere in this admission document.

### Regional Geological Setting

The Molyhil Project tenements cover about 70km of strike length of the boundary zone between Neoproterozoic and Palaeozoic sediments of the Georgina Basin to the north and Paleoproterozoic igneous and metamorphic rocks to the south. The boundary coincides with a zone of strong structural dislocation, the Delny Shear Zone, within which a set of major west-northwest trending faults juxtapose fault slices of varying metamorphic grade. In addition to the major faults depicted on the regional geological map (Fig 2), numerous other parallel and conjugate

faults are present within the tectonic zone. Post metamorphic granites intrude the metamorphic units. Paleoproterozoic high-grade metamorphic rocks of the Harts Range Group are present to the south of the Delny Shear Zone.

The Molyhil deposit is situated within the Delny Shear Zone in calc-silicate skarn enclosed by granite. The skarn and intruding granite are part of the unit shown on the geological map as Metamorphic Complex.

From youngest to oldest, the units depicted on the regional map are:

- Georgina Basin Sediments: These range in age from Devonian to Neoproterozoic. They are shallow dipping and outcrop as low ridges and hills. They unconformably overlie the Paleoproterozoic rocks, within which the known mineralisation occurs. Down faulted slices of these sediments are present within the Delny Shear Zone to the north and south of the Molyhil deposit.
- Oorabra Reefs: A prominent set of quartz veins, which cut the large section of Jinka Granite to the northeast of Molyhil. They contain fluorite and barite and have been mined for these minerals by prospectors.
- Jinka Granite: A coarse even-grained biotite granite, typically red or orange in colour. Dykes of Jinka Granite intrude the Molyhil skarn and contain molybdenite.
- Marshall Granite: A metamorphosed hornblende granite. Surrounds and intrudes the Molyhil skarn.
- Metamorphic Complex: A mixture of intrusive granites and amphibolite-grade metamorphic rocks. Includes gneisses, amphibolites, and calc-silicate rocks.
- Irindina Gneiss: A mixture of gneisses, with lesser calc-silicate rocks and amphibolites.
- Kanandra Granulite: A mixture of fine-grained mafic granulite and medium-grained garnetiferous quartzofeldspathic gneiss.

Figure 2 Molyhil Project – Regional Solid Geology Map

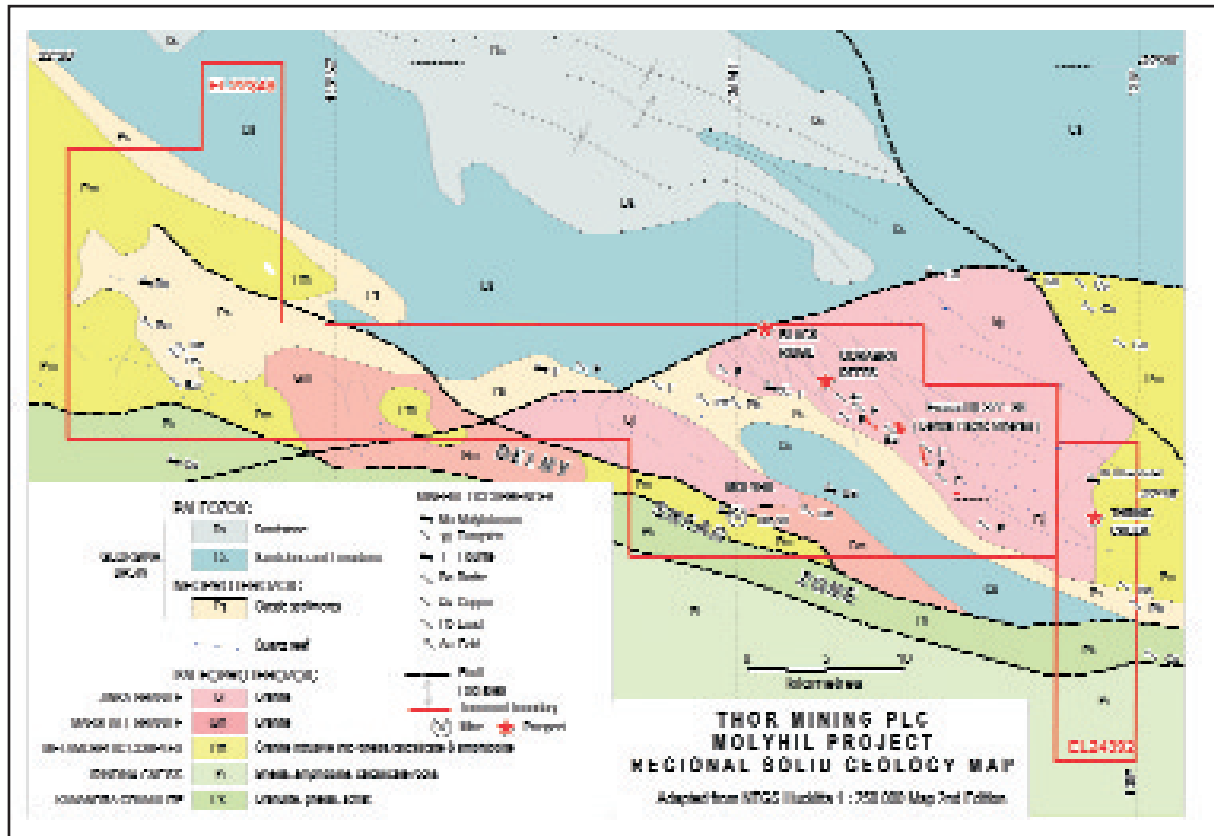
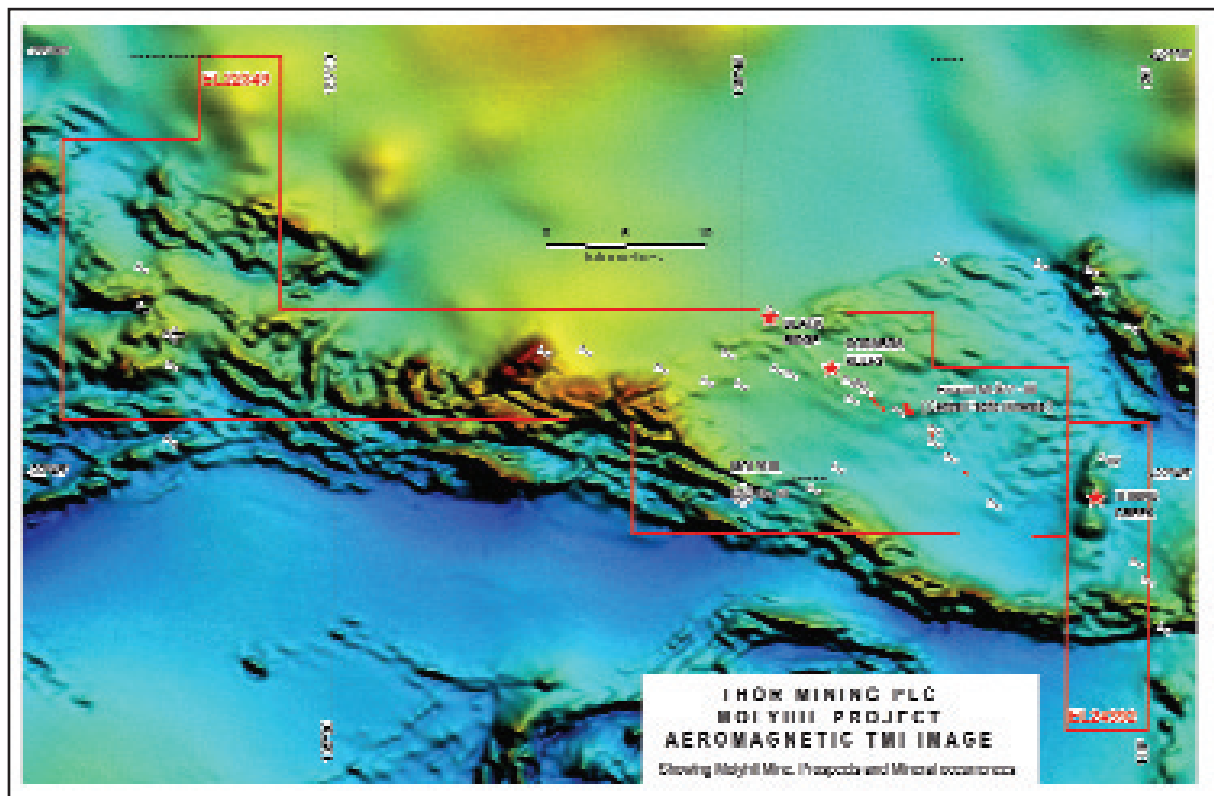


Figure 3 Molyhil Project – Aeromagnetic Image



## **Molyhil Deposit**

### ***Geology***

The Molyhil deposit consists of two adjacent outcropping skarn bodies, enclosed in granite, that contain molybdenite and scheelite mineralisation. Both the outlines of, and the banding within, the bodies strike approximately north-south and dip steeply to the east. The bodies are arranged in an en-echelon manner, the northeast body being named the Yacht Club and the southwest body the Southern. Interpretation of recent mapping and drilling by the vendor suggests that the bodies are two fault-displaced sections of an original single mineralised skarn unit. The mineralisation is coarse-grained and its distribution is irregular. Two broad lithological variations are present within the skarn:

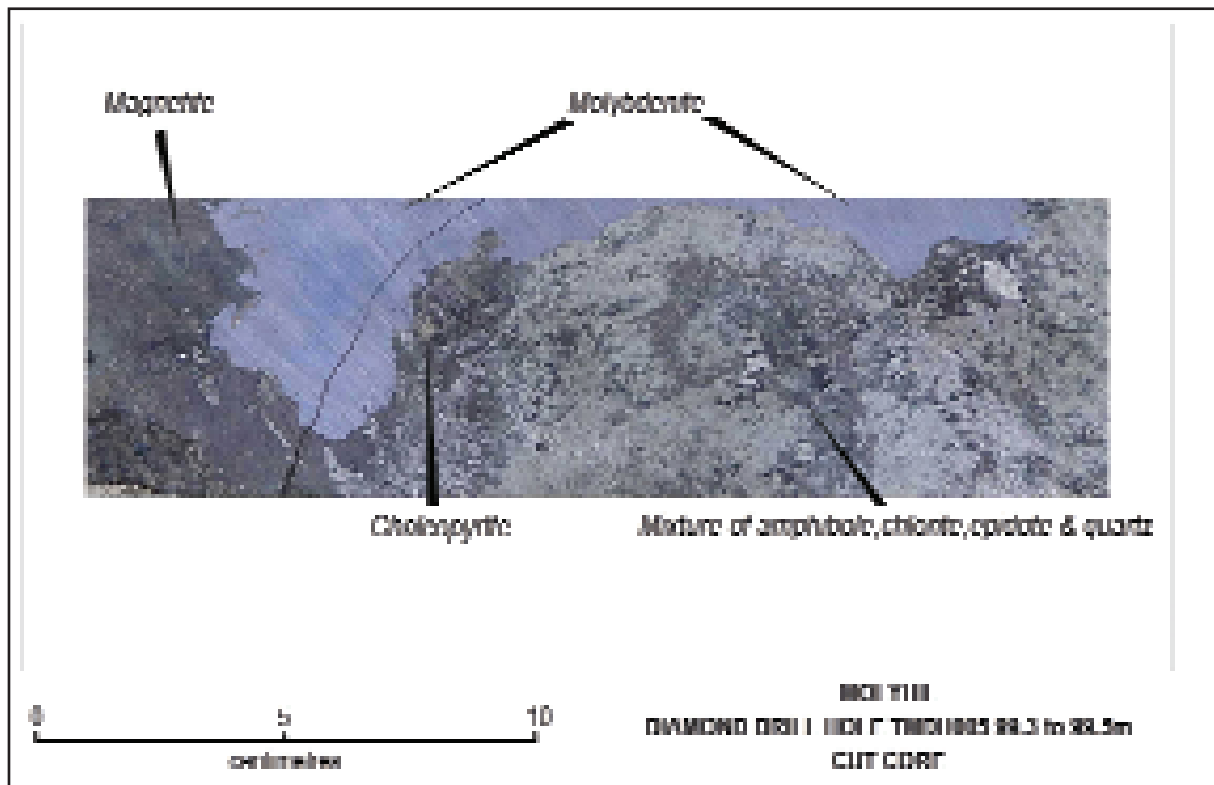
- “Black rock skarn”: a dark calc-silicate rock containing a high proportion of magnetite, pyrite, and iron-rich minerals such as andradite-garnet, actinolite, and ferro-amphibole. It is irregularly mineralised with scheelite, molybdenite, and chalcopyrite.
- Unmineralised skarn: a pale green calc-silicate rock containing diopsidic pyroxene and garnet. A statistical examination of the analytical data indicated that significant mineralisation was restricted to intervals containing 18% Fe<sub>2</sub>O<sub>3</sub> or greater.

The coarse-grained banded nature of the mineralised skarn is shown in Fig 4, a photograph of skarn rocks. Fig 5, a photograph of drill core from a vertical depth of 86m in diamond hole TMDH005, displays a clump of molybdenite about 15cm in size. Similarly large crystals of scheelite have been observed. However, both the molybdenite and scheelite mineralisation also occur as finely disseminated crystals within the skarn. Molybdenite is also present as a late stage joint fill.

Figure 4 – Black Rock Skarn



Figure 5 – Molybdenite in Drill-core



Although both of the black rock skarn bodies are mineralised throughout, the grade of the mineralisation is heterogenous within them at all scales and high-grade intersections occur throughout the bodies. Evidence of the heterogeneity of the mineralisation was given by two pairs of twinned holes. Each pair consisted of one diamond and one RC hole, drilled three to four metres apart. The grades of equivalent intervals were so different that they can not reasonably be ascribed to sampling variation between the two types of drilling. Rather it is suggested that the variation is evidence of small-scale heterogeneity of the mineralisation within the deposit, a feature not uncommon in skarn mineralisation.

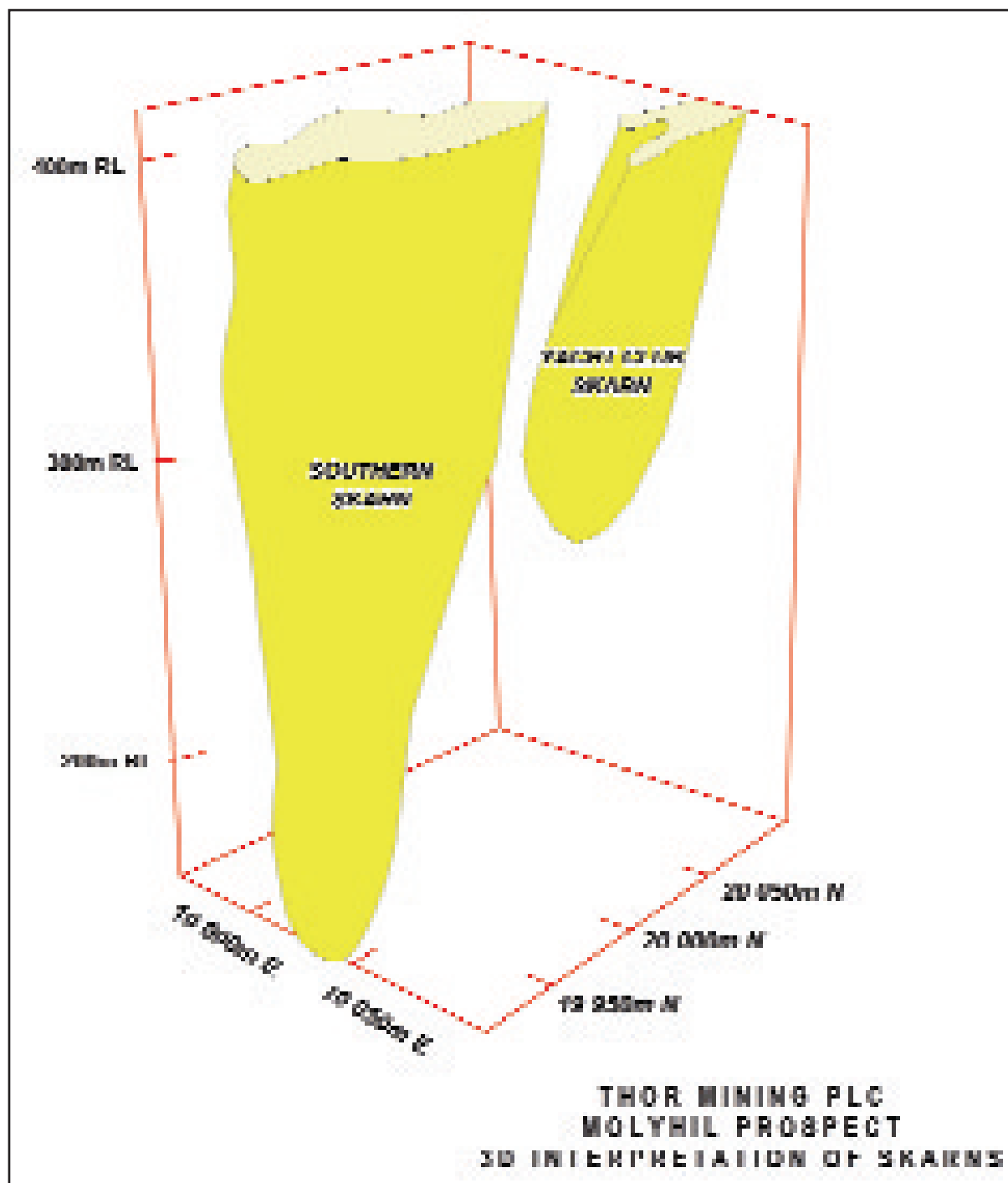
Each black rock skarn body forms a more or less coherent layer-parallel unit. The contacts between them and the intruding granites are, however, complex in detail. Small skarn bodies are present within the granite, the contact zones consist of intercalated mixtures of granite and skarn, and granite dykes cut the major skarn bodies.

### ***Geometry of Mineralisation***

Original mapping of the surface expression of the skarns showed them to be more or less ellipsoidal bodies with a north-south long axis and a steep east dip. Drill intercepts as deep as 220m below the surface indicate that they have greater depth than length. Neither of the mineralised bodies has been closed off down plunge at depth by the drilling. The possible geometry of the bodies may be reflected in a small fold exposed in the pit wall, in which a miniature skarn is enclosed in granite. The skarn has an east-west width of perhaps 10cm, a north-south length of about 30cm, and a long axis, plunging steeply to the south, at least a metre in length. The north end of the southern body appears to be faulted off by a northwest-trending southwest-dipping structure.

A three dimensional interpretation of the two black rock skarn bodies is shown as Fig 6.

Figure 6 – 3D Interpretation of Skarns



### Mineralogy

Following its 2004 drilling programme, the vendor commissioned Dalesford Pty Ltd (Dalesford) to undertake metallurgical test-work on composites of mineralised skarn from two diamond drill holes (TMDH004 and TMDH005). As part of their test-work Dalesford had Roger Townend and Associates (Townend) prepare polished sections of a composite and of a magnetic fraction of crushed core and carry out mineragraphic and SEM examinations of the sections. Townend reported that the opaque minerals were magnetite (major), pyrite (minor), hematite (accessory), and chalcopyrite, scheelite, molybdenite, pyrrhotite, and galena (trace). The main gangue minerals were reported as Ca-pyroxene, garnet, quartz, Ca-amphibole. Minor barite and apatite were also reported.

The molybdenite was present mainly as discrete grains varying between 60 and 500µm in size and the scheelite as grains between 10 and 500µm in size. One scheelite grain contained inclusions of amphibole and one was complex with pyroxene.

### ***Historical Mining***

20,000t of mineralisation was mined from the Yacht Club skarn between 1975 and 1976 to produce 100t of concentrate at 70% WO<sub>3</sub>. The Southern skarn was mined by Petrocarb Exploration NL (Petrocarb) between 1978 and 1981 to a depth of about 15m. The last three months of this mining produced 12,400t at 0.78% WO<sub>3</sub> and 0.51% MoS<sub>2</sub>. The mining was grade-controlled visually, the full extent of the black rock skarn being mined and milled.

### ***Exploration 1977-1981***

The deposit was drill tested by diamond drilling in 1977 and by open-hole percussion drilling in 1981. The diamond programme was of eight holes for 742m and the percussion programme of 20 holes for 2,130m. Not all of the holes intersected mineralisation. Full details of this drilling are no longer available, but it is known that the tenor of the results was similar to that obtained 23 years later by the vendor. Importantly, it was considered in 1981 that the mined grades were about 100% higher for Mo than the drill indicated grades and 40% higher for W.

### ***2004 Drilling Programme***

The vendor carried out a drilling programme into the deposit in 2004. The programme comprised five diamond holes for 676m (TMDH001 to 005) and 23 RC holes for 3,147m (TMRC001 to 023). Intersections within black rock skarn were sampled each metre. The samples were prepared for analysis by ALS-Chemex Australian Laboratory Services Pty Ltd (ALS) at its Alice Springs facility and analysed by it at its Perth Laboratory. Quality control consisted of:

- Duplicate analyses performed on pulps by ALS at the rate of about one in every 13 pulps.
- Inter-laboratory check analyses performed on six pulps by Ultra Trace Pty Ltd, Perth.
- The re-sampling of 61 RC drill samples, collected primarily from mineralised intersections in a total of 15 different holes.

The holes have been capped, with plastic caps over PVC collars. Beneath the caps they are expected to be open, due to the competent nature of the rocks. Their locations are shown on Fig 7. Figs 8 to 11 are cross-sections of the deposit displaying the drill-hole traces and intersections of the mineralised black rock skarn. The grades of the full lengths of intersection are given on the cross-sections and are representative of the deposit. Although most holes were drilled from grid east to grid west, two were drilled through the Southern Skarn along its north-south axis, one from the north and one from the south. TMRC022, drilled from the north was within the skarn for a total of 143m of its 180m length. The 143m of skarn averaged 0.16% W and 0.13% Mo.



Figure 8 – Molyhil Deposit – 20060N Cross-section

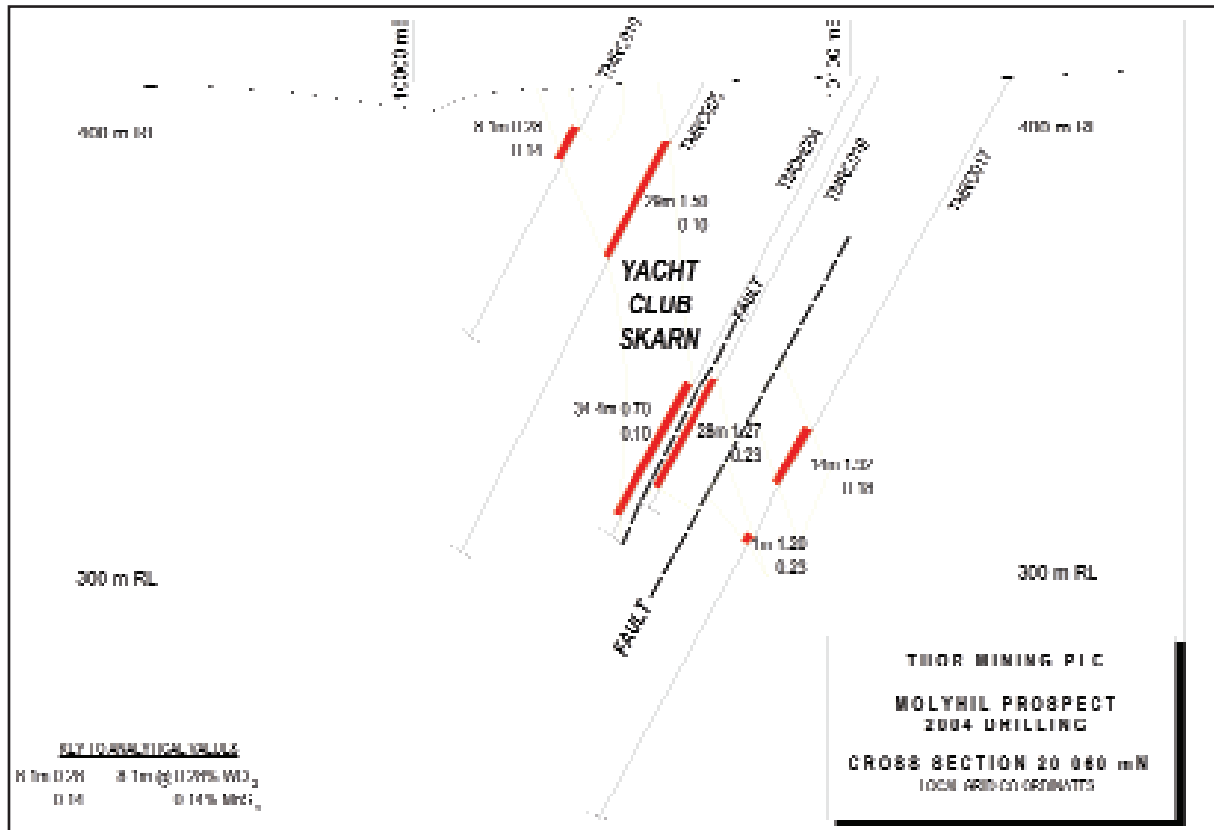


Figure 9 – Molyhil Deposit – 20030N Cross-section

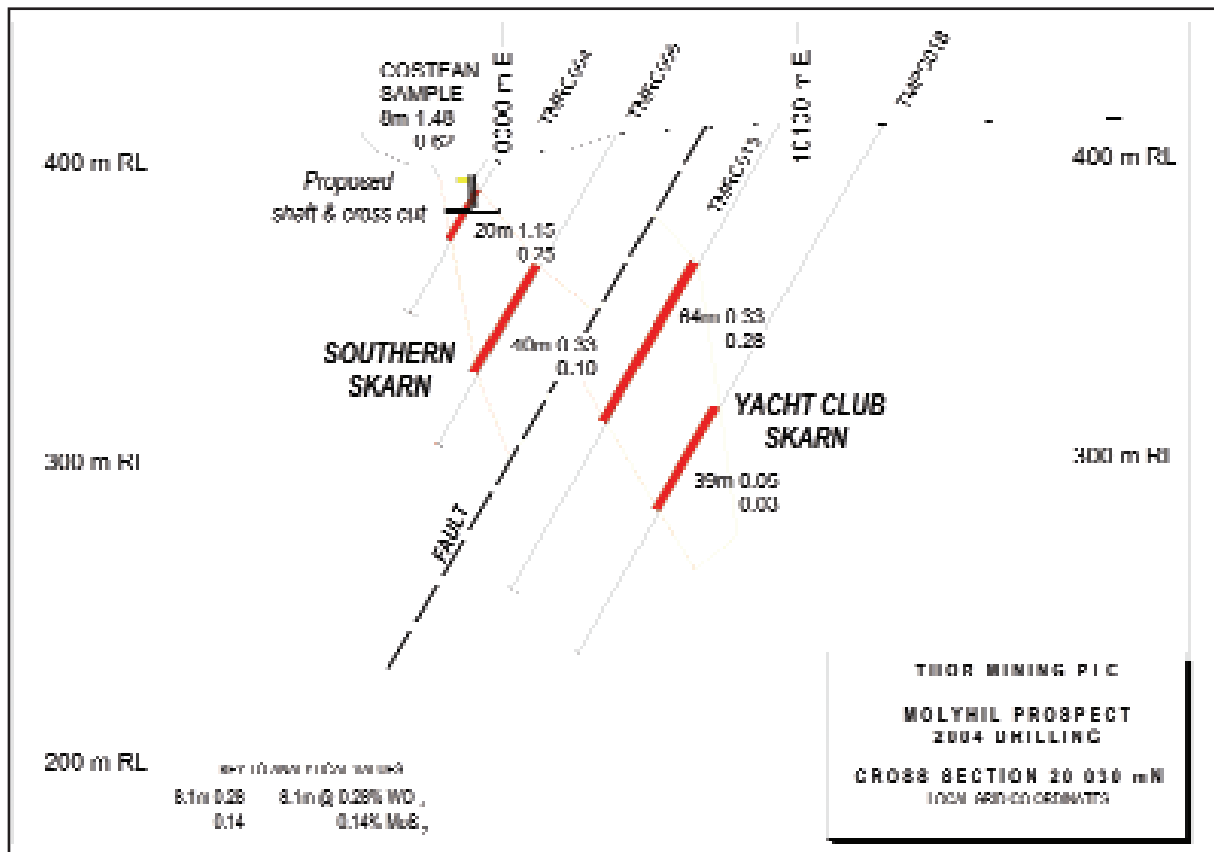


Figure 10 – Molyhil Deposit – 20000N Cross-section

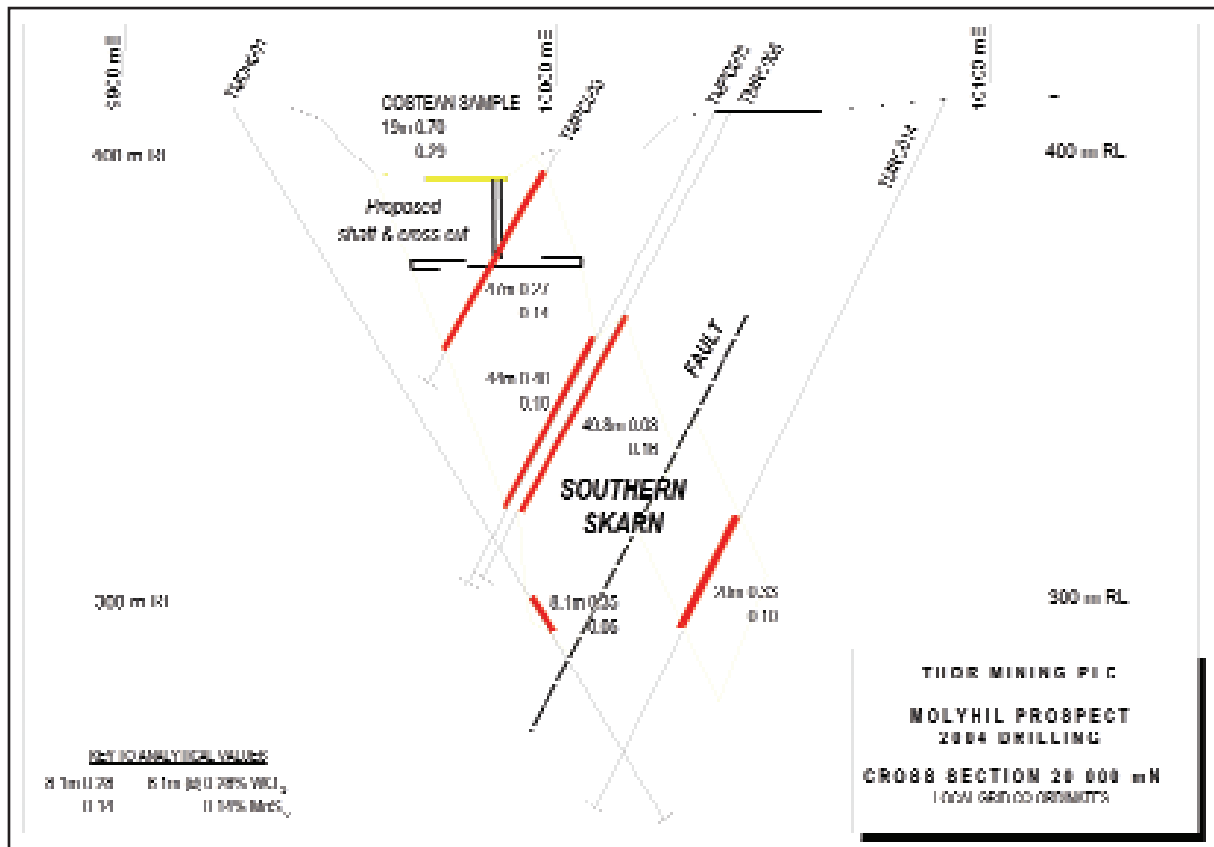
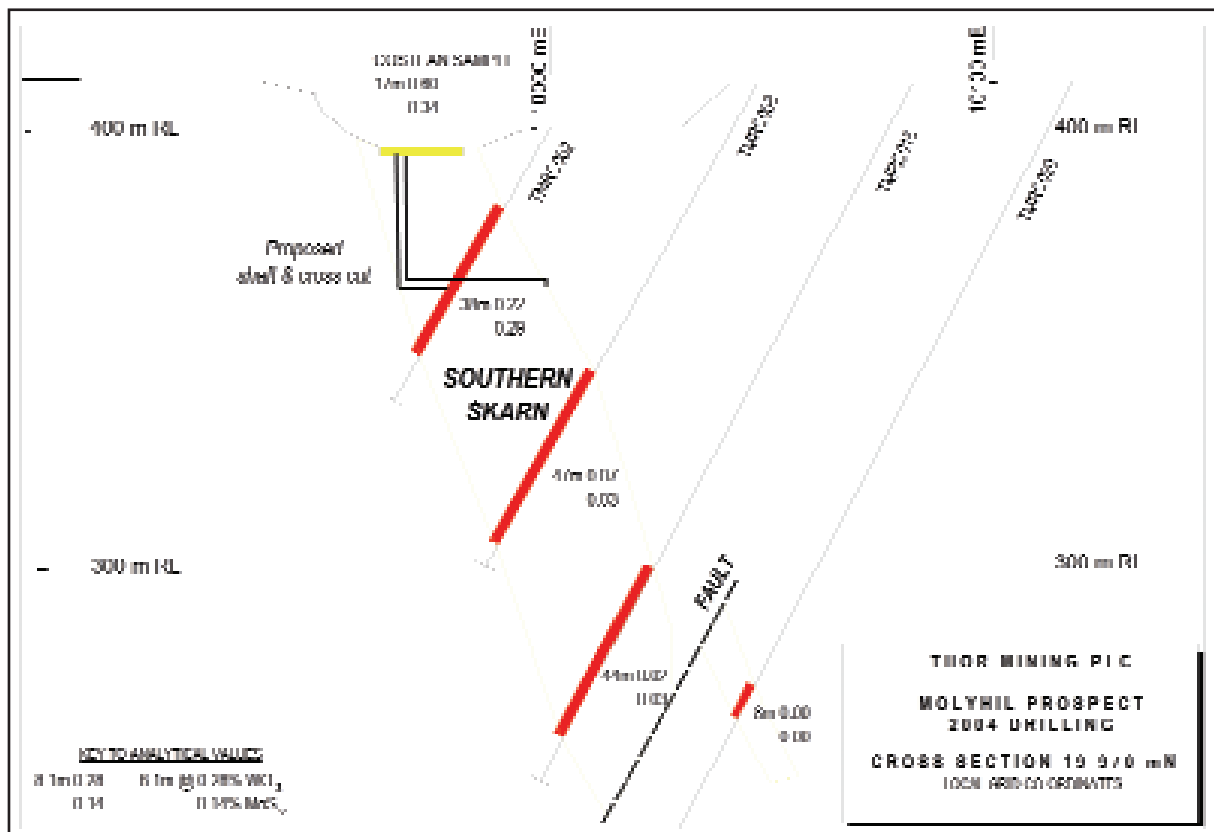


Figure 11 – Molyhil Deposit – 19970N Cross-section



### 2004 Bulk Sampling Programmes

Following its drilling programme the vendor dewatered the old inner pit situated over the Southern Skarn and extracted a bulk sample from its northern end, 14t of which was transported to Perth for metallurgical test-work. The sample was taken from a costean excavated about 10m up-dip from a high-grade intersection in TMRC004 (6m at 1.76% W, 0.20% Mo, 40.3% Fe<sub>2</sub>O<sub>3</sub>, and 0.168% CuO).

The -14mm crush of this material was systematically sampled. The ranges and averages of the analytical results for the 34 samples are given in Table 2.

Table 2 – Analytical Results for 34 Sub-samples of Initial Bulk Sample

Value	WO <sub>3</sub> %	MoS <sub>2</sub> %	Fe <sub>2</sub> O <sub>3</sub> %	CuO %
Low	0.81	0.26	34.4	0.16
High	2.27	0.77	40.7	0.28
<b>Average</b>	<b>1.57</b>	<b>0.53</b>	<b>37.2</b>	<b>0.22</b>

The costean was later re-sampled and two further costeans were dug across the floor of the lower pit. Their locations are shown on Fig 7. They were dug above the surface traces of the RC drill-holes TMRC003 and TMRC002. A total of about 15t of bulk material was taken from the two costeans. It was crushed to -14mm size. Between 17 and 19 samples of the crushed mineralisation were analysed from each of the three costeans. The results are summarised in Table 3, in which they are compared to the grade of the black rock skarn intersection in the RC hole beneath the costean. It is clear that the bulk samples returned a higher grade than did the drill holes beneath them. Also of interest is the comparison between the average grades from the recent bulk sampling and that reported by Petrocarb from its mining of the deposit in mid-1981 when 12,400t were treated at an average grade of 0.62% W and 0.31% Mo. A variation in grade between individual samples is also apparent.

Table 3 – Comparison of Costean and Drill-hole Grades

Costean	Value	WO <sub>3</sub> %	MoS <sub>2</sub> %	Fe <sub>2</sub> O <sub>3</sub> %	CuO %
Northern Costean	High	3.34	1.34	39.9	0.29
Northern Costean	Low	0.83	0.35	28.7	0.15
Northern Costean cf TMRC004	<b>Average</b> Drill	<b>1.47</b> 1.15	<b>0.71</b> 0.25	<b>35.8</b> 38.9	<b>0.21</b> 0.18
Central Costean	High	1.12	0.40	41.5	0.19
Central Costean	Low	0.35	0.16	30.8	0.12
Central Costean cf TMRC003	<b>Average</b> Drill	<b>0.70</b> 0.27	<b>0.29</b> 0.14	<b>37.9</b> 31.7	<b>0.16</b> 0.07
Southern Costean	High	0.88	0.44	39.5	0.10
Southern Costean	Low	0.32	0.21	31.8	0.19
Southern Costean cf TMRC002	<b>Average</b> Drill	<b>0.60</b> 0.22	<b>0.34</b> 0.29	<b>36.0</b> 36.3	<b>0.15</b> 0.10

### Resources

Following the vendor's 2004 drilling programme, CRM was commissioned by the vendor to provide a resource estimate for the Molyhil deposit. CRM subsequently estimated the deposit to contain an Indicated Resource of 1,530,000t at 0.32% WO<sub>3</sub> and 0.19% MoS<sub>2</sub> and an Inferred Resource of 500,000t at 0.25% WO<sub>3</sub> and 0.15% MoS<sub>2</sub>. This resource has been estimated to a depth of 250m (RL 160m). To a depth of 95m (RL 315m) the Indicated Resource is 1,130,000t at 0.38% WO<sub>3</sub> and 0.21% MoS<sub>2</sub> and the Inferred Resource is 200,000t at 0.45% WO<sub>3</sub> and 0.20% MoS<sub>2</sub>.

The resources were estimated by geostatistical interpolation using the inverse distance squared method. Block sizes were 15m x 5m x 5m. The resources were estimated within three wireframes, constructed to contain the significant bodies of iron-rich skarn as interpreted by CRM. The estimation was based upon analytical, geological, and survey data collected by the vendor during 2004. It is considered that this programme systematically tested the full length and width of the deposit to a depth of 100m, with a number of holes testing it below this level to as deep as 200m below surface.

The resources within the two skarn are summarised in Table 4. The average grades of both MoS<sub>2</sub> and WO<sub>3</sub> are significantly higher in the Yacht Club Skarn than in the Southern Skarn.

Table 4 Molyhil Deposit – Estimated Resources to 250m Depth

Lode	Classification	Resource (t)	MoS <sub>2</sub> (%)	WO <sub>3</sub> (%)	Cu (%)	Fe <sub>2</sub> O <sub>3</sub> (%)
Southern	Indicated	1,070,000	0.17	0.21	0.053	29
Southern	Inferred	320,000	0.14	0.15	0.035	28
Yacht Club	Indicated	460,000	0.26	0.59	0.083	35
Yacht Club	Inferred	210,000	0.15	0.39	0.081	37

### ***Metallurgy***

Following its 2004 bulk sampling programme, the vendor commissioned Nagrom & Co (Nagrom), a mineral processing company, to help establish a suitable processing system to produce molybdenite, scheelite, and magnetite products from the Molyhil mineralisation. The vendor provided Nagrom a 10t bulk sample taken from the costeans and later with composite RC drill samples from drill holes TMRC002 and TMRC007. Nagrom carried out test-work on four samples: a 130kg sample and a 400kg sample produced from the bulk sample and 300kg and 350kg samples of the RC chips. The test-work investigated responses of the mineralisation with regard to sizing, grindability, magnetic susceptibility, conductivity variation, and flotation tendency.

Nagrom established a process involving crushing, grinding to nominal 80% -250µ, screening, magnetic separation, flotation, gravity separation, and high tension separation. These processes produced initial molybdenite concentrates that had bulk sample recoveries of 75% and 78% and drill sample recoveries of 47.5% and 79%. Initial scheelite concentrates produced from the bulk samples recovered 51% and 64% of the scheelite, but those produced from the drill chips recovered only 15.5% and 26.5%. In the latter case substantial scheelite was lost to the -75µ wet tails. Scheelite powders readily and it is considered that the drill hammer may have produced finer grained scheelite particles that were easily lost in the circuit. The magnetite product contained between 62% and 64% Fe and comprised between 17% and 27% of the mass of the feed. It had commercially acceptable levels of Al<sub>2</sub>O<sub>3</sub> and P, but high SiO<sub>2</sub> and S levels.

Nagrom concluded that the processes used were viable and that refinements to them should enable adequate recoveries of all three products with the products achieving target specifications.

### ***Geotechnical Assessment***

The vendor, following its drilling programme, commissioned George, Orr and Associates (Australia) Pty Ltd (George Orr), geotechnical consultants, to carry out a preliminary assessment, for mining feasibility purposes, of ground conditions influencing future open pit wall stability and excavation requirements for the deposit. George Orr reported that:

- The depth of rock weathering at Molyhil is limited, with fresh rock occurring at an average depth of around 20m below surface (around 390m RL).
- Fresh rocks classify as “strong” to “very strong”, with unconfined compressive strengths falling within the range of 50MPa to 200MPa.
- Overall rock quality within the wall rocks is expected to range locally from “poor quality” (in the weathered rock occurring to a depth of around 20m from surface) to “good quality” (within underlying fresh rock).
- Some groundwater flows may be expected once mining takes place at depths of greater than 30m below surface. Inflows are expected from geological structures exposed in the walls.

- “Base case” wall designs prepared for the pit result in overall wall angles (measured between pit crest and pit toes) of around 50 degrees for pits of between 60m and 120m depth.

### ***Discussion***

The shapes of both the main Southern black rock skarn body and the main Yacht Club black rock skarn body have been well defined by the drilling, especially above 320m RL. The combination of geological logging and Fe analyses produced a set of intersections for each body that, when viewed in three dimensions, enabled smooth wireframes of the bodies to be produced that were consistent in orientation with structural data. As the SG of the black rock skarn is well known, the available tonnage in these two bodies above 320m RL is known with a high degree of confidence.

The confidence in the grade is less than that of the tonnage. Issues relating to grade include:

- The heterogeneity of the mineralisation, as evidenced by coarse aggregates of scheelite and molybdenite and by the lack of grade continuity between the twinned holes.
- Lower average W grade below 320m RL in the RC samples as against diamond core samples.
- Higher grades obtained by the bulk sampling of costeans than by drill holes situated below the costeans.
- Higher grades obtained by historical mining than by near surface drill holes beneath the mined areas.

An explanation for increasingly lower W grades with depth in RC drilling is the possibility that powdered scheelite was lost in water during the drilling process.

It is the view of both Thor and CRM that a higher degree of confidence than is presently available is required for the overall grade of the deposit. The existing resource estimations are considered to be reliable in as much as they provide a minimum grade for the deposit. For reasons given above, however, it is considered possible that the estimated grade of the deposit may, with further exploration, be able to be increased.

It is CRM’s opinion that infill RC drilling, targeted above 320m RL and using similar drilling and sampling methods as the 2004 programme, would be unlikely to significantly change either the tonnage or the grade estimates from those presented in this report. Alternative methods are considered to be required to achieve more accurate grade estimations. As the issues appear to be associated with the heterogeneity and the tendency of scheelite to powder, it is proposed that underground bulk sampling be carried out. This method should, by means of large samples, address the issue of heterogeneity and, by means of coarse fragment size, address the issue of powdering.

### **Proposed Underground Bulk Sampling**

It is proposed that underground bulk samples be mined from the Southern Skarn; the mining to consist of three shafts sunk to between 15 and 30m below the base of the present pit and three crosscuts cut across the width of the skarn from the base of each shaft. The locations of the shafts and crosscuts are shown on Figs 6 to 8. The shafts and crosscuts are sited to be within the skarn. Each of the crosscuts is sited to run grid east-west in line with the horizontal trace of a shallow RC hole drilled during 2004 and to intersect the hole in the centre of the skarn. Each crosscut should therefore provide bulk samples that can be compared to the intersections obtained from the RC drilling. The crosscuts are planned to be between 20 and 40m in length and to total about 90m. The proposed shafts total about 70m in depth.

In addition to providing samples of sufficient size to enable confident estimation of the grade of the sampled sections, the mining will provide bulk samples of mineralisation for metallurgical test-work.

### ***Sampling Protocol***

Thor has ascertained that the proposed shafts would be advanced in 1.5m lifts and the crosscuts in 2m cuts. Each lift would produce approximately 14t of sample and each cut 19t. These samples should each be kept as a separate pile on the sample pad. It is proposed that each pile be crushed separately with a mobile crusher to -14mm size. The crushed material should be sampled systematically to provide sub-samples for analysis and metallurgical test-work. Adequate sampling protocols could be by a continuous cut of the crushed product, by coning and quartering the product, or by the sampling of the product at regular time intervals as it is produced. The sub-samples should be split to provide 5kg splits for analysis and larger splits for metallurgy.

It is recommended that sampling for grade estimation be carried out in two ways:

1. A channel sample should be collected from along one wall of each crosscut. Each sample should be one metre in length.
2. As described above, samples should also be systematically collected from the -14mm crush from each advance of the crosscuts and the shafts.

The resulting grade estimations would be compared to those derived from the three RC drill holes. It is further recommended that the integrity of the individual samples collected from each advance be maintained until a complete analysis has been performed on the analytical results and the grade estimations and until after any future metallurgical test-work is completed and analysed.

### **Thring Creek Prospect**

Thor's Thring Creek Prospect is situated within the northern portion of ELA24392. A large target area is present to the south of the Ultra Violet workings, a group of shallow historical pits which exploited scheelite mineralisation in skarn on the eastern contact of the Jinka Granite (Fig 2). Of prime interest is the north-south oriented magnetic high that extends south from these workings over a length of about 7km (Fig 3). The high coincides with the contact zone between the Jinka Granite to the west and the metamorphic complex to the east. The zone has not been previously prospected or explored as it also coincides with surficial alluvial sediments of the Thring Creek system and as the aeromagnetic high, which is easily identified on recently available aeromagnetic data, was not obvious on earlier data.

### **Black Ridge Prospect**

The Black Ridge Prospect is located 12km north of the Molyhil deposit. It covers an area of 500m x 400m centred over a hill in which numerous quartz-carbonate veins cut granitic rock. It is postulated that the vein system developed from hydrothermal fluids rising up the adjacent regional scale fault and entering a locally fractured portion of Jinka Granite and that the carbonate may have been sourced from the Cambrian carbonate sediments present to the north of the fault. The veins vary from less than one to more than ten metres in width. They carry disseminated pyrite, chalcopyrite, arsenopyrite, and hematite. Petrological and geochemical work, carried out for a previous explorer, classified the veins as belonging to a low temperature epithermal system and having anomalous Au-As-Mo-Cu-Pb geochemistry.

### **Oorabra Reefs**

A rock-chip sample from one of the Oorabra quartz reefs, collected by the Northern Territory Geological Survey (NTGS) about 10km to the northeast of Molyhil, was recently reported to assay 5.7g/t Au (Fig 2). No systematic sampling of these reefs for gold has been reported.

### **Exploration Potential**

There is potential within the Molyhil Project tenements to discover further substantial mineralisation, especially within skarns. The ingredients of potential host rocks (carbonate sediments), sources of heat and of mineralising fluids (granites), major structures, and conjugate minor structures are all present. A feature of the Molyhil deposit is its high magnetite content. Similar covered deposits should possess an easily recognised magnetic signature. In addition the target rocks have relatively thin surficial cover and have not been subjected to intense weathering that could have depleted their geochemical signatures. Of prime interest is the north-south aeromagnetic high of Thor's Thring Creek Prospect.

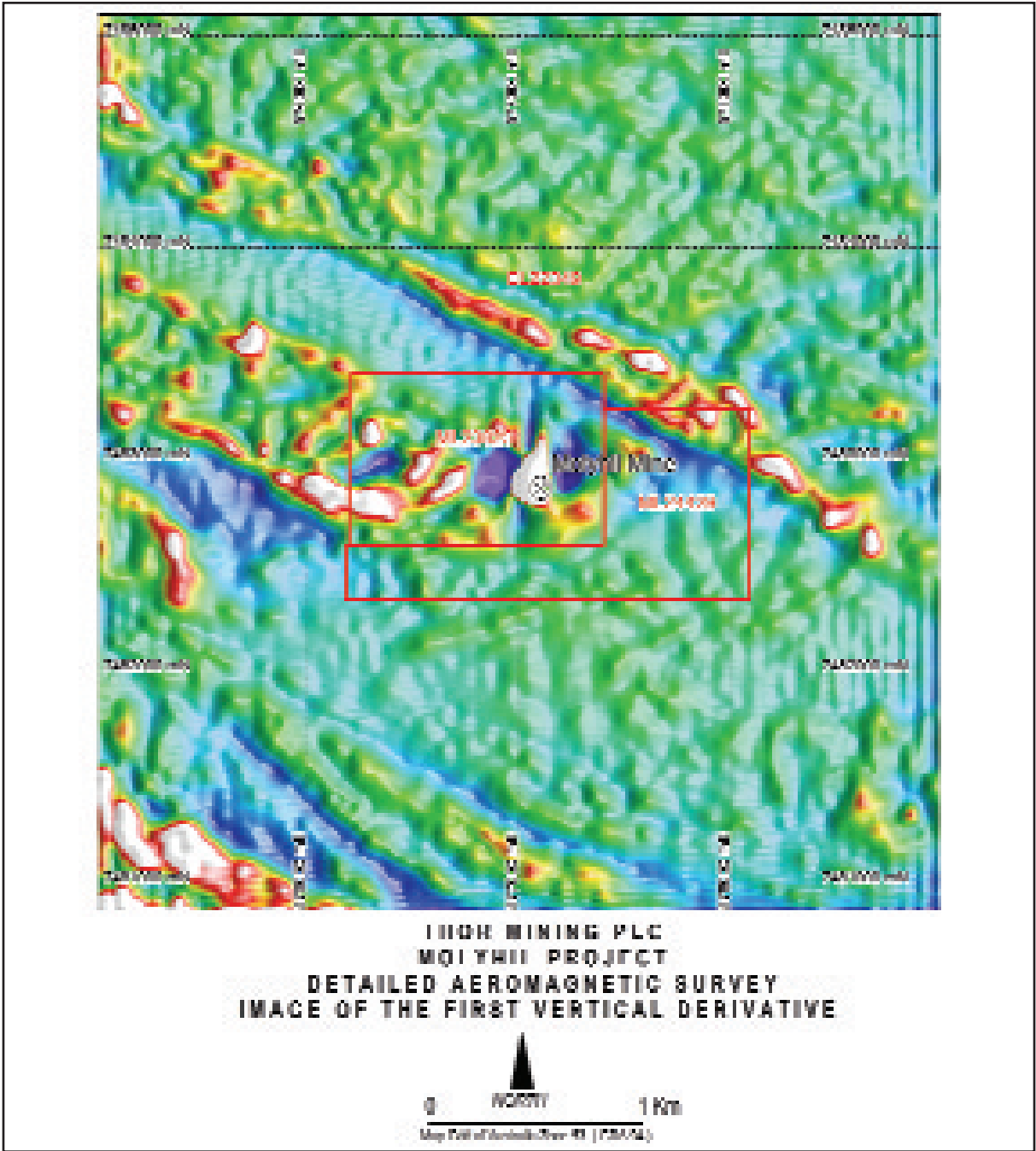
During 2004 the vendor had a low level aeromagnetic survey flown over a 16km<sup>2</sup> area centred on the Molyhil deposit. An image of the resulting aeromagnetic data is shown in Fig 12. The survey was flown at a line spacing of 50m. The Molyhil deposit coincides with a strong magnetic high feature, as would be expected considering that the black rock skarn contains considerable magnetite. Of interest is the apparent relationship within the skarn between magnetite mineralisation and both molybdenite and scheelite mineralisation.

The aeromagnetic survey located a number of other strong magnetic high features. These features are considered by Thor to be exploration targets for skarn mineralisation. In the early 1980s Geopeko Limited also carried out an aeromagnetic survey of the area, which it followed-up with ground magnetics, geological mapping, and percussion drilling. It tested 21 targets from a total of 44 identified anomalies, but in most cases with only one drill hole per anomaly. Although a proportion of the anomalies were interpreted as having been caused by magnetite-rich bands in gneissic rocks, a number were found to have been caused by magnetite bearing skarns. Scheelite mineralisation was present in some of these, but no significant intersections were made. Improvements

in the processing and enhancement of magnetic data can be expected to improve targeting for the testing of the anomalies.

Elsewhere in the project area, both the Black Ridge Prospect and the Oorabra quartz vein system are worthy of systematic exploration.

Figure 12 Molyhil Area – Detailed Aeromagnetic Image



**Proposed Exploration**

The most developed prospect within the project area is clearly the Molyhil deposit. It is proposed that three shafts be sunk within the Southern Skarn and that cross-cuts be driven from their bases across the width of the mineralised body. This process should provide a clearer indication of grade than was able to be obtained from the recent drilling programme. It would also provide a representative variety and a large sample of the mineralisation for future metallurgical test-work. In order to gain more information relating to the zone between the Southern and Yacht Club Skarns additional drill-holes are required to define the contacts in this area before any mining plan is developed for the deposit. In the event of the proposed work providing positive results Thor expects to carry out a full feasibility study.

It is also proposed that the Thring Creek Prospect be explored, initially by a detailed low level aeromagnetic survey, which should be followed up by a shallow drilling programme to test for indications of mineralisation. The aeromagnetic anomalies located by the detailed survey around the Molyhil deposit should also be tested in a similar manner. It is understood that previous explorers may have drill tested some of these and a thorough compilation of all previous exploration work in the area should be carried out before the drill programme is planned. Deeper drilling would be required in the second year to follow up positive results from year one.

The Black Ridge Prospect is of lower priority and should be explored initially by a combination of detailed geological mapping, rock, and soil sampling. Encouraging results could be followed in year 2 by electromagnetic geophysical surveys targeting sulphide mineralisation. and the drill testing of suitable anomalous zones. Systematic geochemical sampling of the Oorabra quartz vein system, primarily for gold, is also recommended.

A proposed budget for the recommended exploration is £320,000 in the first six months after admission and £205,000 in the following year. If the results from the exploration and the feasibility study on the Molyhil deposit are positive, Thor expects to begin mine development during 2006. Funding for such development is not in the proposed budget.

## HATCHES CREEK PROJECT

Thor Mining PLC's (Thor's) Hatches Creek Project is comprised of a group of three mineral tenements located in the central portion of the Northern Territory. The tenements cover 815km<sup>2</sup> and are divided into two non-contiguous areas. Thor's Hatches Creek Prospect is within the smaller southwest pair of tenements. It contains the historical Hatches Creek mining field, which was known as the Wolfram Field, within which numerous mines exploited quartz veins containing wolframite, a tungsten mineral. Mining of eluvial deposits containing wolframite and of gold and copper also occurred.

To the northeast of Hatches Creek, Thor's granted EL contains its Gidyea Prospect, in which preliminary prospecting has located gold anomalous ironstones.

### Location and Access

The project is located about 325km northeast of Alice Springs and 160km southeast of Tennant Creek. Access from the sealed Stuart Highway is via a combination of formed and unformed dirt roads for a total distance of about 165km.

### Tenements and Agreements

The project is comprised of one granted exploration licence (EL), and two exploration licence applications (MLAs). The tenement details are summarised in Table 5 and their locations are shown in Figs 13 to 15. The granted EL is held by TCGNT. The ELAs are applied for by Imperial Granite. Sunsphere is the beneficial holder of all of the tenements. Details of agreements and titles are given elsewhere in this admission document.

Table 5 – Hatches Creek Project - Tenement Summary

Tenement	Holder	Beneficial Holder	Expiry Date	Area	Annual Commitment
EL22913	TCGNT	Sunsphere	20/8/2008	751.7km <sup>2</sup>	\$22,000
ELA22912	Imperial Granite	Sunsphere	Application	54.0km <sup>2</sup>	Not applicable
MLA23463	Imperial Granite	Sunsphere	Application	9.1km <sup>2</sup>	Not applicable
<b>Total</b>				<b>814.8km<sup>2</sup></b>	

### Indigenous Land Issues

An Aboriginal group has freehold title to the area of the ELAs. Agreement has been reached with the group to restrict exploration to the area previously disturbed by mining, i.e. the Wolfram Field. This restriction is not expected to adversely affect Thor's planned exploration. An Aboriginal Native Title Claim has been made over EL22913. Details of claims and agreements are given elsewhere in this admission document.

### Regional Geological Setting

Thor's tenements are over sequences of folded and faulted Paleoproterozoic rocks of the Hatches Creek Group. The group is comprised primarily of clastic sediments, but also contains both felsic and mafic volcanics. Within the tenements, sequences dip at moderate to steep angles, in general towards the southeast. Sills of dolerite and granophyric porphyry intrude the group. An intrusive granite pluton is immediately to the west of EL22913 and sub-horizontal Cambrian sediments cover the group in the northwest portion of the same tenement. A simplified solid geology interpretation of the area is shown as Fig 13 and an aeromagnetic image of the same area as Fig 14.



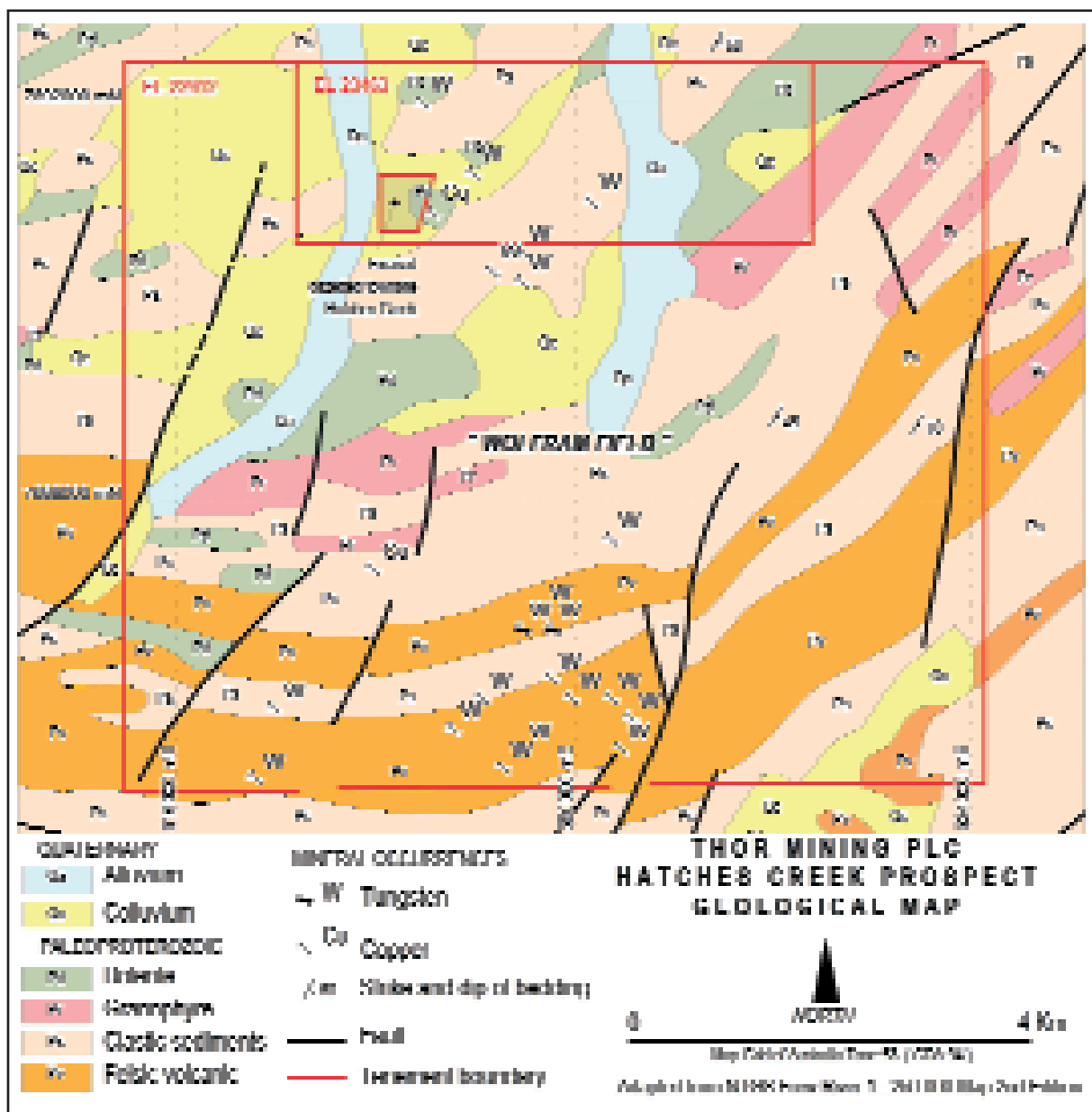
## Hatches Creek Prospect

### Geology

The Hatches Creek tenements are underlain by a Neoproterozoic sequence of weakly metamorphosed clastic sedimentary and felsic volcanic rocks. The sequence is intruded by igneous sills. Sandstone is the dominant sedimentary lithology. The sequence has been subjected to folding and faulting and has been cut by numerous narrow quartz reefs which follow lines of shearing. These reefs are mineralised, the main mineral of economic interest being wolframite, although bismuth, gold and copper mineralisation is also present within them. The tenor of the mined reefs was between 1% and 5% WO<sub>3</sub>.

The mineralised reefs are present in groups. The average reef width is 30cm, with the maximum width being 1.5m. The maximum strike length of any one reef is 170m, but an echelon lines of reefs are up to 1.5km in length. The reefs strike in two main directions, just east of north, parallel to the main fault direction, and east-northeast. The north-striking reefs dip at moderate to steep angles either to the west or the east; those striking easterly dip at moderate to steep angles to the south. The majority of the reefs are within volcanic or intrusive rocks, rather than in the sandstone units.

Figure 15 – Hatches Creek Prospect – Geological Map



### ***Historical Mining***

Mining began in the Wolfram Field in 1913 and continued intermittently until 1957. Mining occurred on numerous reefs within each of 16 groups of lodes, the locations of which are shown on Fig 15. Total production from the field is recorded as 2,840t of wolfram and scheelite concentrates, 5.6t of bismuth, and 69t of copper ore. The maximum depth of mining was 80m. Production of gold is recorded from the Pioneer, and the Black Diamond groups.

### ***Previous Exploration***

Australian Energy & Gold NL carried out rock chip sampling for gold at selected workings in the northern part of the field during the late 1980s. At the Pioneer Mine, the largest on the field, gold was recorded both in wolframite and copper concentrates. In the Black Diamond group a gold assay of 20.9g/t Au was returned from a mineralised specimen. Samples taken from the Ricketty Kate Mine assayed up to 0.7g/t Au.

### ***Resources***

The Bureau of Mineral Resources reported in 1961 that “inferred ore reserves” remaining after mining ceased totalled 1,000t of 65% WO<sub>3</sub> concentrate. These resources are from a number of mines.

### ***Gidyea Prospect***

The Gidyea Prospect is located in the southwest of EL22913, in the vicinity of a massive hematitic ironstone that was sampled by a prospector and that subsequently assayed 0.6g/t Au and 0.4% Co.

### ***Geological Setting***

The southeastern portion of EL22913 is underlain mainly by moderately to shallowly southeasterly-dipping sandstones of the upper subgroups of the Hatches Creek Group. The central and western sections of the tenement contain more complexly folded sediments and felsic volcanics of the lower subgroup, intruded by dolerite sills. The sills have a stronger magnetic signature than does the sequence into which they are intruded and one such sill, folded into an S-shape, is apparent on the aeromagnetic image of the area shown as Fig 14.

### ***Previous Exploration***

The NTGS carried out a ground magnetometer survey during 1979 of a 16ha area surrounding the “discovery” ironstone and defined a magnetic high. They tested the “high” with an 89m diamond hole which intersected a hydrothermally altered gabbro.

During 1992 the vendor rockchip sampled six lateritised siltstones within the general area. One of these, located 1,600m northeast of the original discovery assayed 1.2g/t Au. Another, close to the 1979 sample, analysed 0.36% Co.

### ***Exploration Potential***

The Hatches Creek Prospect has not been subjected to modern exploration for the vein hosted mineralisation, and neither have the shear systems been systematically tested for gold mineralisation nor have the eluvial and alluvial sediments been systematically tested for wolframite concentrations.

The Gidyea Prospect is within poorly explored terrain. The presence of anomalous gold is a positive and provides encouragement for systematic exploration, initially in the structurally complex area in the vicinity of this mineralisation close to the granitic batholith to the west, which may have provided mineralising fluids, a heat source, and may have caused the formation of structural traps.

### ***Proposed Exploration***

Within the Hatches Creek Prospect, Thor proposes to carry out a geological interpretation utilising airphoto and satellite image interpretation and data synthesis in a GIS environment; carry out a data compilation of information relating to the historical Wolfram Field mines, complete a detailed airborne magnetic-radiometric survey, and carry out a first-pass RAB programme. If the results from the initial drilling are positive Thor intends to follow them up by means of a more extensive drilling programme.

Within the Gidyea Prospect Thor proposes to carry out gridding, soil sampling, a ground magnetic survey, and vacuum drilling to bedrock for geochemical analyses.

A proposed budget for the recommended exploration is £14,000 in the first six months after admission and £80,000 in the following year.

## DECLARATIONS

This report has been prepared by John L Baxter. Mr Baxter is a director of Continental Resource Management Pty Ltd who has more than 30 years experience in the mineral industry as a geologist and consultant and has carried out numerous resource calculations of exploration properties.

No member or employee of CRM is, or is intended to be a director, officer or other direct employee of Thor. No member or employee of CRM has, or has had, any share holding, or the right (whether enforceable or not) to subscribe for securities, or the right (whether legally enforceable or not) to nominate persons to subscribe for securities in Thor. CRM has not previously provided geological services to Thor and there is no agreement or understanding between CRM and Thor as to CRM performing further work for Thor. Fees are being charged at a commercial rate for the preparation of this report, the payment of which are not contingent upon the conclusions of the report.

Where mineral resources and reserves are referred to, the terminology is consistent, unless specifically stated to the contrary, with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (Code) as per the Joint Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Australian Mining Industry Council (JORC) and dated December, 2004.

The statements and opinions contained in this report are given in good faith and in the belief that they are not false or misleading. The conclusions are based on the reference date of the 12 May 2005 and could alter over time depending on exploration results, metal prices and other relevant market factors.

## GLOSSARY OF GEOLOGICAL AND TECHNICAL TERMS

<b>Actinolite</b>	A green silicate metamorphic mineral.
<b>Aeromagnetic</b>	A method of geophysical exploration in which an aircraft carries instruments that record the magnetic signatures of the rocks beneath its flight path.
<b>Alluvium</b>	Detrital sediment laid down by water, especially by rivers or streams.
<b>Alteration</b>	Change in mineralogical composition of a rock commonly caused by reactions with hydrothermal solutions.
<b>Amphibole</b>	A mineral group, an alumino –silicate, green in colour.
<b>Amphibolite</b>	A metamorphic rock composed mainly of amphibole.
<b>Arsenic/As</b>	An element, commonly associated with gold mineralisation.
<b>Ag</b>	The chemical symbol for the metallic element silver.
<b>Au</b>	Chemical symbol for gold.
<b>Barite</b>	A mineral, of composition BaSO <sub>4</sub> .
<b>Basalt</b>	An extrusive igneous rock; dark coloured, fine-grained, composed mainly of feldspar and pyroxene.
<b>Basin</b>	A general term for an originally depressed area that has been filled with sedimentary rocks.
<b>Batholith</b>	A large mass of plutonic igneous rocks.
<b>Bi</b>	The chemical symbol for the element bismuth.
<b>Calc-silicate</b>	A metamorphic rock consisting largely of carbonate and calcium bearing silicate minerals; formed by the metamorphism of carbonate sediments
<b>Carbonate</b>	A mineral compound containing the radical CO <sub>3</sub> anion; especially calcium carbonate (calcite).
<b>Chalcopyrite</b>	A sulphide mineral; composed of copper, iron, and sulphur (CuFeS <sub>2</sub> ).
<b>Chlorite</b>	A platy hydrous silicate related to mica.
<b>Clastic</b>	Rocks composed of fragmental material derived from pre-existing rocks.
<b>Cobalt (Co)</b>	The element cobalt (its chemical symbol).
<b>Colluvium</b>	Surficial sheet-form relatively recent deposits emplaced by sheet wash or gravity.
<b>Copper (Cu)</b>	The metallic element (its chemical symbol).
<b>Concentrate</b>	A concentration of valuable minerals obtained from lower grade mineralisation (especially of sulphides).
<b>Conjugate set</b>	Set of related fractures which intersect and have dissimilar orientations.
<b>Costean</b>	An elongate pit.
<b>Crosscut</b>	Horizontal underground opening.
<b>Diamond drilling</b>	Method of obtaining cylindrical core of rock by drilling with a diamond-set or diamond-impregnated bit.
<b>Dip</b>	The angle that a rock unit or structure makes with the horizontal.
<b>Disseminated</b>	Mineralisation in which mineral grains (especially sulphides) are dispersed throughout a host rock (as against being concentrated in a massive band).
<b>Dolerite</b>	A dark coloured fine to medium-grained intrusive igneous rock.
<b>Dyke</b>	A tabular igneous intrusion that cuts across the intruded rocks.
<b>Electromagnetic</b>	A geophysical exploration method utilising the electrical or magnetic properties of rocks or minerals.

<b>En echelon</b>	Parallel but offset structures or veins.
<b>Epithermal</b>	A hydrothermal mineral deposit formed within about 900m of the surface within the temperature range of 50° to 200°C: characterised by veins.
<b>Extrusive</b>	Igneous rocks that have been formed, from volcanic action, on the surface of the Earth.
<b>Fault</b>	A fracture in rock along which there has been relative displacement of the two sides either vertically or horizontally.
<b>Feldspar</b>	A silicate mineral group formed in igneous and metamorphic rocks; light coloured
<b>Felsic</b>	Descriptive of light coloured rock containing an abundance of feldspar (generally potassium rich) and quartz.
<b>Fold</b>	A bend in strata or any planar structure.
<b>Flotation</b>	A metallurgical technique for the separation of (especially) sulphide minerals from finely ground rock.
<b>Fluorite</b>	A mineral, of composition CaF <sub>2</sub> .
<b>Formation</b>	A rock unit; often sedimentary; may be given a formal name; capable of its distribution being mapped either at or below the surface of the earth
<b>Galena</b>	The lead sulphide mineral (PbS).
<b>Garnet</b>	A alumino-silicate metamorphic mineral.
<b>g/t</b>	Grams per tonne.
<b>Geochemistry</b>	The study of the abundance of elements in rocks by chemical methods.
<b>Geophysics</b>	The science of the physical properties of the Earth, e.g. the magnetic properties and signatures of rock units.
<b>Geotechnical</b>	The science that includes the physical properties and responses of rocks and rock formations to strains and stresses; especially in mine situations.
<b>GIS</b>	Geographic information system. A computer based system that enables various sets of data that have known geographical positions to be viewed, compared, and manipulated.
<b>Gneiss</b>	High grade metamorphic rock composed of alternating bands respectively rich in light and dark coloured minerals.
<b>Gold</b>	The metallic element (chemical symbol Au).
<b>Grade</b>	Expression of relative quality (e.g high grade) or of numerical quality (e.g. 3.0g/t Au).
<b>Granite</b>	Light coloured, coarse-grained, intrusive igneous rock; comprises large sections of the Earth's continental crust.
<b>Granulite</b>	A high-grade metamorphic rock composed of interlocking granular minerals.
<b>Ground magnetics</b>	A geophysical exploration method based on the detection of buried rock bodies of different magnetic properties to those surrounding them
<b>g/t</b>	Grams per tonne.
<b>Hematite</b>	An oxide of iron; red in colour.
<b>Hydrothermal</b>	Minerals formed in situ by the action of hot aqueous fluids.
<b>Igneous</b>	Formed by solidification of hot mobile material termed magma.
<b>Indicated resource</b>	That part of a resource for which tonnage, densities, shape, physical characteristics, grade, and mineralogy can be estimated with a reasonable level of confidence.
<b>Inferred resource</b>	That part of a resource for which tonnage, grade, and mineralogy can be estimated with a low level of confidence.

<b>Intrusion</b>	A body of igneous rock that invades older rocks.
<b>Lateritised</b>	Rocks altered and enriched in iron by weathering.
<b>Mafic</b>	Descriptive of rocks composed dominantly of magnesium and iron forming silicates.
<b>Magnetite</b>	An iron oxide mineral; $\text{Fe}_3\text{O}_4$ .
<b>Metamorphosed</b>	A rock that has been altered by physical and chemical processes involving heat, pressure and derived fluids.
<b>Metasediment</b>	A metamorphosed sedimentary rock.
<b>Metallurgy</b>	The science of the extraction or processing of metals.
<b>Mica</b>	A platy mineral.
<b>Mineralisation</b>	The concentration of metals and their minerals within a body of rock.
<b>Mn</b>	The chemical symbol for the metallic element manganese.
<b>Mo</b>	The chemical symbol for the metallic element molybdenum.
<b>Molybdenite</b>	The sulphide mineral of molybdenum ( $\text{MoS}_2$ ).
<b>Molybdenum</b>	A metallic element (chemical symbol Mo).
<b>Neoproterozoic</b>	The youngest of the three Proterozoic eras; between about 580 and 1,000 million years ago.
<b>Palaeozoic</b>	The era of geological time from the end of the Proterozoic to the beginning of the Mesozoic; between about 580 and 250 million years ago.
<b>Paleoproterozoic</b>	The oldest of the three Proterozoic eras; between about 2,500 and 1,600 million years ago
<b>Pb</b>	The chemical symbol for the metallic element lead.
<b>Petrology</b>	The study of rocks, especially in terms of the arrangement and origin of their mineral components.
<b>Plunge</b>	The downward direction of the long axis of a rock unit or lineation.
<b>Plutonic</b>	Igneous rocks formed at great depth.
<b>Porphyry</b>	Igneous rock containing conspicuous phenocrysts (large crystals) in a fine-grained groundmass; usually intrusive.
<b>ppb or ppm</b>	Parts per billion (1,000 million) or parts per million.
<b>Proterozoic</b>	The younger portion of the Precambrian; from about 2,500 to 580 million years ago.
<b>Pyrite</b>	A mineral composed of iron sulphide ( $\text{FeS}_2$ ); “fools gold”.
<b>Pyroxene</b>	A mineral group of alumino-silicate composition.
<b>Pyrrhotite</b>	An iron sulphide mineral.
<b>Quartz</b>	A mineral composed of silicon dioxide.
<b>Radiometric</b>	Measurement of radiation. An airborne radiometric survey may distinguish different rock units on the basis of their inherent radioactive minerals.
<b>RAB</b>	See Rotary Air Blast.
<b>RC</b>	See reverse circulation.
<b>Reef</b>	A tabular or vein like deposit of valuable mineral between well defined walls.
<b>Resource</b>	In-situ mineral occurrence for which there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics, and continuity are known, estimated, or interpreted from specific geological evidence and knowledge.

<b>Reverse circulation (RC)</b>	A percussion drilling technique in which the cuttings are recovered through the drill rods thus minimising sample losses and contamination.
<b>Rotary air blast (RAB)</b>	Rotary drilling technique in which sample is returned to surface outside the rod string by compressed air.
<b>Sandstone</b>	A sedimentary rock composed primarily of sand-sized grains.
<b>Scheelite</b>	A tungsten mineral, of composition $\text{CaWO}_4$ .
<b>Sediment</b>	Rock formed by the deposition of solid grains from water.
<b>Shaft</b>	Vertical opening to underground workings.
<b>Shear</b>	A zone in which rocks have been deformed, primarily in a ductile manner, as a result of applied stress.
<b>Siltstone</b>	A very fine-grained sedimentary rock composed predominantly of silt-sized grains.
<b>Skarn</b>	A metamorphic rock formed by the addition of elements to a carbonate rock by contact metamorphism from an igneous intrusion.
<b>Slate</b>	A very fine- grained medium-grade metamorphic rock formed from shale.
<b>Soil sampling</b>	Systematic collection of soil samples at a series of different locations in order to study the distribution of soil geochemical values.
<b>Strike</b>	The direction of a rock layer or structure on a level surface.
<b>Structural</b>	Pertaining to geological structure; including folds, faults, shears, cleavage, and joints. Structures range from regional scale to microscopic.
<b>Sulphide</b>	A mineral compound containing sulphur and metal.
<b>Tungsten</b>	The metallic element (chemical symbol W).
<b>Twinned holes</b>	A pair of parallel holes drilled close together.
<b>Vein</b>	A thin sheet-like intrusion into a fissure or crack, commonly bearing quartz.
<b>Volcanic</b>	Descriptive of rocks originating from volcanic activity.
<b>Workings</b>	Minor scrapings, pits, or shafts dug by prospectors or small scale miners; mostly historical.
<b>Zinc</b>	The metallic element (its chemical symbol is Zn).
<b>Zn</b>	The chemical symbol for the element zinc.
<b>W</b>	The chemical symbol for the element tungsten.
<b>Weathering</b>	The processes by which rocks at or near the Earth's surface change in mineralogical and chemical composition due to the action of air, water, plants, and temperature changes.
<b>Wolfram</b>	The element tungsten.
<b>Wolframite</b>	A tungsten mineral, of composition $(\text{Fe, Mn})\text{WO}_4$ .

## PART 6

### ADDITIONAL INFORMATION

#### 1. The Company

- 1.1 The Company is registered in England and Wales, having been incorporated on 3 November 2004 under the Companies Act 1985 (“Act”) with registered number 05276414 as a company limited by shares with the name Thor Mining Limited. The liability of members is limited.
- 1.2 The principal legislation under which the Company operates is the Act.
- 1.3 On Admission the Company will have one wholly owned subsidiary, Sunsphere.
- 1.4 On 6 June 2005, pursuant to a resolution of shareholders of the Company converted to a public limited company and adopted new Articles of Association. On 7 June 2005 the Registrar of Companies issued a certificate entitling it to do business under the provisions of section 117 of the Act.

#### 2. Share capital

- 2.1 On incorporation, the Company had an authorised share capital of £10,000,000 divided into 10,000,000,000 ordinary shares of £0.001 each of which two were issued, fully paid, to the subscriber to the memorandum of association of the Company.
- 2.2 On 3 May 2005 resolutions were passed, *inter alia*, authorising the Directors to allot relevant securities, disapplying pre-emption rights and authorising the Directors to grant options and subsequently the number of shares issued and fully paid was increased from two Ordinary Shares of £0.001 each to 12,500,000 Ordinary Shares of £0.001 each.
- 2.3 On 20 May 2005, the Sale and Purchase Agreement was entered into, under which Sunsphere was acquired by the Company for a cash consideration of £250,000 and 45,000,000 Shares which were issued on 20 May 2005.
- 2.4 On 6 June 2005 the number of shares issued and fully paid was increased to 100,000,000 Ordinary Shares of £0.001 each.
- 2.5 On Admission the Company intends to allot a further 81,675,000 Ordinary Shares for cash at £0.02 per share pursuant to the Placing.
- 2.6 The authorised and issued share capital of the Company as it will be immediately following Admission are as follows:

Authorised			Issued and fully paid	
<i>Amount</i>	<i>Number</i>	ordinary shares of	<i>Amount</i>	<i>Number</i>
£10,000,000	10,000,000,000	£0.001 each	£181,675	181,675,000

- 2.7 The Ordinary Shares will rank *pari passu* in all respects including the right to receive all dividends and other distributions declared, made or paid on the Ordinary Shares from the date of this document.
- 2.8 Following Admission, the Ordinary Shares may be held in either certificated or uncertificated form.
- 2.9 Save as disclosed in this document:
  - no share or loan capital of the Company has been issued or is proposed to be issued;
  - no person has any preferential subscription rights for any share capital of the Company;
  - no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option; and
  - no commissions, discounts, brokerages or other special terms have been granted by the Company since its incorporation in connection with the issue or sale of any share or loan capital of the Company.

- 2.10 By written resolutions passed on 3 May 2005 the Directors are unconditionally authorised to allot, create, deal with or otherwise dispose of relevant securities (within the meaning of section 80(2) of the Act) up to a maximum aggregate nominal amount of £10,000,000 to such persons (including any director) on such terms and at such times as they think fit as if section 89(1) of the Act did not apply to such allotment. This authority remains in force for two years from the date of the resolutions. In addition the Directors were authorised to grant options over a maximum of 20,000,000 Ordinary Shares.
- 2.11 There are no listed or unlisted securities issued by the Company not representing the share capital.

### **3. Memorandum and articles of association**

- 3.1 In this paragraph 3, references to the “Statutes” are references to the Act and every other Act for the time being in force concerning companies and affecting the Company.
- 3.2 The principal objects of the Company are set out in full in clause 4 of the memorandum of association and include carrying on the business of a general commercial company.
- 3.3 The articles of association of the Company (the “Articles”) contain, *inter alia*, provisions to the following effect:

#### ***Transfer***

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

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

Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held (as to which there are none at present) every member present in person or by proxy shall upon a show of hands have one vote and every member present in person or by proxy shall upon a poll have one vote for every share held by him.

#### ***Dividends***

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

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

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

#### ***Variation of rights***

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

#### ***Changes in share capital***

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

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

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

### ***Unclaimed dividends***

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

### ***Borrowing powers***

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

### ***Directors***

Unless otherwise determined by ordinary resolution, the number of directors shall be not less than two.

## **4. Directors' and other interests**

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

<b>Name</b>	<i>Number of Ordinary Shares at the date of this document</i>	<i>Percentage of issued capital at the date of this document</i>	<i>Number of Ordinary Shares immediately following Admission</i>	<i>Percentage of issued capital immediately following Admission</i>
John Barr (Note 1)	45,000,000	45.0%	45,000,000	24.8%
Andrew Bell (Note 2)	8,200,000	8.2%	8,200,000	4.5%
Mark Smyth (Note 3)	4,150,000	4.2%	4,150,000	2.3%

*Note:*

1. The interests of John W Barr and persons connected with him noted above are indirect interests held through TNG.
  2. The interests of Andrew Bell and persons connected with him noted above are indirect interests held through Regency Mines plc.
  3. The interests of Mark Smyth and persons connected with him noted above are indirect interests held by P M Smyth and J L Smyth as trustees for the Smyth Superannuation Fund.
- 4.2 Save as disclosed above, none of the Directors nor any member of their respective immediate families nor any person connected with the Directors (within the meaning of Section 346 of the Act) has any interest, whether beneficial or non-beneficial, in any share capital of the Company.
- 4.3 There are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors.
- 4.4 Save as otherwise disclosed in this document, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company since its incorporation and which remains in any respect outstanding or unperformed.
- 4.5 Save as disclosed in paragraph 4.1, the Company is only aware of the following persons who, immediately following Admission, directly or indirectly, jointly or severally, hold or will hold 3 per cent. or more of the ordinary share capital of the Company or exercise or could exercise control over the Company:

<b>Name</b>	<i>Number of Ordinary Shares immediately following Admission</i>	<i>Percentage of issued capital immediately following Admission</i>
Alpha Capital Inc.	4,150,000	2.3%
City Equities Limited	10,000,000	5.5%
RAB Special Situations Master Fund Limited	40,000,000	22.0%
Regency Mines plc	8,200,000	4.5%
Smyth Superannuation Fund	4,150,000	2.3%
Tennant Creek Gold Limited	45,000,000	24.8%

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

- 4.6 Kensington Consulting Pty Ltd, a company of which John Barr is a director, has executed a consulting agreement with Sunsphere, which provides for a maximum monthly fee of £8,000. Under the terms of the consultancy agreement Kensington Consulting Pty Ltd had undertaken to provide the services of John Barr for such time as is necessary to carry out properly the business of the Company.
- 4.7 John Barr, Mark Smyth and Andrew Bell each have a director's appointment letter dated 6 June 2005. The letter appoints each as a director of the Company at an annual fee of £12,000 (plus VAT if applicable). Under the terms of their appointment letters John Barr, Mark Smyth and Andrew Bell have each agreed to spend 1 day per month on their duties as directors.
- 4.8 TNG charges Sunsphere for office costs, accounting and secretarial services on normal commercial terms.
- 4.9 Save as disclosed in paragraphs 4.6, 4.7 and 4.8 above, there are no contracts, existing or proposed, between any Director and the Company.
- 4.10 There is no arrangement under which any Director has agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.
- 4.11 It is estimated that under the arrangements currently in force, the aggregate maximum remuneration and benefits in kind to be paid to the Directors for the twelve months ending 30 June 2006 will be approximately £132,000.
- 4.12 In addition to the directorships in the Company the Directors hold or have held the following directorships within the five years immediately prior to the date of this document:

Name	Current <i>Directorships</i>	Past <i>Directorships</i>
John W Barr	Cavendish Corporation Limited Tennant Creek Gold Limited Tennant Creek Gold (NT) Pty Ltd Batavia Mining Limited Enigma Mining Limited Farbarr Nominees Pty Ltd Kensington Capital Pty Ltd Kensington Consulting Pty Ltd Alfriston Australia Pty Ltd Sunsphere Pty Ltd Sandy Creek Mining Pty Ltd	Kanowna Lights Limited Environmental Infrastructure Ltd CommSecure Ltd Hillcrest Resources Ltd Aquarius Platinum (Australia) Limited Arboyne Investments Pty Ltd Australian Potash NL Australian Power & Energy Corporation Ltd Bullion Minerals Ltd Chemist Club Pty Limited Commsecure Australia Pty Limited Comorin Nominees Pty Ltd Connaught Mining NL Cuprifex Mining NL Extranet Technologies Pty Ltd First In Mail Pty Ltd

		Hartman Holdings Pty Ltd Harvest Barn Pty Ltd Hillcrest Litigation Services Limited Ida Valley Pty Ltd Kensington Securities Pty Ltd Majestic Resources Pty Ltd MBBC Limited Peninsula Minerals Limited Standard Resources NL
Andrew Bell	Celestial Mines Ltd Chenrock Ltd Condorex Ltd Elenchus Ltd Fafner Secretarial and Administration Ltd Feltar Ltd General Mining Ltd Gold and Base Metals Ltd Huszar Mining Ltd The Italian Gold Field Ltd Madagascar Mining Ltd Magyar Mining PLC Mull Energy Ltd Pacific Resources Corporation Ltd Pan Resources Ltd Panax Ltd Range Mines Ltd Red Rock Resources plc Regency Mines PLC Sand Harvester Ltd Zeus Energy Ltd Axiom Resources Ltd (Canada) Bellmin DOOL (FYRM) Bellmin s.r.o (Slovakia) Eastmine Kft (Hungary) Exploraciones Condor SA (Chile) Minera Condor SA (Chile) Redstone Metals Pty Ltd (Australia) St Stephen Gold s.r.o. (Slovakia) Vespasian Sp. z o.o. (Poland)	Alanway Ltd The Housing Loan Corporation PLC Tagg NPD (UK) Ltd Churchill Mining plc
Mark Smyth	European Oil Limited Magyar Mining PLC Llanbedr Holdings Pty Ltd Romarcam Investments Pty Ltd Talybont Pty Ltd Simba Mines Inc Simbajamba Mines Limited Murchison Heritage Land Corporation Pty Ltd Condorex Ltd	Rand Quest Limited City View Services Limited CityView Corporation Ltd Patrishow Pty Ltd Sands Solutions.com Pty Ltd Western Madura Pty Ltd Western Simmengaris Pty Ltd Western Nusantara Pty Ltd Palladex PLC Palladex Ltd

4.14 In 1993 a fall in the value of properties held as a security for its loans following the substantial fall in property values of the early 1990s resulted in The Housing Loan Corporation PLC, a company of which Andrew Bell was non-executive chairman, going into administrative receivership. The company was dissolved in 2001. No criticism of the directors was made.

4.15 Andrew Bell entered into an individual voluntary arrangement (“IVA”) with his creditors in 1993 (High Court No. 709 of 1993). Andrew Bell had made or was guarantor of borrowings secured on properties, including development properties. Following a substantial rise in interest rates and decline in capital values

at the beginning of the 1990s, he was left with debts he could not meet and was advised to enter into an IVA. The IVA concluded on 31 December 1997.

4.16 Save as disclosed above none of the Directors has:

- any unspent convictions in relation to indictable offences;
- had any bankruptcy order made against him or entered into any voluntary arrangements;
- been a director of a company which has been placed in receivership, compulsory liquidation, creditors voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
- been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership;
- been publicly criticised by any statutory or regulatory body (including recognised professional bodies); or
- been disqualified by a court from acting as a director of any company or from acting in the management or conduct of affairs of a company.

## 5. Material contracts

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

### 5.1 Nominated Adviser Agreement

An agreement dated 23 June 2005 between ARM and the Company pursuant to which ARM has been appointed to act as the Company's Nominated Adviser. Under the agreement the Company has agreed to pay ARM an ongoing Nominated Adviser fee of £20,000 per annum (plus VAT) payable quarterly in advance, to be reviewed upwards on completion of the first transaction following Admission. This agreement is for an initial period of one year from the date of Admission and thereafter, may be terminated by ninety days written notice by either party.

### 5.2 Broker Agreement

An agreement dated 11 April 2005 between ARM and the Company pursuant to which ARM has agreed to act as the Company's broker from Admission (the "Broker Agreement"). Under the Broker Agreement, the Company has agreed to pay to ARM a commission of 5.0 per cent of all funds raised by ARM in connection with the Placing and an annual fee of £15,000 (plus VAT) payable quarterly in advance, to be reviewed upwards on completion of the first transaction following Admission. This agreement is for an initial period of one year from the date of Admission and thereafter, may be terminated by ninety days written notice by either party.

### 5.3 Placing Agreement

A Placing Agreement dated 23 June 2005 between the Company ARM, and the Directors (the "Placing Agreement"). Under the Placing Agreement, the Company has agreed to pay ARM a financial advisory fee of £50,000 (plus VAT) in respect of advice given in connection with the Admission of the Company's entire issued share capital to trading on AIM.

The Company and the Directors have given certain warranties and indemnities as to the accuracy of

information contained in this document and other matters in relation to the Group and its business. The Placing Agreement is conditional on, *inter alia*, completion of the Acquisition and Admission.

#### 5.4 Option Agreements

An agreement dated 23 June 2005 between the Company and ARM pursuant to which the Company has granted an option to ARM to subscribe at the Placing Price for 2,725,000 Ordinary Shares as part of the consideration due to ARM under the Agreement referred to in paragraph (5.3) above. The exercise of the option is conditional upon Admission. Following Admission the option is exercisable by ARM for a period of 5 years from the date of Admission, after which it lapses. The rights of ARM under this deed may be assigned without the prior written consent of the Company. The Agreement includes an adjustment mechanism pursuant to which ARM is entitled to maintain the proportion of equity share capital represented by its option shares prior to any sub-division, consolidation or allotment by way of capitalisation of profits or reserves.

An agreement dated 23 June 2005 between the Company and Ronaldsons pursuant to which the Company has granted Ronaldsons an option to subscribe at the Placing Price for 1,365,000 Ordinary Shares. The exercise of the option is conditional upon Admission. Following Admission the option is exercisable by Ronaldsons for a period of 5 years from the date of Admission, after which it lapses. The rights of Ronaldsons under this deed may be assigned without the prior written consent of the Company. The Agreement includes an adjustment mechanism pursuant to which Ronaldsons is entitled to maintain the proportion of equity share capital represented by its option shares prior to any sub-division, consolidation or allotment by way of capitalisation of profits or reserves.

#### 5.5 Lock-in Agreements

The Lock-in Agreements between ARM, each of the Directors, Alpha Capital Inc., Regency Mines plc and TNG and their connected persons were entered into on 23 June 2005 under which the Directors, Alpha Capital Inc., Regency Mines plc and TNG and their connected persons have agreed with ARM and the Company not to dispose of any interest in Ordinary Shares in the Company for a period of 12 months from the date of Admission, except in limited circumstances. These agreements also contain orderly market provisions for the Directors, Alpha Capital Inc., Regency Mines plc and TNG which apply for a further period of 12 months after expiry of the lock-in period.

#### 5.6 Sale and Purchase Agreement

An agreement dated 20 May 2005 between Thor and TNG pursuant to which Thor acquired the entire issued share capital of Sunsphere from TNG satisfied by a cash payment of £250,000 and the issue of 45 million fully paid Ordinary Shares in the Company at a price of 1p per share subject to the terms and conditions of the Sale and Purchase Agreement. Pursuant to this agreement TNG has given various warranties in relation to Sunsphere and the Properties including: that Sunsphere will be the beneficial holder of the tenements following completion; no person other than Sunsphere has any agreement, option or right (a) to acquire an interest in the tenements; (b) for the assignment of all or part of the tenement; or (c) to explore, prospect or mine in any part of the area covered by the tenements; there is no breach of any statutory requirement or any order, direction or requirement of any governmental body relating to the tenements; Sunsphere and TNG have disclosed to the Company all information that is material and no information relating to Sunsphere and the tenements has been intentionally withheld; and except as disclosed there are no native title issues in relation to the tenements and Sunsphere is in compliance with the provisions of the Native Title Act 1993. The Company has given warranties in relation to the Consideration Shares. TNG has a right of rescission, at its entire discretion, in the event that Admission does not occur within six months of the date of the Sale and Purchase Agreement.

#### 5.7 Warranty Deed

A warranty deed dated 31 May 2005 between RAB Special Situations Master Fund Limited (“RAB”) and the Company (the “Warranty Deed”) pursuant to the subscription by RAB for 30 million Ordinary Shares at 1p per Share the Company has made various warranties to RAB. In addition the Company has undertaken not to issue any Ordinary Shares at a price of less than 1p per Ordinary Share and, in the event that the Admission has not occurred 18 months from the date of the Warranty Deed, additional Ordinary Shares in such number as is equal to two per cent. of the total number of Ordinary Shares of the Company in issue at the relevant date shall be issued to RAB each calendar month until RAB holds fifty two per cent. or more of the issued share capital of the Company.

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

## **6. Litigation**

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

## **7. Working capital**

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

## **8. Taxation**

The following paragraphs are intended as a general guide only for shareholders who are resident and ordinarily resident in the United Kingdom for tax purposes, holding Ordinary Shares as investments and not as securities to be realised in the course of a trade, and are based on current legislation and HM Customs & Revenue practice. Any prospective purchaser of Ordinary Shares who is in any doubt about his tax position or who is subject to taxation in a jurisdiction other than the UK should consult his own professional adviser immediately.

### *8.1 Taxation of Chargeable Gains*

For the purposes of UK tax on chargeable gains, the issue of Ordinary Shares pursuant to the Offer will be regarded as an acquisition of a new holding in the share capital of the Company.

To the extent that a shareholder acquires Ordinary Shares allotted to him, the Ordinary Shares so allotted will, for the purpose of tax on chargeable gains, be treated as acquired on the date of allotment. The amount paid for the Ordinary Shares will constitute the base cost of a shareholder's holding; for individuals and certain trustees the amount paid for the Ordinary Shares subscribed may be eligible for taper relief.

If a Shareholder disposes of all or some of his Ordinary Shares, a liability to tax on chargeable gains may, depending on his circumstances, arise.

### *8.2 Loss Relief*

If an investor is an individual or an investment company, relief for losses incurred by that investor on disposal of the Ordinary Shares may be available under Sections 573 to 576 of the Income and Corporation Taxes Act 1988, against income of the same or prior year, or carried forward and set against gains in future tax years.

The relief should be available provided the Company and the investor satisfy the relevant statutory requirements.

### *8.3 Inheritance Tax*

Unquoted Ordinary Shares representing minority interests in trading companies such as the Company potentially qualify for 100 per cent. business property relief which gives up to 100 per cent. exemption from Inheritance Tax. Therefore, where an investor makes a lifetime gift of shares or dies while still owner of the shares, no inheritance tax will be payable in respect of the value of the shares, provided certain conditions are met. The main condition is that the investor held the shares for two years before the date of transfer or death.

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

No stamp duty or stamp duty reserve tax ("SDRT") will generally be payable on the issue of the Ordinary Shares.

Stamp duty and SDRT treatment will be as follows:

- (i) in relation to the Placing Shares, no liability to stamp duty or SDRT will arise on their issue or on the issue of definitive share certificates by the Company (provided that the Placing Shares are not issued

- to, or to a nominee or agent for, a person whose business is or includes the provision of clearance services or issuing depository receipts);
- (ii) the transfer of Ordinary Shares outside the CREST system will generally be liable to stamp duty on the instrument of transfer at the rate of 0.5 per cent. of the amount or value of the consideration given (rounded up to the nearest multiple of £5). Stamp duty is normally the liability of the purchaser or transferee of the Ordinary Shares. An agreement to transfer Ordinary Shares will generally be subject to SDRT at 0.5 per cent. of the agreed consideration. If, however, within the period of six years of the date of the agreement or, in the case of a conditional agreement, the date on which it becomes unconditional, an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on that instrument, any liability to SDRT will be repaid or cancelled. SDRT is normally the liability of the purchaser or transferee of the Ordinary Shares;
  - (iii) no stamp duty or SDRT will arise on a transfer of Ordinary Shares into CREST for conversion into uncertified form, unless such transfer is made for a consideration in money or money's worth, in which case a liability to stamp duty or SDRT will arise, usually at the rate set out above;
  - (iv) a transfer of Ordinary Shares effected on a paperless basis within CREST will generally be subject to SDRT at the rate of 0.5 per cent. of the amount or value or the consideration. CREST is obliged to collect SDRT from the purchaser of the Ordinary Shares on relevant transactions settled within the system; and
  - (v) where Ordinary Shares are issued or transferred: (i) to, or to a nominee for, a person whose business is or includes the provision of clearance services; or (ii) to, or to a nominee or agent for, a person whose business is or includes issuing depository receipts, stamp duty (in the case of a transfer only to such persons) or SDRT may be payable at a rate of 1.5 per cent. of the amount or value of the consideration payable or, in certain circumstances, the value of the Ordinary Shares or, in the case of an issue to such persons, the issue price of the Ordinary Shares.

Special rules apply to certain categories of person including intermediaries, market makers, brokers and dealers, and persons connected with depository arrangements and clearance services.

#### 8.5 *Dividends and Other Distributions*

Dividends paid by the Company will carry an associated tax credit of one-ninth of the cash paid. Shareholders resident in the UK receiving such dividends will be liable to income tax on the aggregate of the dividend and associated tax credit at the Schedule F ordinary rate (10 per cent.) or the Schedule F upper rate (32.5 per cent.).

The effect will be that taxpayers who are otherwise liable to pay tax at only the lower rate or basic rate of income tax will have no further liability to income tax in respect of such a dividend. Higher rate taxpayers will have an additional tax liability (after taking into account the tax credit) of 22.5 per cent. of the aggregate of the individual and associated tax credit. Individual shareholders whose income tax liability is less than the tax credit will not be entitled to claim a repayment of all or part of the tax credit associated with such dividends.

A UK resident corporate shareholder should not be liable to corporation tax or income tax in respect of dividends received from the Company unless that company is carrying on a trade of dealings in shares. UK corporate shareholders holding 10 per cent. or more of the Company's share capital may be entitled to claim relief against UK corporation tax in respect of the Company's underlying tax.

Trustees of discretionary trusts are liable to account for income tax at the rate applicable to trusts on the trust's income and are required to account for tax at the Schedule F trust rate, currently 34 per cent.

Persons who are not resident in the UK should consult their own tax advisers on the possible application of such provisions and on what relief or credit may be claimed for any such tax credit in the jurisdiction in which they are resident.

#### 8.6 *General*

These comments are intended only as a general guide to the current tax position in the UK as at the date of this document. The comments assume that Ordinary Shares are held as an investment and not as an asset of financial trade.

If you are in any doubt as to your tax position, or are subject to tax in a jurisdiction other than the UK, you should consult your professional adviser.

## **9. General**

- 9.1 In the Directors' opinion, the minimum amount which must be raised by the Company pursuant to the Placing in order to provide the sums required pursuant to paragraph 21(a) of Schedule I to the POS regulations is £1,200,000.
- 9.2 The proceeds of the Placing are expected to be £1,633,500. The estimate of expenses of the Proposals, which are all payable by the Company, is approximately £170,000 (excluding VAT). This amount includes commissions of approximately £33,000 payable by the Company. The estimated net proceeds of the Placing will be approximately £1.4 million.
- 9.3 The accounting reference date of the Company is 30 June and the first audited accounts will be made up to 30 June 2005.
- 9.4 Save as disclosed in this document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:
- 9.4.1 received, directly or indirectly, from the Company within 12 months preceding the date of this document; or
- 9.4.2 entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following:
- (a) fees totalling £10,000 or more; or
- (b) securities in the Company with a value of £10,000 or more calculated by reference to the Offer Price; or
- (c) any other benefit with a value of £10,000 or more at the date of Admission.
- 9.5 The financial information contained in Parts 2 and 3 of this document does not constitute full statutory accounts as referred to in section 240 of the Act.
- 9.6 Chapman Davis LLP has given and not withdrawn their written consent to the inclusion in this document of references to their name in the form and context in which they appear and its reports in Parts 2, 3 and 4 of this document and accept responsibility for these reports for the purpose of paragraph 45 of Schedule 1 to the Public Offers of Securities Regulation 1995.
- 9.7 ARM has given and not withdrawn their written consent to the issue of this document with the inclusion of their name and references to their name in the form and context in which they appear.
- 9.8 Continental Resource Management Pty Ltd has given and not withdrawn their written consent to the issue of this document with the inclusion of their name and references to their name in the form and context in which they appear.
- 9.9 Save as set out in this document, the Directors are not aware of any significant factors that have influenced the Group's activities.
- 9.10 Save as set out in this document, no commission is payable by the Company to any person in consideration of his agreeing to subscribe for securities to which this document relates or of his procuring or agreeing to procure subscriptions for such securities.
- 9.11 No paying agent has been appointed by the Company.
- 9.12 Save as disclosed in this document, no payment (including commissions) or other benefit has been or is to be paid or given to any promoter of the Company.
- 9.13 Save as disclosed in this document, there are no patents or other intellectual property rights, licences or particular contracts which are, or may be, of fundamental importance to the business of the Company.
- 9.14 Save as disclosed in this document, there are no investments in progress which are significant.

#### **10. Documents available for inspection**

Copies of the following documents will be available for inspection at the registered office of the Company at Third Floor, 55 Gower Street, London WC1E 6HQ during normal business hours on any weekday (Saturdays and public holidays excepted) from the date of this document until at least 30 days after the date of Admission:

- 10.1 the memorandum and articles of association of the Company;
- 10.2 the Accountants' Report set out in Parts 2, 3 and 4 of this document;
- 10.3 the Directors' letters of appointment referred to in paragraphs 4.6 to 4.8 of this Part 6;
- 10.4 the material contracts referred to in paragraph 5 of this Part 6; and
- 10.5 the letters of consent referred to in paragraphs 9.6 to 9.8 of this Part 6.

#### **Publication of this document**

Copies of this document will be available free of charge to the public at the Registered Office of the Company, 3rd Floor, 55 Gower Street, London WC1E 6HQ from the date of this document up to and including the date which is one month following Admission.

23 June 2005