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## BAKYRCHIK GOLD PLC

Bakyrchik Gold PLC was floated on the London Stock Exchange on 9th August 1993.

The business of the Company is to develop and operate the Bakyrchik gold mine in North Eastern Kazakhstan in a joint venture with the Kazakhstan Government.

The Company controls the Bakyrchik Joint Venture in which it holds 40% interest and from which it is entitled to recover its investment out of 75% net revenues.

The Bakyrchik Mine, which was opened in 1965, hosts one of the world's major gold ore bodies. The sulphide ore resource comprises 8.6 million ounces of gold grading 8.49 grammes per tonne.

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## GENERAL INFORMATION

<b>London office and registered office</b>	26 King Street Covent Garden London WC2E 8JD	Tel: 0171 240 6140 Fax: 0171 240 6141
<b>Bakyrchik Joint Venture Almaty office</b>	10a Abai Prospect 11th Floor Almaty 480091 Kazakhstan	
<b>Bakyrchik Joint Venture Bakyrchik office</b>	Auezov Village Charsk Region Semipalatinsk Oblast 491771 Kazakhstan	
<b>Auditors</b>	KPMG 1 Puddle Dock London EC4V 3PD	
<b>Bankers</b>	National Westminster Bank PLC Lothbury Office 41 Lothbury London EC2P 2BP	
<b>Registrars</b>	The Royal Bank of Scotland PLC Caxton House Redcliffe Way Bristol BS99 7NH	
<b>Solicitors</b>	Norton Rose Kempson House Camomile Street London EC3A 7AN	
<b>Stockbrokers to the Company</b>	Williams de Broë Plc 6 Broadgate London EC2M 2RP	
<b>Stockbrokers</b>	Prudential Bache Securities 9 Devonshire Square London EC2M 4HP	



## DIRECTORS AND SECRETARY

**David S Hooker (Chairman)\*†**

David Hooker, who is aged 52, was appointed Chairman in 1993. He is also a non executive Director of Danka Business Systems PLC and Oceaneering International Inc.

**Kevin A Foo (Chief Executive) Australia\***

Kevin Foo, who is aged 45, was appointed Chief Executive in 1993. He is also a Director of Bakyrchik Joint Venture. He was formerly a Director of Minproc Corporation and has been involved in the development of the Bakyrchik project since 1991.

**William J Hussey (Operations Director)**

Bill Hussey, who is aged 48, was appointed Operations Director in 1993. He is also Joint Chairman of the Bakyrchik Joint Venture. He was formerly General Manager of Ashanti Gold Fields Corporation (Ghana) Ltd.

**Nicholas J Bridgen FCA (Finance Director and Company Secretary)**

Nick Bridgen, who is aged 42, was appointed Finance Director in 1993. He is also a Director of Bakyrchik Joint Venture. He was formerly Group Planning Manager for RTZ Pillar.

**Andrew E Buxton (Non Executive Director)\*†**

Andrew Buxton, who is aged 60, was appointed Director in 1993. He is Director of Eastern Group, Norwich Union Insurance Group, The Mercury World Mining Trust PLC and other investment trusts.

**Peter C P Hambro (Non Executive Director)\*†**

Peter Hambro, who is aged 50, was appointed Director in 1993. He is Managing Director of Peter Hambro PLC, a mining finance and investment house. He is also a Director of City of Oxford Investment Trust PLC and Zoloto Mining Limited.

\* Member of the Remuneration Committee    † Member of the Audit Committee

## KEY PERSONNEL

**Abdrakhman Begalinov** (Kazakhstan)  
Joint Chairman, Bakyrchik Joint Venture

**Saylaubek Bekbosynov** (Kazakhstan)  
Director, Bakyrchik Joint Venture and  
Director, Bakyrchik Mining Combinat

**Brian Burdett** (Australia)  
Production Director, Bakyrchik Joint  
Venture

**Vladimir Oliferenko** (Kazakhstan)  
Director, Bakyrchik Joint Venture and  
Vice President, Altynalmas

**Dr Alzhan Shomaev** (Kazakhstan)  
Director, Central Asian Mining Limited  
and Manager Almaty, Bakyrchik Joint  
Venture

**Mark Wilson** (Australia)  
Project Manager, Bakyrchik Joint Venture

**Dr Amangeldy Zhumabayev** (Kazakhstan)  
Director, Bakyrchik Joint Venture  
and Deputy Minister for Industry

## CHAIRMAN'S STATEMENT

The Bakyrchik Joint Venture, which owns and operates the Bakyrchik Mine in North East Kazakhstan, has enjoyed an eventful year. It started with the pouring of the first gold produced from sulphide ore by the Redox oxidation process during July of 1994.

Since then the Joint Venture has been totally absorbed with an unusually complicated commissioning of plant and equipment. This process is now largely completed and the plant is producing dore bars on a regular basis. Production is expected to increase with the operation of new float cells which were installed during May 1995 and the Joint Venture remains optimistic of achieving production at rates nearer 30,000 ounces of gold per year for which the Stage I plant was designed.

During the commissioning phase and for its first full financial year ended 31 March 1995, Bakyrchik Gold is reporting a loss of US \$3.5 million. The Consolidated balance sheet shows net assets of \$64.7 million including cash of \$23.3 million. The Company's entire efforts and resources have been focussed on the Bakyrchik Mine.

Plant commissioning has been much more extensive and costly than was anticipated but the Joint Venture's operating staff are confident that the technical problems are substantially resolved. Additional work is required to reduce unit operating costs. However, we are now much closer to entering the normal operating phase during which plant throughput will be brought to an optimum level and operating costs can be fully assessed.

Throughout the plant commissioning period Bakyrchik Gold has continued to enjoy the support of our Kazakh partner, Altynalmas, and of the various regional and regulatory authorities which have a major role to play in the development of Kazakhstan's natural resources.

The continuing development of the Kazakh economy will require further access to capital from overseas. This capital, as ever, looks for firm government and a fair economic incentive.

The recent presidential referendum, which has extended President Nazarbayev's powers and his term of office, provides a strong and certain government for the benefit of Kazakhstan and the companies which operate there.

Over the last year, there has been a growing commitment to the development of gold resources in Kazakhstan by other overseas companies. These include Moonstone Holdings and Santa Fe Pacific Gold, which were each granted exploration licences over extensive areas; and Goldbelt Resources, which reported approval of its plan for the Leninogorsk Gold Tailings. Placer Dome is reported to have signed an initial agreement to acquire a half interest in the undeveloped Vasilkovskoye gold property for a total \$80 million.

Bakyrchik Gold further emphasized its commitment to the Joint Venture and successfully completed a placing and open offer of 9,450,012 new ordinary shares during September 1994 so raising approximately £25.1 million of new cash. This has allowed the company to fund the Bakyrchik Joint Venture through the complex plant commissioning. It has also allowed the Joint Venture to begin the further development of the Bakyrchik mine for which Stage II plans have been developed to increase ore production beyond 150,000 tonnes per year and in due course to 1,000,000 tonnes per year and more.

Considerable interest in the Bakyrchik project has been shown by major international mining companies. Given this interest, your directors are considering whether the next stage of its development should be undertaken with an industry partner. Accordingly, they are evaluating the options.

We look forward to further progress at the Bakyrchik Mine during the coming months.

David S Hooker  
Chairman



9 June 1995



## **CHIEF EXECUTIVE'S REPORT**

### **The year in review**

The Bakyrchik Gold Project is being developed in two stages. Stage I is at a relatively small scale of 150,000 tonnes per year of ore to ensure prudent use of resources and to minimise risk prior to embarking on the much larger and ambitious 1 million tonnes per year Stage II. A key objective of Stage I was to demonstrate that a profitable enterprise could be operated at Bakyrchik and our focus this year has been to achieve this.

However, since the plant commissioning began in July 1994, many problems and challenges have emerged that caused extensive delays to our original programme. We are now pleased to report to shareholders that commissioning is substantially completed and that the plant will be taken over from the engineering contractor in June 1995.

The company will now concentrate on proving the economic potential of the project at Stage I, and on developing the substantial oxide deposits so far delineated.

We have also initiated extensive work on the Stage II Sulphide Project, based on a positive feasibility study and our confidence about the overall project viability.

#### **STAGE I SULPHIDE**

Commissioning of the sulphide and Redox plants has taken over ten months and during this time innumerable technical and operating problems have taxed the minds and energy of our operating and commissioning teams.

##### **Sulphide Plant**

The sulphide plant, which grinds and concentrates the ore prior to Redox treatment has only been able to perform at half capacity for most of the year because of flotation plant deficiencies caused by a longer than expected flotation time for the ore.

Additional new flotation cells were successfully commissioned in May and the plant can now operate at design capacity of 20 tonnes per hour. Gold recovery in the plant has also been lower than expected because of this flotation problem, and other operational difficulties, but for April and May 1995 gold recoveries to concentrate averaged 61%. This is expected to rise further towards the original design of 80% now that the new cells have been commissioned. Plant availability has been very good at 94% for the year to date.

##### **Redox Plant**

Bakyrchik ore is refractory, and an oxidation step is required to release gold from the flotation concentrates so that it can be recovered into doré bullion. The Redox process offered the highest gold recoveries and an effective and safe means of fixing the high arsenic content of the ore. Pilot plant testwork proved its potential compared to other available technologies. Consequently, Redox was chosen as the oxidation process to be used in Stage I at Bakyrchik because of its apparent lower capital and operating costs and its amenability to the Bakyrchik ores.

The Redox process, which is essentially a high pressure (2,000 kpa) high temperature (200°C) nitric acid leach had not been proven commercially before, but its potential advantages outweighed this risk. The commissioning of this plant has been extremely difficult and numerous problems have been encountered. Some of these problems have been substantial, for instance:

<i>Problem</i>	<i>Solution</i>
Failure of oxygen plant	Replace media
Failure of filtration plant	Replace plates and cloth
Inadequate reactor design	Redesign substantially to simplify gas and slurry flow
Inadequate gas scrubber	Replace with larger unit
Complex precipitation circuit	Simplify and modify
High nitric acid consumption	Install pipe reactor to supplement main reactor
Inexperienced operators	Intensive training of local and expatriate staff
Low plant availability	Persistence in solving small and large problems

In addition to the examples shown above, many mechanical and instrumentation failures occurred with pumps, valves and measuring devices. The net result has been that very significant changes have been made by Bakyrchik Gold to the original plant design. Most design and operational problems are ultimately reflected in plant availability. As a measure of our success so far, Redox plant availability has been increased each month for the last five months:

<i>Month</i>	<i>% Availability</i>
December	10.9
January	20.8
February	33.0
March	47.0
April	71.5

As a process, Redox has been shown not to have any fatal flaws, but the successful reengineering and operation of the plant has required great dedication and effort from our operations staff and engineering contractors. To achieve this success, considerable extra expenditure has been required and whilst problems still exist, the Redox plant has now demonstrated that it can achieve its design capacities and gold recoveries.

What now remains is for us to operate the plant for the remainder of this year at its full capacity and to demonstrate the expected economic advantages of the Redox process, such that a decision to use it as the basis for Stage II is confirmed. As a contingency however, other process routes have been re-tested and are being assessed against Redox.

### **STAGE I OXIDE**

This project has had to be of lower priority because of our intensive focus on the Stage I Sulphide project commissioning. Nevertheless, progress has been made, with a detailed technical review of the geological data leading to an increase in Ore Resources over those published in the last Annual Report.

The oxide ore resource now stands at 4.26 million tonnes at 2.60 grammes per tonne, with the possibility of further increases.

In line with the increase in the ore resource it was considered appropriate to investigate the viability of a larger scale project. An independent engineering group were retained to complete a feasibility study on a targeted throughput of 400,000 to 500,000 tonnes per year utilising part of the Stage II milling circuit. The use of this circuit would enable an early start on construction and the efficient use of the milling circuit whilst the mine expansion is progressing.



## STAGE II SULPHIDE PROJECT

The feasibility study on the Stage II Sulphide Project was completed during the year and indicated a viable underground mining project producing sufficient ore for some 265,000 ounces of gold per year. A review and more detailed planning of the project commenced and is continuing. In view of the mining methods proposed in the feasibility study it has been deemed appropriate to commence a trial mining operation to assess the proposed stoping methods in the orebody.

Key infrastructure construction works were also assessed and work has progressed on certain of these in view of the long lead times. The sinking of the East Ventilation Shaft and furnishing of the Skip Shaft also continued.

## ORE RESOURCE STATEMENT

An annual review of our ore resources has been completed by Western Services Engineering, Inc. who are an independent geological consultancy responsible for overseeing any ore reserve statements prepared for Bakyrchik Gold PLC. Western Services Engineering also continued to evaluate and confirm data from both the sulphide and oxide resources and have produced ore resource statements as at May 1, 1995. These are shown below in Tables 1 and 2 and are reproduced in this Annual Report with the written permission of Western Services Engineering.

**TABLE 1**  
**BAKYRCHIK GOLD MINE**  
**May 1, 1995 in Situ Geological Sulphide Resource Statement**  
3.0 grammes per tonne Cut-Off Grade

SULPHIDE RESOURCE INVENTORY	TONNES	GRADE Au g/t	OUNCES OF GOLD
June 1994 Statement	31,538,000	8.488	8,606,435
Mining since June 1994 Statement	75,650	8.700	21,160
Total Sulphide Resource May 1, 1995	31,462,350	8.488	8,585,275

Table 1 shows that 75,650 tonnes of ore at 8.7 grammes per tonne Au has been mined and stockpiled since the last statement.

Table 2 is an overall resources statement and includes the sulphide resource in various categories and the oxide resource as currently established.

The net total resource has increased by some 335,142 ounces due to the inclusion of oxide ores.

**TABLE 2**  
**BAKYRCHIK GOLD MINE**  
**Global Resource Statement as of May 1, 1995**

RESOURCE INVENTORY	TONNES	GRADE Au g/t	OUNCES OF GOLD
Sulphide measured (B)	4,402,350	8.77	1,241,599
Sulphide indicated (C <sub>1</sub> )	17,769,000	8.40	4,798,727
Sulphide inferred (C <sub>2</sub> )	9,291,000	8.52	2,544,988
Oxide resource	4,262,000	2.60	356,263
Total Resource	35,724,350	7.785	8,941,577

### THE BAKYRCHIK JOINT VENTURE

The Bakyrchik Joint Venture officially declared commencement on October 15, 1994. This meant that the Joint Venture assumed management of the mine operations and its facilities. We also assumed economic responsibility for the workforce of 1,100 people, a considerable challenge.

Progress on the re-organisation and restructuring of the former Combinate has been extensive and gratifying. The transition from controlled economy methods to those based on Western style management has occurred, with key Kazakh executives in line positions.

### OBJECTIVES FOR THE YEAR

Our company will continue to focus on the development of the extensive resources at Bakyrchik. Our objectives for the 1995/96 financial year:

- (i) To increase gold production to a rate of 30,000 ounces per year from Stage I sulphide operations.
- (ii) To progress the Stage I oxide project.
- (iii) To continue development of Stage II in essential areas, commensurate with prudent cash management.
- (iv) To increase our ore reserve inventory within and around the Bakyrchik mine.
- (v) To sustain our current high reputation and the respect of our partners in Kazakhstan.

### THANK YOU

This year has been a gruelling one. We have achieved much success, despite some huge obstacles. This success could not have been achieved without the firm support of our shareholders and our partners. In particular, I would like to thank all staff, especially the site operations staff who have been the main reason for our success.

Kevin A Foo  
Chief Executive

*Kevin A. Foo*

9 June 1995





## DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements for the year ended 31 March 1995.

### Activities

The Company and its subsidiary undertakings (principally Central Asian Mining Limited and Bakyrchik Joint Venture) are engaged in the development of the Bakyrchik gold mine in Kazakhstan and in the appraisal of gold mining projects in Kazakhstan and other Central Asian Republics. A detailed review of operations and future prospects is contained in the reports from the chairman and the chief executive on pages 4 to 8.

### Research and development

No research has been undertaken during the year. Testwork has been undertaken on methods of flotation of Bakyrchik ores and development has been carried out on the Redox process which will be used to oxidise sulphide ore at Bakyrchik.

### Significant contracts

A subsidiary undertaking, Central Asian Mining Limited, is a party to a Joint Venture Agreement dated 2 October 1992, as amended, which provides it with a 40% interest in the Bakyrchik Joint Venture (incorporated in Kazakhstan) and sets out the basis for the operation of the Bakyrchik mine. Until the value of the capital investment in the Bakyrchik Joint Venture has been recouped, Central Asian Mining Limited's share of net profits of Bakyrchik Joint Venture will be 75%.

Central Asian Mining Limited and the Bakyrchik Joint Venture are parties to a Principal Agreement, also dated 2 October 1992, with the Government of Kazakhstan which provides for the grant of mining rights for a period of 30 years and sets out the basis on which the Bakyrchik Joint Venture is to function within Kazakhstan.

Central Asian Mining Limited has entered into a contract dated 22 June 1993 with a subsidiary of MinCorp Limited to undertake the engineering, procurement and construction for the development of the Bakyrchik mine. The value of this contract has yet to be determined.

The Bakyrchik Joint Venture is also party to a protocol dated 26 July 1993 which sets out the basis for gold sales and provides that the Bakyrchik Joint Venture is obliged to sell and the National Bank of Kazakhstan to buy all gold produced by the Bakyrchik Joint Venture and that Central Asian Mining Limited will be paid in United States dollars.

### Results and dividend

The loss for the year after taxation amounted to \$3,527,000 and has been transferred to reserves. The directors do not recommend the payment of a dividend.

### Fixed assets

Changes in fixed assets of the Group during the year ended 31 March 1995 are shown in note 7 to the financial statements.

### Share capital

A statement of changes in the share capital of the Company during the year ended 31 March 1995 is shown in note 12 to the financial statements.

### Directors and directors' interests

The directors throughout the year, together with their beneficial interests in shares and options over shares of the Company at 31 March 1995, are set out below:

	Ordinary shares		Share options		Share options	
	1995	1994	1995	1994	1995	1994
			<i>Granted by the company</i>		<i>Granted by others</i>	
D S Hooker	37,903	35,000	83,333	83,333	—	—
K A Foo	108,000	8,000	333,333	333,333	—	100,000
N J Bridgen	9,742	8,000	125,000	125,000	—	—
W J Hussey	108,581	8,000	200,000	200,000	—	100,000
A E Buxton	11,000	10,000	—	—	—	—
P C P Hambro	56,632	42,000	—	—	—	—

No director had any interest in any other company in the Group. All options granted by the Company were granted under the rules of the Company's Executive Share Option Schemes. These options are exercisable at a price of £1.20 per share over the period from 3 to 10 years from the date of issue. The high and low values of Bakyrchik Gold PLC share price during the year ended 31 March 1995 were £3.66 and £1.59 respectively and the mid market share price at 31 March 1995 was £1.64.

During the year K A Foo and W J Hussey both exercised options to subscribe for 100,000 shares at £0.90 per share. At 9 June 1995 there had been no further changes in the directors, the directors' shareholdings, the number of options held by the directors or in their exercise price.

Mr P C P Hambro holds 51% of the issued share capital of Peter Hambro PLC. This company owns 27.7 % of Mining and Technical Engineering Limited which owns 24% of MinCorp Limited, the owner of Minproc Engineers Inc. with which Central Asian Mining Limited has a significant contract as described above. None of the directors had any interest in any other significant contract during the year relating to the business of the Group.

### Substantial interests

At 9 June 1995 the Company was aware of the following substantial interests in its shares:

	Ordinary shares	%
Mercury Asset Management PLC	2,781,024	11.04
GT Emerging Markets Fund	1,985,600	7.88
Alliance Capital	1,952,450	7.75
Save and Prosper	1,821,465	7.23
Baring Brothers	1,214,413	4.82
ABN Amro Bank	932,773	3.70
Bank Internationale a Luxembourg	884,150	3.51
Chase Bank and Trust Co	862,000	3.42

The directors are not aware of any other interests of 3% or more in the share capital of the Company.



#### **Charitable donations and political payments**

No charitable donations or payments to political parties were made during the year.

#### **Close company status**

So far as the directors are aware, the Company is not a close company as defined by the Income and Corporation Taxes Act 1988.

#### **Insurance for directors and officers**

The Company maintains directors' and officers' liability insurance and prospectus indemnity insurance which provides cover for directors and officers of the Group against certain personal liabilities which they may incur by reason of their duties in the Group.

#### **Corporate governance**

The Company has an executive chairman whose role is separate from that of the chief executive. The board also includes two non-executive wholly independent directors. The Cadbury Committee's code of best practice, paragraph 1.3, recommends there to be an audit committee comprising of at least three non-executive directors. The Company does not currently comply with this recommendation. In all other respects the Company has implemented those provisions of the Cadbury Committee Report which were in effect during the year. Guidance for the directors on reporting on internal control has only recently been issued and will be effective for the financial year commencing 1 April 1995. However, the directors acknowledge their responsibilities for the Group's internal controls which are monitored at regular meetings of the Board and Audit Committee.

A remuneration committee, chaired by Mr Hambro and having Mr Buxton, Mr Foo and Mr Hooker as members determines the remuneration and benefits of executive directors. All directors are appointed by the board as a whole. None of the executive directors' service contracts exceeds 2 years.

An audit committee, chaired by Mr Buxton and having Mr Hambro and Mr Hooker as members has been established. The Committee meets at least twice per year to review the Company's financial statements and reports, financial controls and accounting policies.

There is a formal schedule of matters specifically reserved to the board for decision.

As stated in the accounting policies attached to the financial statements, the financial statements are prepared on a going concern basis which the directors believe to be appropriate in the light of progress made during plant commissioning, the Group's capital requirements and its capacity to raise additional funds.

#### **Annual general meeting**

A separate notice of the annual general meeting to be held on 27 July 1995 is enclosed with these financial statements. At the annual general meeting an ordinary resolution will be proposed to renew the directors' authority to allot shares and a special resolution will be proposed to renew the disapplication of statutory preemption rights on normal terms.

#### **Auditors**

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

9 June 1995

By order of the Board  
N J Bridgen  
Secretary

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.



## AUDITORS' REPORT TO THE MEMBERS OF BAKYRCHIK GOLD PLC

We have audited the financial statements on pages 14 to 25.

### **Respective responsibilities of directors and auditors**

As described above the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosure in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit 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 statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Going Concern**

In forming our opinion, we have considered the adequacy of the disclosures made in the accounting policies attached to the financial statements concerning the sufficiency of the Group's cash resources and its capacity to secure sufficient additional funding in the form of debt or equity to complete successfully phase two of the development of the large scale processing plant and redevelopment of the Bakyrchik mine. The financial statements do not include any adjustments to fixed assets and stocks that would result from a failure to obtain funding. In view of the significance of this uncertainty, we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 March 1995 and the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG*  
KPMG

Chartered Accountants  
Registered Auditors  
London

9 June 1995

# CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 March 1995

		1995	21 April 1993 to 31 March 1994
	Note	\$000	\$000
Administrative expenses	2	(4,330)	(852)
Interest receivable and similar income		803	217
Loss from continuing operations before and after taxation	5, 13	<u>(3,527)</u>	<u>(635)</u>
Loss per ordinary share (US cents)	6	<u>16.6</u>	<u>4.2</u>

There were no recognised gains or losses other than those dealt with above.



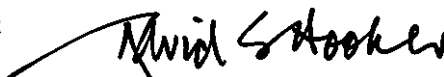
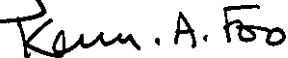
## CONSOLIDATED BALANCE SHEET

as at 31 March 1995

	Note	1995		1994	
		\$000	\$000	\$000	\$000
<b>Fixed Assets</b>					
Tangible assets	7		40,342		22,047
<b>Current Assets</b>					
Stocks	9	2,913		—	
Debtors	10	268		73	
Cash at bank and in hand		23,310		7,336	
		26,491		7,409	
<b>Creditors: amounts falling due within one year</b>	11	(2,165)		(2,124)	
<b>Net Current Assets</b>			24,326		5,285
<b>Net Assets</b>			64,668		27,332
<b>Capital and Reserves</b>					
Called up share capital	12		3,934		2,394
Share premium account	13		53,673		14,350
Merger reserve	13		11,223		11,223
Profit and loss account	13		(4,162)		(635)
Equity shareholders' funds	14		64,668		27,332

These financial statements were approved by the board of directors on 9 June 1995 and were signed on its behalf by:

David S Hooker (Chairman)  
Kevin A Foo (Chief Executive)

# COMPANY BALANCE SHEET

as at 31 March 1995

	Note	1995		1994	
		\$000	\$000	\$000	\$000
<b>Fixed Assets</b>					
Tangible assets	7		180		59
Investments	8		61,809		21,647
			<u>61,989</u>		<u>21,706</u>
<b>Current Assets</b>					
Debtors	10	2,287		375	
Cash at bank and in hand		<u>3,874</u>		<u>5,736</u>	
		6,161		6,111	
<b>Creditors: amounts falling due within one year</b>	11	<u>(1,138)</u>		<u>(336)</u>	
<b>Net Current Assets</b>			<u>5,023</u>		<u>5,775</u>
<b>Net Assets</b>			<u>67,012</u>		<u>27,481</u>
<b>Capital and Reserves</b>					
Called up share capital	12		3,934		2,394
Share premium account	13		53,673		14,350
Merger reserve	13		11,223		11,223
Profit and loss account	13		<u>(1,818)</u>		<u>(486)</u>
Equity shareholders' funds			<u>67,012</u>		<u>27,481</u>

These financial statements were approved by the board of directors on 9 June 1995 and were signed on its behalf by:

David S Hooker (Chairman)  
Kevin A Foo (Chief Executive)

*David S Hooker*  
*Kevin A. Foo*





# **CONSOLIDATED CASH FLOW STATEMENT**

**for the year ended 31 March 1995**

		1995		21 April 1993 to 31 March 1994	
	Note	\$000	\$000	\$000	\$000
<b>Net cash outflow from operating activities</b>	17		(7,190)		(415)
<b>Return on investments and servicing of finance</b>					
Interest received			803		217
<b>Investing activities</b>					
Purchase of fixed assets		(18,502)		(8,128)	
Purchase of subsidiary undertaking	18	—		71	
			(18,502)		(8,057)
<b>Net cash outflow before financing</b>			(24,889)		(8,255)
<b>Financing</b>					
Ordinary shares issued for cash	13	43,592		16,899	
consideration	13	(2,729)		(1,308)	
Issue costs					
			40,863		15,591
<b>Increase in cash and cash equivalents</b>	19		15,974		7,336

# ACCOUNTING POLICIES

## Basis of preparation

The financial statements are prepared on a going concern basis which the directors believe to be appropriate in the light of progress made during plant commissioning, the Group's capital requirements and its capacity to fund the project.

A regular level of production and operating costs which will be achievable following completion of plant commissioning has yet to be established for the gold extraction technology being used. Successful test work has been carried out on alternative technologies which could also be considered for the further economic development of the large scale operation.

The Group is committed to the ultimate expansion of mine production to a level of one million tons per year, and expects to be able to complete arrangements to obtain access to the funds necessary for this expansion.

The financial statements do not include any adjustments, particularly in respect of the carrying value of tangible fixed assets, that would result from the company and the Group ceasing to operate as a going concern.

## Basis of group financial statements

The financial statements have been prepared in accordance with applicable accounting standards and consist of the consolidation of the accounts of all subsidiary undertakings prepared on the historical cost basis. The results and net assets of Bakyrchik Joint Venture, a subsidiary undertaking of Bakyrchik Gold PLC, have been consolidated on the grounds that Bakyrchik Gold PLC exercises dominant influence through majority board voting rights and a 75% interest in the net revenues of Bakyrchik Joint Venture prior to recoupment.

## Currency translation

The functional currency of the Group is the US dollar. For this reason the group accounts are prepared in US dollars. The accounts of Bakyrchik Gold PLC are translated into US dollars using the temporal method, whereby transactions are translated at the exchange rate on the day of the transaction. Exchange differences resulting from the revaluation of non-US dollar monetary assets and liabilities are included in the profit and loss account.

## Exploration and development

During the initial exploration stage of projects, full provision is made in respect of the costs of exploration and development. Property acquisition costs and entry premiums paid to gain access to areas of interest are carried forward at cost where considered recoverable from resale or development.

Expenditure on projects after they have reached a promising stage, including the costs of extended evaluation programmes to establish their commercial viability, is carried forward and transferred to mining properties if the project proceeds. If a project does not prove viable, all irrecoverable costs associated with the project are written off. Where expenditure is carried forward in respect of a project which will not proceed to commercial development for some time, provision is made against the possibility of non-development by charge against profits over an appropriate period.

## Mining property

Once mining projects have been established as commercially viable, development costs and attributable administrative expenses are capitalised under mining properties together with any amount transferred from exploration and development expenditure. After the start of commercial production such expenditure is amortised.

## Depreciation

Depreciation of vehicles and non-mining equipment is calculated on a straight line basis at 25% per annum. Depreciation charges for mining property and plant relating to mining will commence upon start up of commercial production. The depreciation rates are based on estimates of the commercial production of the mine over the life of the joint venture.

## Stocks

Stocks are valued at the lower of cost and net realisable value. The cost for raw materials and stores includes purchase price and freight charges. The cost of partly processed and saleable products is generally the cost of production, including the appropriate proportion of depreciation and overheads.

## Deferred tax

Deferred tax is provided using the liability method in respect of all timing differences to the extent that, in the opinion of the directors, they are expected to arise.



## NOTES TO THE ACCOUNTS

### for the year ended 31 March 1995

#### 1. SEGMENTAL REPORTING

The Group's only business is the development and operation of a gold mine in Kazakhstan. The Group also has an office in London, United Kingdom. Net assets by geographical location are as follows:

	1995			1994		
	United Kingdom	Kazakhstan	Total	United Kingdom	Kazakhstan	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Fixed assets	180	40,162	40,342	59	21,988	22,047
Net current assets excluding cash	(235)	1,251	1,016	(155)	(1,896)	(2,051)
Cash	21,782	1,528	23,310	7,256	80	7,336
	<u>21,727</u>	<u>42,941</u>	<u>64,668</u>	<u>7,160</u>	<u>20,172</u>	<u>27,332</u>

The Group made limited sales of gold during the year ended 31 March, 1995 in Kazakhstan. These have not been included in the profit and loss account as turnover but offset against the costs of commissioning.

#### 2. ADMINISTRATIVE EXPENSES

	1995	21 April 1993 to 31 March 1994
	\$000	\$000
Administrative expenses	4,330	852
after charging		
Auditors remuneration:		
audit	70	45
other services (excluding issue costs)	10	6
Depreciation	207	84
Exchange losses on non-US dollar balances	38	48
after crediting	521	1,148
Amounts capitalised		

Auditors' remuneration in 1995 of \$35,000 (1994: \$122,000) relating to their duties as reporting accountants during the Company's flotation in August 1993 and share placement in September 1994 have been charged against the share premium account.

### 3. DIRECTORS' REMUNERATION

The remuneration of executive directors is reviewed annually by the Remuneration Committee. The committee's aim is to ensure that remuneration is competitive and properly reflects the duties and responsibilities of the directors. Remuneration consists of annual salary, consulting fees, bonus, contribution to individual pension plans and health and car benefits. Remuneration (including pension contributions) of the directors of the Company was as follows:

	1995 £000	21 April 1993 to 31 March 1994 £000
Non-executive directors' fees	40	52
Executive directors and chairman:		
Salary and fees		
Bonuses	430	239
Profit related pay	66	—
Benefits in kind	—	—
Pension contributions	25	3
	19	17
	540	259

Emoluments of the chief executive and chairman were as follows:

	1995		21 April 1993 to 31 March 1994	
	Chief Executive	Chairman	Chief Executive	Chairman
	£	£	£	£
Remuneration	120,419	64,583	66,667	35,000
Bonuses	45,000	25,000	—	—
Profit related pay	—	—	—	—
Benefits in kind	15,315	—	—	—
Pension contributions	11,166	—	6,667	—
	191,900	89,583	73,334	35,000

Mr Hussey's duties are carried out principally overseas. The emoluments (excluding pension contributions) of all other directors were as follows:

£	1995 Number	1994 Number
0 – 5,000	—	4
10,001 – 15,000	—	3
15,001 – 20,000	2	—
20,001 – 25,000	—	1
35,001 – 40,000	—	1
50,001 – 55,000	—	1
70,001 – 75,000	—	1
85,001 – 90,000	—	1
95,001 – 100,000	1	—
180,001 – 185,000	1	—

The interests of the directors in shares and share options of the Company are set out in the directors report.



#### 4. EMPLOYEES

The average number of employees of the Group was as follows:

	1995 Number	21 April 1993 to 31 March 1994 Number
Operations	105	53
Administration	18	15
	<u>123</u>	<u>68</u>

The principal locations of employment were:

	Number	Number
	8	5
United Kingdom	115	63
Kazakhstan	<u>123</u>	<u>68</u>

Employment costs were as follows:

	\$000	\$000
Wages and salaries	2,403	526
Social security costs	147	33
Other pension costs	29	—
	<u>2,579</u>	<u>559</u>

The above employee numbers and costs do not include any employees of the Bakyrchik Combine as these have not yet been formally transferred to Bakyrchik Joint Venture.  
The Group does not currently operate any pension schemes. Contributions are made to personal pensions of certain directors and employees.

#### 5. TAXATION

The Company has made a loss in the United Kingdom. Consequently, no liability for United Kingdom taxation arises. The Group's principal overseas company has made losses as it is in start up phase and no other Group company has made profits liable to taxation.

#### 6. LOSS PER ORDINARY SHARE

The calculation of loss per ordinary share is based on the loss for the year of \$3,527,000 (1994: \$635,000 for the period from the start of operations on 8 August 1993 until 31 March 1994). This loss is divided by the weighted average number of ordinary shares in issue during the year of 21,262,527 (1994: 15,000,000).

# 7. TANGIBLE FIXED ASSETS

## Group

	Mining properties and leases \$000	Land and buildings \$000	Plant and equipment \$000	Total \$000
<b>Cost</b>				
1 April 1994				
Additions	13,290	33	8,808	22,131
Administrative expenses capitalised	—	8	17,973	17,981
31 March 1995	521	—	—	521
	<u>13,811</u>	<u>41</u>	<u>26,781</u>	<u>40,633</u>
<b>Depreciation</b>				
1 April 1994				
Charge for the period	—	6	78	84
31 March 1995	—	11	196	207
	<u>—</u>	<u>17</u>	<u>274</u>	<u>291</u>
<b>Net book value</b>				
31 March 1995	13,811	24	26,507	40,342
31 March 1994	<u>13,290</u>	<u>27</u>	<u>8,730</u>	<u>22,047</u>

The amounts included under land and buildings are buildings held under short leases.

## Company

	Plant and equipment \$000
<b>Cost</b>	
1 April 1994	
Additions	68
31 March 1995	151
	<u>219</u>
<b>Depreciation</b>	
1 April 1994	
Charge for the period	9
31 March 1995	30
	<u>39</u>
<b>Net book value</b>	
31 March 1995	180
31 March 1994	<u>59</u>



## 8. FIXED ASSET INVESTMENTS

<i>Company</i>	<i>Shares in subsidiary undertakings \$000</i>
<b>Cost</b>	<b>21,647</b>
At 1 April 1994	40,162
Additions	61,809
At 31 March 1995	

### Subsidiary undertakings

<i>Company and country of incorporation</i>	<i>Class of shares held</i>	<i>Proportion of class held %</i>	<i>Bakyrchik Gold PLC interest %</i>	<i>Nature of Business</i>
Bakyrchik Joint Venture (Kazakhstan)	N/A	40	40	Gold mining in Kazakhstan
BKG Jersey Limited (Jersey)	Ordinary \$1	100	100	Finance Company
Central Asian Mining Limited (British Virgin Islands)	Ordinary \$1	100	100	Holding Company

All subsidiaries have been included in the consolidated accounts. The basis of preparation of the Group accounts is set out in Accounting Policies on page 19. The Group's interest in Bakyrchik Joint Venture is held by Central Asian Mining Ltd.

## 9. STOCKS

<i>Group</i>	<i>1995 \$000</i>	<i>1994 \$000</i>
Consumable stores	1,645	—
Work in progress	1,006	—
Goods for resale	262	—
	<u>2,913</u>	<u>—</u>

## 10. DEBTORS

	<i>1995</i>		<i>1994</i>	
	<i>Group \$000</i>	<i>Company \$000</i>	<i>Group \$000</i>	<i>Company \$000</i>
Amounts owed by subsidiary undertakings	—	2,213	—	304
Other debtors	63	56	53	51
Prepayments and accrued income	205	18	20	20
	<u>268</u>	<u>2,287</u>	<u>73</u>	<u>375</u>

All amounts are recoverable within one year.

## 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<i>1995</i>		<i>1994</i>	
	<i>Group \$000</i>	<i>Company \$000</i>	<i>Group \$000</i>	<i>Company \$000</i>
Trade creditors	946	242	990	81
Amounts owed to subsidiary undertakings	—	827	—	109
Other creditors including taxation and social security	799	30	14	26
Accruals	420	39	1,120	120
	<u>2,165</u>	<u>1,138</u>	<u>2,124</u>	<u>336</u>

## 12. CALLED UP SHARE CAPITAL

<i>Authorised</i>	<i>Number</i>	<i>£000</i>	<i>\$000</i>
Ordinary shares of £0.10 each	40,000,000	4,000	—
<i>Allotted, called up and fully paid</i>			
1 April 1994	15,750,020	1,575	2,394
Issued during year	9,450,012	945	1,540
31 March 1995	25,200,032	2,520	3,934

On 15 September 1994, 9,450,012 ordinary shares were placed with institutional buyers at £2.83p. The placing raised £25.1 million net of placing expenses for the further development of the Bakyrchik mine.

## 13. SHARE PREMIUM AND RESERVES

### *Group*

	<i>Share Premium account \$000</i>	<i>Merger reserve \$000</i>	<i>Profit and loss account \$000</i>
1 April 1994	14,350	11,223	(635)
Retained loss	—	—	(3,527)
Shares issued: gross	42,052	—	—
less issue costs	(2,729)	—	—
31 March 1995	53,673	11,223	(4,162)
<i>Company</i>			
1 April 1994	14,350	11,223	(486)
Retained loss	—	—	(1,332)
Shares issued: gross	42,052	—	—
less issue costs	(2,729)	—	—
31 March 1995	53,673	11,223	(1,818)

The Company's loss for the year was \$1,332,000 (1994: \$486,000 for the period from 21 April 1993 to 31 March 1994). As permitted by Section 230 of the Companies Act 1985, no profit and loss account for the Bakyrchik Gold PLC parent company is included in these financial statements.

## 14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<i>1995 \$000</i>	<i>21 April 1993 to 31 March 1994 \$000</i>
Loss for the year	(3,527)	(635)
Issue of shares	40,863	27,967
Net addition to shareholders' funds	37,336	27,332
Shareholders' funds—1 April	27,332	—
Shareholders' funds—31 March	64,668	27,332

## 15. COMMITMENTS

Capital expenditure authorised by the appropriate boards and outstanding for which no provision has been made:

	<i>1995 Group \$000</i>	<i>1994 Company \$000</i>	<i>1995 Group \$000</i>	<i>1994 Company \$000</i>
Contracted	1,430	—	3,500	—
Not contracted	178	—	100	—

In addition, the Company has a non-cancellable annual commitment of \$62,000,000 for land and buildings.





**16. CONTINGENCIES**

On 6 April 1995, Central Asian Mining Limited (CAML) and a wholly owned subsidiary of MinCorp Limited (MinCorp) entered into an agreement whereby MinCorp agreed to waive all invoices to CAML between 1 March and 30 September 1995 up to a total of \$1.75 million. Any balance of this amount not waived by 30 September 1995 will be paid by MinCorp to CAML. Both parties have waived any further claims against each other in connection with the contract to construct the Stage 1 Redox pilot plant. The agreement also provided that should CAML not appoint MinCorp as contractor for certain defined projects, CAML would be obliged to repay MinCorp \$1.0 million in settlement of all claims MinCorp may have against CAML.

**17. RECONCILIATION OF ADMINISTRATIVE EXPENSES TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	1995 \$000	21 April 1993 to 31 March 1994 \$000
Administrative expenses	(4,330)	(852)
Depreciation charge	207	84
Increase in stock	(2,913)	—
Increase in debtors	(195)	(56)
Increase in creditors	41	409
Net cash outflow from operating activities	<u>(7,190)</u>	<u>(415)</u>

**18. PURCHASE OF SUBSIDIARY UNDERTAKING**

	1995 \$000	21 April 1993 to 31 March 1994 \$000
Cash consideration	—	71
Cash balances acquired	—	71
	<u>—</u>	<u>71</u>

**19. INCREASE IN CASH AND CASH EQUIVALENTS**

	1995 \$000	1994 \$000
Start of period	7,336	—
31 March	23,310	7,336
Increase in cash and cash equivalents	<u>15,974</u>	<u>7,336</u>

**20. EXCHANGE RATES**

Monetary assets and liabilities denominated in sterling at 31 March 1995 were translated into US dollars at an exchange rate of US\$1.6025 to £1.00 (1994: US\$1.4846 to £1.00)

# BAKYRCHIK GOLD PLC

(Registered in England — No. 2811366)

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held on Thursday, 27 July 1995 at 10.00 am at the Strand Palace Hotel, 372 Strand, London WC2 0JJ for the following purposes:

### As ordinary business:

1. to receive the Report of the Directors and the Accounts of the Company for the period ended 31 March 1995 together with the report of the Auditors thereon;
2. to re-elect Mr A E Buxton as a Director of the Company, who will be retiring in accordance with the Articles of Association of the Company at the Annual General Meeting;
3. to re-elect Mr P C P Hambro as a Director of the Company, who will be retiring in accordance with the Articles of Association of the Company at the Annual General Meeting;
4. to re-appoint Messrs. KPMG as the auditors of the Company, and to authorise the Directors to fix their remuneration;

### As special business:

5. To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution:  
that in substitution for any existing power under Section 80 of the Companies Act 1985 (as amended and in force from time to time) (the "Act") but without prejudice to the exercise of any such power prior to the date hereof, the Directors be and are hereby generally and unconditionally authorised in accordance with Section 80 of the Act to exercise all the powers of the Company to allot relevant securities (as defined in Section 80(2) of the Act) up to an aggregate nominal value of £840,000, such authority to expire at the conclusion of the Annual General Meeting of the Company to be held in 1996 but so that such authority shall allow the Company to make offers or agreements before the expiry of such authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offers or agreements as if the power conferred herein had not expired.
6. To consider and, if thought fit, to pass the following Resolution as a Special Resolution:  
that in substitution for any existing power under Section 95 of the Companies Act 1985 (as amended and in force from time to time) (the "Act"), but without prejudice to the exercise of any such authority prior to the date hereof, the Directors be and are hereby empowered until the conclusion of the Annual General Meeting of the Company to be held in 1996, pursuant to Section 95(1) of the Act, to allot equity securities (as defined in Section 94(2) of the Act) for cash pursuant to the authority given in accordance with Section 80 of the Act by Resolution 5 above as if Section 89(1) did not apply to any such allotment provided that this power shall be limited to:
  - (a) the allotment of equity securities in connection with a rights issue or open offer in favour of shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective number of ordinary shares held, by them, subject to such exclusions or other arrangements that the directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under any law or requirement of any regulatory authority;
  - (b) the allotment of equity securities pursuant to the terms of any share scheme for employees approved by the members in General Meeting; and
  - (c) the allotment for cash (otherwise than pursuant to sub-paragraphs (a) and (b) above) of equity securities up to an aggregate nominal amount of £126,000 (equivalent to approximately 5 per cent of the Company's issued ordinary share capital);but so that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offers or agreements as if the power conferred hereby had not expired.

Registered Office:  
26 King Street  
Covent Garden  
London WC2E 8JD

By Order of the Board,  
N. J. Bridgen  
Secretary

Dated 23 June 1995

### Notes—

1. A member entitled to attend and vote at the Meeting may appoint one or more proxies to attend and, on a poll, vote instead of him or her. A proxy need not be a member of the Company.
2. To be effective, the enclosed form of proxy together with the Power of Attorney or authority (if any) under which it is signed or a notarially certified copy of such authority must be deposited with the Royal Bank of Scotland plc, Registrar's Department, PO Box No. 82, Caxton House, Redcliffe Way, Bristol BS99 1BR, not less than 48 hours before the time fixed for the Meeting.
3. The Register of Director's interests in the shares of the Company and copies of the service agreements between the Company and its Directors will be available for inspection at the registered office of the Company during the business hours of the Company on any weekday (Saturday and public holidays excepted).

# BAKYRCHIK GOLD PLC

## PROXY FORM FOR USE BY ORDINARY SHAREHOLDERS

This form of proxy is for use by Shareholders at the Annual General Meeting of the Company to be held at 10.00 am on Thursday 27 July 1995 at the Strand Palace Hotel, 372 Strand, London, WC2 0JJ.

I/We (Please insert Shareholder's name and address): .....

.....(BLOCK LETTERS)  
being a holder of ordinary shares of 10p each of Bakyrchik Gold PLC, hereby appoint the duly appointed Chairman of the meeting or (Name and address of proxy, if not the Chairman, see note 6)

.....(BLOCK LETTERS)  
to act as my/our proxy at the Annual General Meeting of the Company to be held on Thursday 27 July 1995 and at any adjournment thereof, and to vote on my/our behalf as directed below in such manner as my/our proxy thinks fit.

(Please indicate with an X in the spaces provided how you wish your votes to be cast on a poll. The numbering of Resolutions follows that in the Notice of Meeting. Should this form of proxy be returned duly signed but without a specific direction, the proxy will vote or abstain at his discretion. On any motion to amend any Resolution or to propose a new Resolution or to adjourn the Meeting, the proxy will act at his discretion).

	RESOLUTIONS	FOR	AGAINST
1.	<b>Ordinary business</b> To receive the Report and Accounts for the year ended 31 March 1995		
2.	To re-elect Mr A E Buxton as a Director		
3.	To re-elect Mr P C P Hambro as a Director		
4.	To re-appoint Messrs KPMG as auditors and to authorise the Directors to agree their remuneration.		
5.	<b>Special Business</b> To give an allotment authority		
6.	To disapply pre-emption rights		

Date:

Signature:

### Notes

- A proxy need not be a member of the Company.
- In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority is determined by the order in which the names stand in the Register of Members in respect of the joint holding.
- In the case of a corporation this form of proxy must be under its common seal or under the hand of an officer or attorney duly authorised.
- To be effective, this proxy must be lodged at the address overleaf not later than 48 hours before the time of the Meeting or any adjournment thereof, together, if appropriate, with the power of attorney or other authority (if any) under which it is signed or a notari ally certified copy of such power or, where the form has been signed by an officer on behalf of a corporation, a notari ally certified copy of the authority under which it is signed.
- Any alterations made in this form should be initialled.
- Please indicate with an X how you wish your votes cast. Unless otherwise instructed, the proxy will vote or abstain as the proxy thinks fit.

BUSINESS REPLY SERVICE  
Licence No. BS 2282

21

The Royal Bank of Scotland PLC  
Registrar's Department  
Caxton House  
P.O. Box No. 82  
Caxton House  
Redcliffe Way  
Bristol BS99 7YA

SECOND FOLD - FOLD UNDER

THIRD FOLD - FOLD UNDER

FIRST FOLD - FOLD UNDER