PROSPECTUS

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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take it is recommended that you immediately seek your own financial advice from your stockbroker, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000, who specialises in advising on the acquisition of shares and other securities.

This document does not constitute a prospectus but has been drawn up in accordance with the AIM Rules. A copy of this document has not been and will not be delivered to the Registrar of Companies in England and Wales for registration.

The Directors of Pan Pacific Aggregates plc (the "Company"), whose names appear on page 3 of this document, and the Company accept responsibility, individually and collectively for the information contained in this document, including individual and collective responsibility for the Company's compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. Under no circumstances should the information contained in this document be relied upon as being accurate or complete at any time after Admission.

Application has been made for the whole of the ordinary share capital, comprising ordinary shares of £0.001 each in the capital of the Company, in issue and to be issued pursuant to the Placing, 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. In addition, the AIM Rules are less demanding than those of the Official List of the UK Listing Authority (the "Official List"). AIM securities are not admitted to the Official List. 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. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. No application has been made for the Ordinary Shares to be listed on any other recognised investment exchange. London Stock Exchange plc has not itself examined or approved the contents of this document. It is expected that Admission will become effective and dealings in the Ordinary Shares will commence on AIM on ● December 2005. The whole text of this document should be read. The attention of persons receiving this document is drawn to the section headed "Risk Factors" contained in Part II of this document.

Pan Pacific Aggregates plc

(Incorporated and registered in England and Wales with registered number 05311866)

Admission to trading on AIM

Placing of 3,175,000 Ordinary Shares at 80p per share

Insinger de Beaufort
Nominated Adviser and Broker

VSA Resources Limited
Joint Broker and Adviser

Share capital immediately following the Placing and Admission to AIM

Authorised		*Issued and fully paid*	
Number of Ordinary Shares	*Nominal Value*	*Number of Ordinary Shares*	*Nominal Value*
100,000,000	£100,000.00	63,561,765	£63,561.77

Upon Admission, all of the Ordinary Shares will rank *pari passu* in all respects and will rank in full for all dividends or other distributions declared, made or paid in respect of Ordinary Shares after Admission. Insinger de Beaufort and VSA Resources Limited, which are both regulated by the Financial Services Authority, are respectively acting as Nominated Adviser and Broker and Joint Broker and Adviser to the Company in relation to the Placing and Admission and will not be responsible to any other person other than the Company for providing the protections afforded to clients of Insinger de Beaufort and VSA Resources Limited respectively or providing advice in connection with the Placing and Admission. In particular, the information contained in this document has been prepared solely for the purposes of the Placing and Admission and is not intended to inform or be relied upon by any subsequent purchasers of Ordinary Shares (whether on or off exchange) and accordingly no duty of care is accepted in relation to them.

The responsibilities of Insinger de Beaufort as the Company's Nominated Adviser and Broker under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire Ordinary Shares in reliance on any part of this document. No representation or warranty, express or implied, is made by Insinger de Beaufort as to any of the contents or completeness of this document.

The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, or any of the relevant securities law of any state or district or the United States, Australia, Canada, Japan, the Republic of South Africa or the Republic of Ireland. Accordingly, unless an exemption under such act or law is available the Ordinary Shares may not be offered, sold, transferred or delivered, directly or indirectly, into or from the United States, Australia, Canada, Japan, the Republic of South Africa or the Republic of Ireland or to or for the benefit of any national, resident or citizen of the United States, Australia, Canada, Japan, the Republic of South Africa or the Republic of Ireland.

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CONTENTS

DIRECTORS, SECRETARY AND ADVISERS

Directors	Donald Nicholson, *Chairman and Chief Executive Officer* James Ladner, *Executive Director* Robert John Hasell, *Non-Executive Director* Dr. Anton Ernst Schrafl, *Non-Executive Director* William John Voaden, *Non-Executive Director* all of whose business address is: 1580-1100 Melville Street Vancouver, British Columbia V6E 4A6 Canada	
Company Secretary	James Ladner	
Registered office	7 Devonshire Square Cutlers Gardens London EC2M 4YH	
Nominated Adviser and Broker	Insinger de Beaufort 131 Finsbury Pavement London EC2A 1NT	
Joint Broker	VSA Resources Limited 43 London Wall London EC2M 5TF	
Reporting Accountant	BDO Stoy Hayward LLP 8 Baker Street London W1U 3LL	
Auditors to the Group	*UK:* BDO Stoy Hayward LLP 8 Baker Street London W1U 3LL	*Canada:* Manning Elliott 11th Floor, 1050 West Pender Street, Vancouver, British Columbia Canada V6E 3S7
Solicitors to the Company	*As to English law:* Hammonds 7 Devonshire Square Cutlers Gardens London EC2M 4YH	*As to Canadian law:* Bull, Housser & Tupper 3000 Royal Centre 1055 West Georgia Street Vancouver, British Columbia Canada V6E 3R3
Solicitors to the Placing	Mayer Brown Rowe & Maw 11 Pilgrim Street London EC4V 6RW	
Competent Person	ACA Howe International Limited 254 High Street Berkhamsted Hertfordshire HP4 1AQ	
Registrars	Computershare Investor Services PLC PO Box 82 The Pavilions Bridgewater Road Bristol BS99 7NH	

KEY INFORMATION

This summary highlights information contained elsewhere in this document. This summary does not contain all of the information investors should consider before investing in the Ordinary Shares. Investors should read the whole document and not rely solely on the information contained in this "Key Information" section or on any other summarised information in this document.

Introduction

Pan Pacific was established to consolidate the mineral claims over a land package of approximately 72,300 acres situated on the Sechelt Peninsula, British Columbia, Canada and to develop these claims in order to produce industrial minerals and construction aggregates with the aim of serving local and global markets. The world class deposit of approximately 750 million tonnes of potentially quarry extractable resource (which the Directors believe will increase with further exploration work) is located on tidewater and comprises construction aggregates and industrial minerals. The Sechelt Claims are divided into the Southern Project, containing black gabbro, limestone, wollastonite and industrial garnet and the Northern Project, chiefly containing carbonates. The Directors believe that several of these rock types represent the only known deposits of their kind along the western seaboard of North America. Samples of certain of these minerals have indicated high quality.

In July 2005, the Group commenced small scale production of aggregates within the Southern Project and initial sampling and local orders have been shipped. In accordance with the Group's existing Permits, the Group intends to re-commence small scale production of gabbro at the Southern Project in late 2006. In order to expand production, the Group has commenced the baseline studies required in order to apply for Large Producer status which, if obtained, will allow for production of up to 6 million tonnes from the Southern Project. The Group has already commenced applications for Large Producer status for the Northern Project which, if obtained, will also allow for annual production of up to 6 million tonnes.

Mineral Targets and Resource

Indicated resource	*Area*	*Million tonnes*
Total carbonate rock	Northern Project	76.1

Potential quarry extractable resource	*Area*	*Million tonnes*
Carbonates	Northern Project	36.5
Gabbro	Northern Project	1.4
Gabbro	Southern Project	713.0
Total		750.9

Source: ACA Howe Report

Strategy

Mining operations are to be developed in two stages, as follows:

Stage 1

- Drilling to develop and increase resource
- Application for Large Producer mining Permits
- Customer development
- Bankable feasibility studies
- Expansion of small scale production within existing Permits
- Temporary barge load out facilities

Stage 2

- Large scale production of up to 6 million tpa
- Develop potential for Panamax loading facility

The Placing

The Company is proposing to raise £2.54 million (before expenses) through a conditional placing by Insinger de Beaufort of 3,175,000 new Ordinary Shares representing 5.0 per cent. of the Enlarged Share Capital at 80p per share pursuant to the Placing Agreement. The Placing Shares will, when issued, rank *pari passu* in all respects with the Existing Ordinary Shares.

The Company intends to apply the net proceeds of the Placing (amounting to approximately £2.04 million) and the proceeds of the Subscription to fund the working capital requirements of the Company based on Stage 1 of the development and mining plan outlined above.

The exploration and development of natural resources is a highly speculative activity that involves a high degree of financial risk. Investors should consider, together with the other information contained in this document, the risks and other factors attaching to an investment in the Company, including in particular, the risk factors set out in Part II of this document.

PLACING STATISTICS

Placing Price per Ordinary Share	80p
Number of Ordinary Shares being issued by the Company	3,175,000
Number of Ordinary Shares in issue immediately following Admission	63,561,765
Number of Ordinary Shares in issue on a fully diluted basis following Admission	78,349,050
Percentage of Enlarged Share Capital being placed pursuant to the Placing	5.0%
Market capitalisation at the Placing Price following Admission	£50,849,412
Estimated net proceeds of the Placing receivable by the Company	£2,040,000
Maximum proceeds of the Subscription receivable by the Company	£460,000

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2005
Admission and commencement of dealings in Ordinary Shares on AIM	8.00 a.m. on ● December
CREST accounts credited	on ● December
Despatch of definitive share certificates in respect of the Placing Shares	by ● December

EXCHANGE RATE

The rate of exchange used for the purpose of this document is, unless otherwise stated	£1.00: C$2.15

DEFINITIONS

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

"ACA Howe"	ACA Howe International Limited, an independent geological and mining consultancy
"ACA Howe Report"	the geological and mining report on the Group prepared by ACA Howe, a copy of which is reproduced in Part III of this document
"Admission"	admission of the Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
"AIM"	the AIM Market, a market operated by the London Stock Exchange
"AIM Rules"	the rules for AIM companies and their nominated advisers as issued by the London Stock Exchange from time to time
"Articles"	the articles of association of the Company
"BC" or "British Columbia"	the province of British Columbia, Canada
"Board" or "Directors"	the directors of the Company, as set out in page 3 of this document
"Business Day"	a day (other than a Saturday, Sunday or public holiday) on which banks are generally open in London for the transaction of normal business
"CAN$" or "C$"	Canadian dollars
"Combined Code"	the Combined Code on Corporate Governance issued by the UK Financial Reporting Council
"Companies Act"	the Companies Act 1985 (as amended) of Great Britain
"Company" or "Pan Pacific"	Pan Pacific Aggregates plc
"Competent Person"	ACA Howe
"CREST"	the system of paperless settlement of trades and holdings of uncertificated shares administered by CRESTCo Limited
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
"Enlarged Share Capital"	the Existing Ordinary Shares and the Placing Shares
"Evans & Evans"	Evans & Evans Inc., an independent financial advisory services company providing, *inter alia*, market and competitive research
"Evans & Evans Report"	the market assessment of the British Columbia and US West Coast market for certain industrial minerals and aggregates prepared by Evans & Evans, a copy of which is reproduced in Part IV of this document
"Existing Ordinary Shares"	the Ordinary Shares in issue at the date of this document
"FSA"	the Financial Services Authority of the UK in its capacity as the competent authority for the purposes of Part VI of FSMA
"FSMA"	the Financial Services and Markets Act 2000 of the United Kingdom, as amended
"GISC"	Global Industrial Services Canada Inc., a wholly owned subsidiary of the Company
"Group"	the Company and all or any of its subsidiaries
"London Stock Exchange"	London Stock Exchange plc
"Mines Act"	the Mines Act of British Columbia, (Mines Act R.S.B.C. 1996, c. 293)
"Mining Lease"	mining lease 391695, held by PPAL
"MTA"	Mineral Tenure Act of British Columbia, (Mineral Tenure Act R.S.B.C. 1996, c.292)

"Northern Project"	the area in the northern part of the Sechelt Claims subject to the exploration permit MX-7-21 and including the mineral claims 503225, 503120, 503122, 503124 and 368672, principally focussed on deposits of carbonate rock
"Ordinary Shares"	ordinary shares of £0.001 each in the capital of the Company
"Permit"	an operation and reclamation permit for work and reclamation planned by an operator of a mine issued by the Mines Branch of the Ministry of Energy and Mines, BC, in accordance with the Mines Act specifying the permitted scope of work and the reclamation that must be undertaken in the areas affected by mining operation and requiring the filing of annual reclamation reports and the deposit of reclamation security
"Placees"	subscribers of Placing Shares
"Placing"	the conditional placing by Insinger de Beaufort on behalf of the Company of the Placing Shares at the Placing Price pursuant to the Placing Agreement
"Placing Agreement"	the conditional agreement dated ● December 2005 between Insinger de Beaufort, the Company and the Directors, as described in paragraph 9(a) of Part VII of this document
"Placing Price"	80p per Placing Share
"Placing Shares"	the 3,175,000 new Ordinary Shares to be placed by Insinger de Beaufort pursuant to the Placing Agreement
"PPAL"	Pan Pacific Aggregates Ltd., a wholly owned subsidiary of the Company
"RAB"	RAB Special Situations (Master) Fund Limited, formerly RAB Special Situations LP
"Registrars"	Computershare Investor Services Plc
"Sechelt Claims"	the 94 mineral claims and a mining lease held by the Group over approximately 72,300 acres on the Sechelt Peninsula in BC
"Sechelt Indian Band" or "SIB"	the Shíshálh First Nation, whose traditional territory includes the Sechelt Claims
"Shareholder(s)"	holder(s) of Ordinary Shares
"Southern Project"	the area in the southern part of the Sechelt Claims subject to the exploration permits MX-7-62 and MX-7-41 and the quarry permit QP-7-19 and including the Mining Lease and mineral claims 258386, 258387, 374115, 258296 and 258297, principally focussed on deposits of black gabbro, limestone, wollastonite and garnet
"Subscription"	the subscription by RAB for Ordinary Shares with an aggregate subscription price of up to £460,000 pursuant to the subscription agreement dated ● December 2005 between the Company and RAB, as described in paragraph 9(v) of Part VII of this document
"Tri-Sil"	Consolidated Tri-Sil Minerals Inc., a 97.3 per cent. owned subsidiary of the Company
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"UK Listing Authority"	the FSA
"uncertificated" or "in uncertificated form"	a share or security recorded on the relevant register as being held in uncertificated form in CREST and entitlement to which, by virtue of the CREST Regulations, may be transferred by means of CREST
"United States" or "US" or "USA"	the United States of America, its territories and possessions, any State of the United States of America and the District of Columbia
"US$"	US dollars
"VSA Resources"	VSA Resources Limited, the joint broker to the Company

GLOSSARY OF SELECTED GEOLOGICAL AND MINING TERMS

"beneficiation"	the treatment of mined material, making it more concentrated or richer
"claims" or "mineral claims"	mineral property tenures, primarily for exploration, issued under the MTA
"construction aggregates"	any of sand, gravel and crushed stone, an essential raw material, and the foundation, of the construction process
"dimension stone"	a rock or stone product that is cut or split on 2 or more sides, and includes, without limitation, tiles, facing stone, crushed rock that is reconstituted into building stone, headstones, monuments, statues, ornamental furnishings and other similar components, but does not include crushed, cut or split rock that is used for a construction purpose
"diorite"	a grey to dark grey intermediate intrusive igneous rock, associated with either granite or gabbro intrusions
"industrial minerals"	any rock, mineral or other naturally occurring substance of economic value but excluding metallic ores, mineral fuels and gem-stones
"indicated resource"	that portion of a mineral resource for which quantity and quality can only be estimated with a lower degree of certainty than for a measured resource, because the sites used for inspection, sampling and measurement are too widely or inappropriately spaced to enable the material or its continuity to be defined or its grade throughout to be established
"Large Producer"	the status of a company which has been granted a Permit, requiring Canadian federal government approval for a related environmental permit, allowing production of more than 1 million tpa of materials
"mining lease"	a mineral property tenure issued under the MTA, principally intended to be a production tenure
"plutonic"	igneous rock that has solidified beneath the earth's surface: granite or diorite or gabbro
"quarry extractable"	the quantity of rock of commercial value, including internal waste, contained within a volume defined at the top by the surface of the land, at the perimeter by inward inclined slopes averaging 2 in 1 or about 63 degrees from horizontal and a base with a minimum horizontal width of 25 metres, all accessible for extraction by normal diesel powered machinery, with minimal removal of waste rock of no commercial value
"super quarry"	a quarry that is or has the potential of producing more than 3 million tpa *(Department of Environment, UK)*
"tpa"	tonnes per annum
"world class"	a deposit that is of sufficient size and stature to attract one of the major global companies operating in that sector, due to the deposit's size and that it has the ability to take a significant share of its market place in terms of sales

PART I

Information relating to the Company

1. Introduction

Pan Pacific was established to consolidate the mineral claims over a land package of approximately 72,300 acres situated on the Sechelt Peninsula, British Columbia, Canada and to develop these claims in order to produce industrial minerals and construction aggregates with the aim of serving local and global markets. The world class deposit of approximately 750 million tonnes of potentially quarry extractable resource (which the Directors believe will increase with further exploration work) is located on tidewater and comprises construction aggregates and industrial minerals. The Sechelt Claims are divided into the Southern Project, containing black gabbro, limestone, wollastonite and industrial garnet and the Northern Project, chiefly containing carbonates. The Directors believe that several of these rock types represent the only known deposits of their kind along the western seaboard of North America. Samples of certain of these minerals have indicated high quality.

The seaboard location of the Sechelt Claims is ideally situated for cost-effective transportation along the west coast of the Americas, and potentially throughout the Pacific Rim. The Directors believe that the location, quality and characteristics of the various minerals that exist within the Sechelt Claims, combined with the unique tidewater location, should give the Company a cost advantage both locally and on the West Coast of North America, markets that it is planning to serve.

In July 2005, the Group commenced small scale production of aggregates within the Southern Project and initial sampling and local orders have been shipped. In accordance with the Group's existing Permits, the Group intends to re-commence small scale production of gabbro at the Southern Project in late 2006. In order to expand production, the Group has commenced the baseline studies required in order to apply for Large Producer status which, if obtained, will allow for production of up to 6 million tonnes from the Southern Project. The Group has already commenced applications for Large Producer status for the Northern Project which, if obtained, will also allow for annual production of up to 6 million tonnes.

Pan Pacific is seeking to raise £3 million (before expenses) through the Placing, Admission and Subscription in order to further define its already significant resource and increase the limited production. The proceeds of the Placing will also be used to complete environmental impact assessment work, biophysical baseline studies and a bankable feasibility study for the Northern Area.

2. History and background

The earliest recorded mineral exploration activity in the Sechelt peninsula was for metals in 1907 at Mineral Hill, part of the Southern Project. Several companies began exploration for dolomitic and calcitic limestones in 1970 and this, and other mineral exploration activity, has continued in every decade since then. Since 1985, substantial drilling has been carried out on the Sechelt Claims with a total of 9,420 metres of core being drilled across 75 holes. The Directors estimate that the total cost of the prior exploration and infastructure works carried out to date, if undertaken today, would be in excess of C$20 million.

In 1987, Tri-Sil was established by Rudi Riepe, the original prospector of the claims within the Southern Project, to hold those claims. At that time, the main mineral interests were black gabbro, limestone and wollastonite. In 1988, garnet ore was identified for the first time.

Pan Pacific was incorporated in December 2004 and in January 2005 acquired 97.3 per cent. of the share capital of Tri-Sil (the recorded holder of the claims within the Southern Project) and in March 2005 acquired 100 per cent. of the share capital of GISC (the recorded holder of the claims within the Northern Project). Tri-Sil and GISC are party to royalty agreements whereby certain royalty payments will become payable in the future, details of which can be found in paragraphs 9(k), (p), (q), (s) and (u) of Part VII.

Following these acquisitions, in March 2005, Pan Pacific commenced an exploration and development programme. During 2005, Pan Pacific map-staked further ground available within the Sechelt peninsula to cover approximately 72,300 acres in total.

In March 2005, the Company entered into an investment agreement with RAB, pursuant to which RAB agreed to invest, in aggregate, £2.25 million in the Company in monthly tranches from March to August 2005. RAB has subsequently invested a further £210,000 following the exercise on 7 October 2005 of a warrant issued to it in March 2005. This funding has provided working capital to enable the Company to commence the first stages of mining development on the Sechelt Claims, including: constructing roads, work and service yards; identifying a short term barge loading site; a weigh scale and necessary administrative infrastructure; and allowing it to begin small scale production. Emil Anderson Construction (EAC) Inc., a company with which Bob Hasell, a Director, is associated, was contracted to provide extraction, crushing and processing equipment for initial production.

3. Project location

Figure 1: Location of the Sechelt Peninsula

Source: Pan Pacific

The Sechelt Claims are located in the Caren Mountain Range on the south central portion of the Sechelt Peninsula, which is located on the "Sunshine Coast" of British Columbia. Vancouver is located 70 kilometres to the southeast of the Sechelt Claims, and is accessible by road and by ferry across the Howe Sound. The peninsula is bounded on the east by the tidal fjord of Sechelt Inlet south of the Skookumchuck Narrows leading to Jervis Inlet, on the north by the inlet at Earl's Cove and on the west by the Straight of Georgia, giving access to the Pacific Ocean.

The topography is generally mountainous with altitudes from sea level to a maximum of 1,120 metres with areas of terraces and plateaux with numerous small swampy lakes fed by small, fish-bearing creeks.

The climate of the Sunshine Coast is termed Mid-Latitude Maritime Temperate, characterised by mild, moist winters and warm, dry summers. Average daily temperatures range from a maximum of approximately 24°C in summer to a minimum of approximately 0°C in winter.

4. Sechelt geology

Details of the geology of the Sechelt Peninsula, including the geology underlying the Southern Project and the Northern Project, are included in paragraphs 7 and 8 of the ACA Howe Report, included in Part III of this document.

5. Mineral claims and mining permits

In BC, mineral property tenures are generally held in the form of mineral claims and mining leases issued under the MTA. Mineral claims are primarily exploration tenures, while mining leases are intended to be production tenures.

The conversion of mineral claims to mineral leases is essentially a mechanical process, involving a number of steps, such as completing a land survey of the area and posting the prescribed public notices of the conversion. The Company has undertaken to consult with the Sechelt Indian Band prior to commencing exploration and production work on the Sechelt Claims, further details of which are set out in paragraph 12, entitled "First Nations".

The right to extract and produce aggregates (including construction aggregates such as sand, gravel and rock) do not flow from the mineral claims or mining leases described above. Rather, the rights to aggregates are administered by a separate body, the Integrated Land Management Bureau (an agency of the BC Ministry of Agriculture and Lands) which issues licences of occupation and leases permitting the extraction of such aggregates. Any party holding and conducting operations on mineral claims and minerals leases has, as a matter of practice, an effective right of first refusal on the application for a licence of occupation and lease of those same lands for the right to extract aggregates.

As well as securing a suitable interest in the land, a mine operator must comply with the Mines Act, which provides that no production can commence at a mine until the Mine Branch has issued a Permit approving the operator's work and reclamation plans for the mine.

In British Columbia, while mineral tenures and the mining itself are regulated by the Province, as described above, land use is regulated by the relevant local government, which for PPAL's mineral tenures is the Sunshine Coast Regional District (the "SCRD"). The SCRD has no jurisdiction to regulate the extraction of minerals, but may have some jurisdiction through its application of local zoning rules over the processing of the extracted substance (e.g. the crushing and stockpiling of mineral rock and aggregates) and certain other land use. During the summer of 2005, PPAL carried on limited test mining and processing activities on a portion of its mineral tenures located within the Southern Project. PPAL's activities resulted in some complaints by residents and the SCRD has taken the position that such processing activities were contrary to local zoning rules. To enforce that position, on 28 October 2005, counsel to the SCRD served PPAL with a Writ of Summons and Statement of Claim issued by the SCRD seeking a declaration and order restraining PPAL from (a) using or occupying the lands for the purpose of processing mineral, sand, gravel and soil and (b) using or occupying the lands for the purpose of a temporary storage compound. While not accepting the validity of the SCRD's position in this matter, the Company intends to have discussions with the SCRD regarding the fact that the Group's future operations will be further removed from any residents, with a view to obtaining the requisite zoning for such future operations. The Company would, in any event, have had to consult with the SCRD in relation to these matters.

Mine operating and reclamation permits

The Mines Act requires that an authorisation be issued in the form of a Permit before any work is commenced. Each Permit specifies the permitted scope of work, the reclamation that must be undertaken in the areas affected by mining operations and requires the filing of annual reclamation reports and deposit of a reclamation security. In general, it is the policy of the BC Chief Inspector of Mines to require the submission of new reclamation reports and plans for active mines every five years in order to keep the plans current and to reflect the results of research conducted pursuant to the existing plan and Permit. Amendments to Permits may be made by the Chief Inspector of Mines at any time. In addition to holding a valid Permit, the work to be carried out under the Permit needs to be described in a current Notice of Work accepted for filing by the Mines Inspection branch.

The Sechelt Claims

PPAL, GISC and Tri-Sil are the recorded holders of, or control, 94 mineral claims covering 72,295 acres of the Sechelt Peninsula. These are a combination of "field-staked" and "map-staked" claims registered before and after 12 January 2005, respectively. A summary of the Sechelt Claims is listed in detail in Table 1 of the ACA Howe Report in Part III of this document.

Figure 2: Pan Pacific project areas

Source: Pan Pacific

Permits

Southern Project

The Southern Project, located in the southern area of the Sechelt Claims, has the benefit of the following valid mineral exploration and reclamation permits held by the Group.

- Mineral exploration permit MX-7-62 issued to Tri-Sil in 1993, covering mineral claims 258386 (Diorite), 258387 (Alaskite) and 374115 (Black Granite No. 1). This permit allows the removal of 10,000 tonnes of material for exploration purposes.
- Mineral exploration permit MX-7-41 issued to Tri-Sil in 2002, covering the Mining Lease (from claims 258296, 258297, 258300, 258301, and including the area covered by Permit Q-7-19). This permit constitutes a mining lease of up to 75,000 tpa.
- Quarry permit Q-7-19 issued to Tri-Sil in 1989 covers the Crown Grant Quarry land which is now part of the Mining Lease. The Mining Lease classifies the operation as a Small Producer and allows the Company to extract up to 250,000 tpa of industrial minerals without restriction.

The Group has commenced procedures for filing an application for a licence of occupation with the Integrated Land Management Bureau for the right to extract aggregates.

Northern Project

The Northern Project, located in the northern area of the Sechelt Claims, has the benefit of the following valid mineral exploration and reclamation permit held by the Group:

- Mineral exploration permit MX-7-21 issued to Tri-Sil in 1983, covering mineral claims 503120, 503122 and 503225. This permit allows the removal of 10,000 tpa of material for bulk samples and by special one-off permit, 50,000 tonnes.

In addition, in August 2005, the Group commenced procedures for and filed a notification of an application for Large Producer status in order to obtain the maximum production limits of up to 6 million tpa for the Northern Project as soon as possible. The process, which includes an environmental assessment certification, commenced in August 2005 and is estimated to take between 18 and 24 months to complete. The environmental impact study which forms the basis for the mine permit and environmental certification has already been commissioned and preliminary work started in July 2005. The Group will also adhere to applicable distinct zoning bye-laws, which may affect components of mining operations.

6. Mineral targets and resource

The three most commercially significant deposits (by reference to resource size) are the calcitic marble (limestone), dolomitic marble (dolomite) and black gabbro. PPA has not yet carried out any formal estimation of resources and reserves to currently accepted international standards, nevertheless, for the purposes of clarification and scoping, ACA Howe has undertaken a preliminary numerical estimation of the indicated resources of carbonate rocks in the Northern Project area and tonnage potential for quarry extractable geological resources of carbonate rocks and gabbro for both the Northern Project and the Southern Project.

Indicated resource	*Area*	*Million tonnes*
Total carbonate rock	Northern Project	76.1

Potential quarry extractable resource	*Area*	*Million tonnes*
Carbonates	Northern Project	36.5
Gabbro	Northern Project	1.4
Gabbro	Southern Project	713.0
Total		750.9

Source: ACA Howe Report

The Directors believe that this estimate will increase with further exploration. The ACA Howe Report states that it is likely that substantial additional resources could be identified in both the Northern Project and Southern Project areas with further detailed mapping and drilling.

The resource potential of the sand and gravel deposits will also be explored further, although there are no plans to exploit this potential resource at present.

Dolomite and calcite

The Directors believe that the Pan Pacific dolomite and calcite deposits explored to date represent one of the largest known economic carbonate resources on tidewater on the west coast of North America. In the Northern Project, as presently known, the total potential of quarry extractable dolomitic marble is 13.1 million tonnes in four separate quarry areas and the total potential of quarry extractable calcitic marble is 23.4 million tonnes, also in four separate quarry areas (Source: ACA Howe Report). The quantity and quality has been found to be suitable for production of high quality industrial calcite and dolomite materials and crushed rock products and slabs, for at least 20 years.

Exploration and sampling on the Northern Project in the 1970's identified calcitic and dolomitic limestone with reported purity levels of over 99 per cent. and high degrees of brightness. In the 1980's Kaiser Resources Limited concluded that the area contains several tens of millions of tonnes of dolomite with 98.3 per cent. purity and tens of millions of tonnes of limestone with 99.1 per cent. purity.

Black gabbro

The Directors believe that the Pan Pacific deposits in the Southern Project contain the only currently known gabbro resource on tidewater on the West Coast of the Americas. As presently known and estimated by ACA Howe in July 2005, the total potential of quarry extractable, black dioritic gabbro is 713 million tonnes, in seven areas. Gabbro resources of sufficient quantity and quality are indicated by geological mapping, topographic relief and some drilling to allow large-scale production levels "of any conceivable scale of operation" (Source: ACA Howe Report).

Other Mineral Resources:

Wollastonite and industrial garnet

Studies carried out by previous holders of the Sechelt Claims have indicated that the garnet and wollastonite deposits are commercially exploitable. The Sechelt Claims represent the only known tidewater resource on the west coast of the North America for these minerals.

Sand and gravel

Although outside of the scope of the ACA Howe Report, the Directors believe that the Sechelt Claims have significant sand and gravel aggregate resources. Construction Aggregates Ltd operates a large quarrying operation near to the Sechelt Claims. Initial investigations of glacial aggregate potential in the Sechelt Claims has noted sand and gravel outcrops in several locations in layers which the Directors believe are thick enough to be exploitable.

7. Markets

The minerals in the Sechelt Claims have uses both as construction aggregates and as industrial and high performance minerals.

7.1 *Construction aggregates*

The limestone, dolomite, gabbro and sand and gravel deposits in the Sechelt Claims are all suitable for use as construction aggregates and production of a mix of these materials will address this marketplace.

"Aggregates" (incorporating any of sand, gravel and crushed stone) are an essential raw material and the foundation of the construction process. Aggregates are required for making Portland cement concrete and asphaltic concrete: essential substances for building and maintaining public

and private infrastructure. Between 40 per cent. and 60 per cent. of all aggregates are used in public works projects. Aggregates comprise nearly 90 per cent. of the materials needed to build paved roads.

Aggregate resources of the world are large; however, extraction is uneconomic in many cases and impacted by local environmental considerations. This is a positive factor for Pan Pacific due to its tidewater location and distance from large urban population centres. There are shortages of supply in urban and industrialised areas and these are expected to increase. Canada is the largest exporter of crushed stone to the US due to its proximity and lower processing costs.

The economic value of aggregate fluctuates on local supply and demand, being influenced by location as much as by quality of material. Proximity to consumption is very important due to transportation costs which are important in determining the market. Pan Pacific's immediate proximity to Vancouver and tidewater location to allow sea access to the large markets of the West Coast of the US is a significant factor and of likely competitive advantage.

Evans & Evans reports that a significant opportunity exists for aggregates in Pan Pacific's initially targeted markets of British Columbia and the West Coast of the US, and that these markets are sufficiently large to support Pan Pacific's products. California, in particular coastal locations, is a significant net importer of aggregates and imports to San Francisco and San Diego bay areas continue to increase.

It is estimated that there are currently approximately 230-240 million tpa of aggregates consumed in the California market. There is a shortfall in construction aggregate materials supplied by local quarries in California which is expected to significantly worsen over the next 50 years based upon a California Government geological survey report.

Prices for construction aggregates vary significantly from region to region and by application. Aggregates are largely seen as a commodity unless specialised (see paragraph 7.2 below) and are subject to price competition, with low cost of transport and of production providing distinct advantages. The California Department of Transportation reported an average contract price for aggregate base of US$16.19 per tonne in the first quarter of 2005 based on contract prices and agreed bids. Prices ranged from US$5.10 to US$117.55 per tonne, depending on grade and transport costs.

There are various perceived near term opportunities for Pan Pacific's construction aggregate products (some of which are underway, whilst some are in the planning stages) including:

British Columbia	*Total Project Value*
2010 Olympics in Vancouver/Whistler	C$0.5 billion
Upgrade of Sea-to-Sky highway	C$1.5 billion
RAV Rapid Transit Line	C$1.3 billion
New Fraser River Bridge	C$0.6 billion
Port of Vancouver expansion	C$1.0 billion
Nanaimo waterfront redevelopment	C$0.1 billion
West Coast of US	
Seattle I-5 highway	C$4.1 billion
Twinning of the Bay Bridge	US$1.5 billion
Los Angeles airport expansion	US$11.0 billion
Bay Area Rapid Transit (B.A.R.T.)	US$1.5 billion

The proximity of and ease of coastal shipping to serve these markets is a significant advantage for Pan Pacific given the high transportation costs associated with aggregates.

7.2 *Industrial and high performance minerals*

In addition to uses as aggregates, the minerals in the Sechelt claims have specific markets for high performance and industrial purposes.

Dolomite and limestone

Pan Pacific has identified the following product categories for the carbonate rocks of the Sechelt operation:

- Architectural rock as decorative crushed and graded stone, rough finished slab and high grade marble;
- Feedstock rock for cement, quicklime, lime, dolomitic lime and agricultural lime;
- Bagged rock for horticultural and landscaping applications; and
- Ground and Precipitated Calcium Carbonates used in papermaking.

Evans & Evans estimates the local markets of British Columbia and the West Coast of the US for high calcium limestone and dolomite to total some 36.8 million tonnes in 2004 with demand increasing in these markets at approximately 4 per cent. per annum over the next five years.

Pricing at the manufacturing level (before transport) varies depending on quality and grade in the range of C$12-16 per tonne for crushed limestone, and in the range of C$50-90 per tonne for decorative dimension stones reaching as high as US$200 per tonne for high end markets in the US.

In addition, Pan Pacific has identified a special use of the high calcium limestone as a mineral pigment in the pulp & paper industry for which it is evaluating optimal beneficiation strategies to enable it to achieve premium pricing for premium product. Temanex Consulting Inc. estimates the paper industry's demand for Pan Pacific's minerals in western Canada and the west coast of the US as roughly 485,000 tonnes in 2005, growing at 5 per cent. per annum over the next 5 years. Prices for Precipitated Calcium Carbonate ("PCC") and Ground Calcium Carbonate ("GCC"), the limestone end products used in papermaking, range from US$70-100 per tonne for coarse to medium grade minerals to US$160-210 per tonne for higher grade products. Temanex estimates the price for crushed limestone GCC feedstock to range from US$10-30 per tonne and calcined lime PCC feedstock, made from processing limestone, to be in the range of US$60-80 per tonne.

Gabbro

Pan Pacific has identified the following potential product categories for the gabbroic rocks of the Sechelt claims:

- Superpave hot-mix asphalt rock aggregate;
- Specialised sand;
- High specification concrete used in seismic applications; and
- Granite dimension stone.

A significant opportunity for gabbro, which is present in the Sechelt Claims, is for "Superpave" applications. Superpave is a design for hot-mix asphalt to provide "SUperior PERforming asphalt PAVEment" for highway construction in the US, one of Pan Pacific's key markets. Important properties for high specification rock aggregates, include high soundness and toughness, high "Uniaxial Compressive Strength", low "Los Angeles Abrasion value" and a low content of deleterious material. Historical tests on the gabbro present in the Sechelt claims indicate exceptional strength – suitable for Superpave markets. In 2000, Lafarge Canada undertook uniaxial compression tests on sample material and it proved to be of extremely high strength suggesting suitability for use in high strength concretes including earthquake resistant applications. This stone is also attractive, and dimension stone production is planned.

The quality and nature of the Pan Pacific gabbro is a significant factor for which Pan Pacific aims to achieve competitive advantage in the marketplace.

According to Evans & Evans, demand for gabbro and dimension stone is expected to grow during the next five years and beyond, being driven significantly by increased use in both the residential and commercial building markets. The US supply is fragmented with predominantly smaller regional producers who neither sell nor promote nationally. Very few producers are capable of producing tiles and slabs for the residential market. The Company has initiated preliminary discussions with possible joint venture partners for the production of dimension stone from the gabbro quarries. Previous test work in 1999 produced a high quality black granite product.

The BC marketplace opportunity for black gabbro (e.g. granite) is estimated by Evans & Evans to have been 6.4 million tonnes in 2004 and it is expected to grow approximately 4.5 per cent. per annum over the next 5 years. Pricing at the manufacturing level ranges with quality and grade from C$9-18 per tonne. The West Coast of the US marketplace for gabbro is significant with demand of 44 million tonnes in 2004, and is expected to increase by over 5 per cent. per year over the next five years. Pricing at the manufacturing level varies in the range of US$3.50 to $25 per tonne depending on quality and grade.

Wollastonite

There is currently an adequate supply of wollastonite in North America from two producers based in New York state. However, there is more demand for high quality product and producers have seen average prices increase significantly between 2001 and 2004. Major end uses for wollastonite are as cement additive, paint filler, rubber filler and as an asbestos replacement. There is currently no production of wollastonite on the West Coast of the US, or in Canada. At the lower end of the market, proximity to end users has become more important due to transportation cost and price competition.

Evans & Evans has identified a potential significant marketplace on the West Coast of the US for Pan Pacific wollastonite. The US plastics industry accounts for the majority of wollastonite consumption and is concentrated in California. The improving US economy is expected to boost demand for wollastonite and consumption in Asia could drive significant increases over the next several years. The US consumption of wollastonite was estimated to be 117,000 tonnes in 2004. Worldwide production is estimated to be between 550,000 and 600,000 tonnes in 2004 with China producing approximately 53 per cent. of the total followed by India and the US. Prices for wollastonite range from US$205 to $375 per tonne, but can be as high as $1,200 per tonne depending on grade, type of wollastonite and application. In 2004, NYCO Minerals Inc. reported that the average selling price for its wollastonite is roughly US$425 per tonne. This average is likely to be representative of sales of higher grade wollastonite.

Garnet

World production of garnet, equal to approximately 283,000 tonnes per annum is primarily from Western Australia, China, India and the US. The US has three major producers, none of them on the West Coast, and in 2004 was a net importer of industrial garnet. Major end uses for garnet are abrasive blasting media (significantly replacing silica as a result of changes in US Environmental Protection Agency rules in the mid 1990s), waterjet cutting, water filtration and abrasive powders. Main consuming industries include aircraft and motor vehicle, ceramics and glass, electronic component manufacturing, filtration plants, the petroleum industry, shipbuilders and wood furniture-finishing operations. The market is competitive with pricing and service being important customer factors and low cost production being achieved by producing garnet in combination with other minerals, as is being planned by Pan Pacific.

The Pan Pacific targeted markets of BC and the West Coast of the US represent an opportunity for the marketing of industrial garnet. According to Evans & Evans, future annual demand is expected to be at the 50,000 tonne level with modest growth. Prices for industrial garnet range from US$60 to US$560 per tonne but can be as high as $2,500 per tonne depending on the grade, type of garnet and the application.

Table 2 – Summary of Pan Pacific Mineral Resource and Markets

Mineral	*Estimated Size of Key Markets*	*Estimated Growth of Key Markets*	*Key Applications*
Limestone and Dolomite	36.8 million tpa (2004)	+ 4.1% p.a.	Mineral Fillers (GCC) Hydrated Lime Desulphurisers Portland Cement Agricultural Lime Fillers and Pigments for food industry Mine Effluent Treatment Paper Filler (GCC) Fire Retardants Cleansers Coal Additive Metallurgical Processing
Gabbro (Granite)	50.4 million tpa (2004)	+ 5.2% p.a. (California)	Superpave Aggregate Seismic Aggregate Concrete Aggregate Riprap/Armour Stone Railway Ballast Dimension Stone Specialised Sand
Industrial Garnet	50,000 tpa (2005 Est. USA)	—	Sandblast Replacement Industrial Abrasive Water-jet Cutting Filtration
Wollastonite	117,000 tpa (2004 USA)	—	Cement Additive Paint Filler Rubber Filler Asbestos Replacement
Sand and Gravel	220 million tpa (2004 California)	—	Concrete Asphalt Road Base Roof Topping Road Dressing

Source: Evans & Evans Report

8. Sales and marketing

Sales and marketing strategy

The Company plans to market itself as a reliable supplier capable of delivering large volumes of consistently high-purity mineral products. Pan Pacific's sales strategy is currently focused, and will continue to focus, on what the Directors believe are its competitive advantages of high quality and high purity products together with economical production and transportation within the western seaboard of Canada, the West Coast of the Americas and the Pacific Rim.

The Company plans to develop strategic alliances with large volume consumers of construction aggregates and industrial and high performance minerals to form long term supply and beneficiation partnerships. This will enable Pan Pacific to participate in the higher value sectors of the performance minerals markets.

Examples of primary customer targets for the high purity white limestone and dolomite are Graymont Western Inc. ("Graymont"), Cemex S.A de C.V. ("Cemex"), and Lehigh Cement Company (a subsidiary of HeidelbergCement A.G.). Key targets for the gabbro and aggregate products are Hanson plc, Peter Kiewit Sons', Inc., De Silva Gates Construction ("De Silva"), Dutra

Group and Granite Construction Inc. in the Bay area of San Francisco. Dutra Group, De Silva and Granite Construction Inc. own and operate construction aggregate quarries located both on tidewater and inland. Some of these quarries have limited reserves and would be ideal depots for Pan Pacific products.

It is proposed that Pan Pacific's beneficiation strategy will be developed through consultation with industrial and performance mineral experts in both Europe and North America. Strategic alliances will be explored with companies such as Graymont who is a major supplier of calcium carbonate feedstock to Specialty Minerals Inc, a leading supplier of precipitated calcium carbonate to the paper industry on the West Coast of North America. Pan Pacific is also in discussions with Reverte in Spain and have sent samples of high purity/high brightness limestone for testing.

Current sales and marketing

Recent sales and marketing meetings or discussions with Pan Pacific management have taken place with potential customers in the San Francisco Bay area; including such companies as the Dutra Group, Manson Construction Group, Ferma Corporation Contractors, Hanson plc, Granite Construction Inc., De Silva and Cemex. These discussions have confirmed the growing demand for a wide range of construction materials to be imported and companies have shown positive interest in the Pan Pacific products. For example:

– the Dutra Group, which operates a large 3 million tpa aggregate quarry in San Rafael, California, has expressed an interest in exploring further the possibility of working with Pan Pacific on an exclusive basis in relation to various grades of crushed gabbro and rip rap/armour stone for the California, Pacific North West and Alaska markets;

– Graymont has provided the Company with a letter outlining its desire to purchase very specialised dolomite, which it has been unable to source elsewhere. An initial letter of interest has been received from Graymont for 35,000 tonnes of dolomite.

The Group's initial production has been and it is intended that it will in the short term continue to be focussed on sampling, product definition and the local market whilst the application for Large Producer status is under way. To date, the Group has received purchase orders or ongoing purchase commitments from six local customers which include large companies such as Terminal Forest Products Ltd. Pan Pacific has committed the initial 15,000 tonnes of mixed rock processed from sampling production in July, to local customers.

9. Development and mining plan

Mining operations are to be developed in stages as follows:

Stage 1: Bankable feasibility study, customer development and small scale production.

Stage 1 incorporates further resource definition, a bankable feasibility study for the Northern Area and Large Producer permit applications, while the intention is to undertake small scale production of minerals allowing Pan Pacific to serve local markets.

For the Southern Project, Pan Pacific intends to undertake production within its existing Permits to build its markets, provide cashflow and further test methods for extracting the maximum value from the various mineral resources. As part of this process Pan Pacific will undertake a feasibility study which will include definition drilling of deposits and engineering and process research. It is anticipated that waste product gabbro aggregate will be sold and used for continued testing. Pan Pacific is currently operating on a permit to produce up to 250,000 tpa of dimensional stone at the Southern Project. As part of the Southern Project, the Company is also currently permitted to produce up to 75,000 tpa of wollastonite and garnet.

Although pit designs have not yet been finalised, it is intended that all mining will be done at near zero stripping ratios for the next 20 to 30 year period. Standard open pit mining methods will be employed for much of the tonnage. Excavators and front-end-loaders will be used to load dump trucks in the 30 to 50 tonne range. Crushing and screening plants will be contracted for the Southern Project. These will enable production of material to size specifications as required by customers. Many options for secondary processing are being considered in order to produce value-added products. Pan Pacific is also accumulating additional baseline data for the Southern Project and expects to submit by the end of 2006, an application for a Large Producer mining permit allowing extraction of up to 6 million tpa.

For the Northern Project, the Group intends, until a Large Producer permit is received, to operate under the exploration permit with an extraction limit of 10,000 tpa of carbonates. During the 18-24 month period the Company plans to undertake extraction studies and product testing with a view to determining maximum cost effectiveness and methods of extracting maximum value and use from deposits. Pan Pacific intends to work in concert with industrial and performance mineral clients to refine this process. A feasibility study will be undertaken to produce a mining plan.

Stage 2: Move to Large Producer status

Once a Large Producer Permit has been obtained and initial feasibility studies are complete, it is proposed that Pan Pacific will develop production and shipping operations to allow full production levels of mixed product increasing over time. The Company will review the optimal funding strategies for the required capital investment at this time, which may include funding through joint ventures and contractor participation, although no proposals have been formulated at this stage.

10. Infrastructure and transport

The Sechelt peninsula and surrounding area is developed and has an existing infrastructure. The southern end of the Sechelt Claims lies about 5 kilometres northwest of Sechelt town allowing access to paved roads, power, telephone, food, lodging, labour and other support systems. Sechelt has a population of 7,800 and is located about 70 kilometres west-northwest of Vancouver, on Highway 101 via the vehicle ferry from Horseshoe Bay to Langdale. This highway passes northwestwards along the west coast of the peninsula. A network of unpaved forestry and mining roads cross the property to the northwest of Sechelt and north of Halfmoon Bay on Highway 101. Sechelt-Gibsons Airfield is located 3 kilometres southeast of Sechelt town centre and seaplanes use the sheltered waters of Porpoise Bay at the head of Sechelt Inlet. Both natural gas and electricity are available for use in both mining and milling operations. A 25 kilo-volt hydroelectric transmission line and an 18-inch natural gas pipeline lie within 2.7 kilometres of the proposed office and mill site. All potential quarry sites are served by a good network of roads, which can be used by and to serve local customers based on and around the Sechelt Peninsula.

The Sechelt Claims are immediately adjacent to tidewater on the Sechelt Inlet. During Stage 2 activities, Pan Pacific proposes to develop two barge-loading facilities for onward shipping of product. The first, served by road, is proposed to be located just south of Carlson Point (a site currently used by logging companies for load out), 2.5 kilometres northeast of the operational quarry for the Southern Project, and will serve initial production. The second is proposed to be a large scale barge-loading facility to allow for the loading and transport of up to 6 million tpa following the grant of a permit for Large Producer status. The Company is considering 5 locations on the inlet shore for the location of the large loading facility which will be served by conveyor. The Company has entered into discussions with two marine transport companies in relation to the loading and shipping of its products. These companies have indicated their willingness to finance all or part of the load-out facilities and all specialised purpose-built barges including, in one company's case, special purpose Panamax class vessels in return for exclusive long term shipping and logistics contracts.

Direct navigation to the Pacific Ocean via the Jervis Inlet is restricted by the Skookumchuck Narrows which have tidal rapids at the north end of Sechelt Inlet. Although the Inlet is directly connected to the open ocean, barge loads are limited to 6,000 tonnes through the Skookumchuck Narrows during slack tides giving an annual capacity of transporting 6 million tonnes through this route, based on four barge loads per day.

The Company proposes to engage logistics and transport experts to assess potential locations for a suitable deepwater location suitable for loading Panamax class vessels, the largest ships suitable for unloading in the California market areas. Various areas are possible and the Company is in discussions with the Sechelt Indian Band for the use of SIB land for deepwater port access. An arrangement is in place between SIB and the adjacent conveyor ship-loading facility of Construction Aggregates Ltd ("ConAgg") at Trail Bay on the Straight of Georgia. ConAgg is currently shipping aggregates (predominately sand and gravel) to local and US markets via barge and Panamax class vessels.

Final decisions on transportation logistics will depend on permitting, access negotiations and scale of development of markets.

11. Environmental

Other than at the exploration scale, the Sechelt Claims have no history of prior mining on a consistent and commercial basis under other ownership that Pan Pacific is aware of, and Pan Pacific is complying with Federal and Provincial environmental laws. The Company has engaged an environmental compliance manager and has begun environmental baseline studies for both the Southern Project and Northern Project in concert with the application process for Large Producer status.

The environmental permitting process is well established and the Company has a template for following proper procedures based on management's previous expertise and industry experience. The Company has engaged environmental and permitting consultants, Dillon Consulting Limited, who have been successful recently in gaining permits for construction aggregate quarries in the area. Pan Pacific's Canadian legal counsel has advised there are no compliance issues.

12. First Nations

The Company has a positive working relationship with the Chief and Council of the Sechelt Indian Band and has previously employed and currently employs SIB members and businesses. The Company has recently signed a memorandum of understanding ("MOU") with the SIB. The purpose of the MOU is to confirm the commitment of the SIB and Pan Pacific to work together to establish a joint process that allows the parties to engage in a dialogue on a broad range of issues relating to the development of the Company's mining plans. The Company has entered into discussions with SIB to set out clearly the terms of a mutually beneficial commercial relationship to develop the Sechelt Claims which would include reviewing the optimal methods of deepwater port access. As part of the Company's community relations effort, the SIB is consulted in relation to planning the development of the property. There is a history of this type of co-operation working successfully in the area, with ConAgg currently operating its nearby sand and gravel transport operations through SIB owned land.

13. Directors, officers, senior management and consultants

The Directors believe that the present Board and operational management structure is appropriate for and reflects the current scale of the Company's proposed operations.

Summary director biographies are set out below.

Donald Nicholson *(Chairman and Chief Executive Officer)*, age 66, is a professional engineer with over 40 years experience in the natural resource industry. He began his career working as a refinery instrument engineer for Shell Canada Limited. Between 1981 and 1995 Mr. Nicholson held senior executive positions with Associated-Kellogg Limited, Comstock International Limited, Wright International Limited and Yarrows Limited. He has also been engaged as a management consultant

for Northmount Land Corp., Terra Mines Ltd., Pacific Concord Resources Ltd. and Terramar Resource Corp. Mr. Nicholson holds or has held senior positions in various public and private companies exploring and developing metal and mineral opportunities in North and South America, China and Africa. These companies include Colombia Gold AG, Mexmin Mining Corporation Plc, Pan Asia Mining Corporation Plc, Topper Resources Inc, Fossil Bay Resources, American Bullion Minerals, Kensington Resources Limited, Texas T Minerals Inc, VRB Power Systems Inc., Shiega Resources Corporation and Composite Solutions, Inc. Mr. Nicholson holds a BA Sc in Electrical Engineering from the University of British Columbia and a DIC in Automatic Control Systems from Imperial College, London.

James Ladner *(Executive Director and Company Secretary)*, age 66, studied Economics and Business Administration in St. Gallen before a successful career as an Investment Banker. He is a Director of F. van Lanschot Bankiers (Switzerland), StrataGold Corporation, Equator Exploration Ltd., Colombia Gold AG, Global Nickel plc and other Swiss and international companies. Previously, he was also Managing Director of the international investment banking boutique RP&C International, Non-Executive Chairman of Bank Austria Creditanstalt (Switzerland), as well as Executive Vice President responsible for investment banking at Coutts Bank (Switzerland), the Swiss-based, international private banking arm of National Westminster Bank. Mr. Ladner was formerly a member of the Swiss Admissions Board, which supervises the listing of securities on Swiss stock exchanges, and also of the Swiss National Bank's Capital Markets Commission.

Robert Hasell *(Non-Executive Director)*, age 67, has been employed with Emil Anderson Construction (EAC) Inc. for the last 43 years, commencing his employment with the company following graduation from Queen's University, Ontario with a degree in Applied Science Civil Engineering. During his construction career, Mr. Hasell has been involved in all aspects of highway construction, including earth and rock excavations and embankments, tunnel construction, highway paving, earth and rockfill dams, and rock stabilisation projects. He also has experience in large industrial site projects, including the Howe Sound Pulp and Paper Mill Site Expansion, the Kemano Completion Project and the Fairview Deep Sea Terminal Project. Mr. Hasell has served as President of the British Columbia Roadbuilders and Heavy Construction Association and is a past Director of the Association.

Dr. Anton Schrafl *(Non-Executive Director)*, age 73, was deputy chairman of Holcim Limited, a global manufacturer and distributor of cement and allied products until May 2002. He currently serves as chairman of the board of directors of Dynavest Ltd., an investment management company. He also serves and has served on the board of a number of privately held companies as a director. Dr. Schrafl has a Mechanical Engineering Diploma and doctorate from the Swiss Federal Institute of Technology (ETH) and an MBA from Harvard Business School.

William Voaden *(Non Executive Director),* age 51, has over 30 years experience in the industrial minerals, building materials and waste management industries and is currently the managing director of VSA Resources Limited. Mr. Voaden was previously an equity partner at GVA Grimley LLP, senior management at Voaden Sandbrook Limited and acted as an industry consultant specialising in financial reconstruction, valuation, rating, planning and corporate strategy. He also has considerable expertise in mergers and acquisitions and has maintained strong contacts with key financial institutions in the UK and Europe. Mr. Voaden gained a qualification from the Royal Institution of Chartered Surveyors at the College of Estate Management, University of Reading and undertook the Association of Chartered Certified Accountants examination.

Senior management and consultants

Alan Whitehead *(President and Chief Operating Officer),* age 51, qualified as a Chemicals Technician at Manchester University, Salford College of Science and Technology. From 1975 to 1990 Mr. Whitehead worked for Tenneco Chemicals, which became Albright & Wilson Limited. As the President of the North American Paper and Resins Division, he was responsible for starting and strategically developing new business in Europe and North America. In 1990 he co-founded

Roe Lee Canada Inc., a chemicals company based in Toronto. As President and Chief Executive Officer he established and developed the company, which was sold to Raisio Chemicals Plc in 1995. Mr. Whitehead remained as President and Chief Executive Officer of Raisio Chemicals Americas until 2004, concentrating on the expansion of the business within Canada and into USA, Mexico, Colombia, Brazil, Argentina and Chile. He has since been engaged in the management and development of a number of business ventures, including AJ Vestco Inc., Pentor Alliance Corporation and The Clerkenwell Group. Mr. Whitehead joined Pan Pacific as President and Chief Operating Officer in March 2005.

Michael Iannacone *(Chief Financial Officer)*, aged 49, received his Bachelor of Commerce degree (Accounting Major) from the University of British Columbia in 1978. Upon graduation he joined Coopers and Lybrand, Chartered Accountants (since merged in to PricewaterhouseCoopers), where he completed his articles and obtained his Chartered Accountant designation in 1980. Mr. Iannacone completed five years with Coopers and Lybrand, working in audit related functions, with primary focus on the resource sector. Since leaving public practice Mr. Iannacone has worked in various operational and finance related positions for companies (both public and private) in such industries as mineral resource development, mineral resource/precious metals production, industrial valve applications and marine transportation. Mr. Iannacone is a director of Marine Petrobulk Ltd., a private marine transportation company operating principally in the port of Vancouver area. Mr. Iannacone has also taught accounting courses for the BC Institute of Technology through its Continuing Education division and for the Institute of Chartered Accountants of BC through its School of Chartered Accountancy.

Cal Mark, M.Sc., P.Geo (*Project Manager),* age 57, is a professional geoscientist with extensive experience in mine management, project management and other aspects of mine operation. During his 35 year career in the mining industry Mr. Mark has been involved in the management of scoping studies, feasibility studies, design, engineering, heavy construction and operation of underground and open pit mines as well as the development of greenfield sites and associated infrastructure. Before joining Pan Pacific Mr. Mark was a senior project manager with Dillon Consulting and Klohn Crippen Engineering and the exploration manager of Clearwater Resources Limited. Prior to this he held positions in senior management and as a geologist at Dickenson Mines Ltd., Campbell Red Lake Mines Ltd., Willroy Mines Ltd., Union Miniere, and Teck Corp. His role as Pan Pacific's Project Manager entails the coordination and oversight of the production, engineering and design of the mining operations. He is also responsible for environmental issues, permits and the overall quality assurance programme for the Pan Pacific operations.

14. Corporate governance

The Directors recognise the importance of sound corporate governance, whilst taking into account the size and nature of the Company. The Directors intend to comply with the principles of The Combined Code in so far as possible and appropriate given the Company's size and the constitution of the Board. The Directors have established an audit committee and a remuneration committee with formally delegated rules and responsibilities.

The audit committee will meet at least twice in each year and be responsible for ensuring that the financial performance of the Company is properly monitored and reported on and for meeting with and reviewing the reports from the auditors relating to accounts and internal control systems. The audit committee will meet at least once a year with the auditors without management being present. The audit committee comprises two Non-executive Directors and one Executive Director and will be chaired by James Ladner.

The remuneration committee will review the performance of the executive Directors and will set and review the basis, scale and structure of their remuneration and the terms of their service agreements with due regard to the interests of Shareholders. In determining the remuneration of executive Directors, the remuneration committee will seek to enable the Company to attract and retain executives of the highest calibre. No Director will be permitted to participate in discussions or decisions concerning his own remuneration. The remuneration committee comprises two

Non-executive Directors and one Executive Director and will be chaired by William Voaden. The Company has adopted a model code governing share dealings by Directors and key employees which is appropriate for an AIM quoted company and is in accordance with Rule 21 of the AIM Rules.

15. Dividend policy

Any future decision to declare dividends on Ordinary Shares will be made by the Directors depending on the requirements of Pan Pacific to finance growth, the financial condition of Pan Pacific and other factors which the Directors may consider relevant in the circumstances. The Directors anticipate that future earnings will be retained for development of its business and do not anticipate the payment of dividends to Shareholders for the foreseeable future.

16. Reasons for Admission and use of proceeds

The Directors believe that the Company has reached a stage in its development where it will benefit from Admission, the Placing and the Subscription. In particular, the Directors believe that the future growth potential of the Company will be enhanced by an AIM flotation which the Directors consider will help to generate increased visibility and credibility for the Company in the market place. Furthermore, it is expected that an AIM flotation will provide the Company with the possibility of accessing further capital in the future and the ability to provide quoted share-based incentives to its Directors and employees.

The Company intends to apply the net proceeds of the Placing (amounting to approximately £2.04 million) and the proceeds of the Subscription to fund the working capital requirements of the Company based on stage 1 of the development and mining plan detailed in paragraph 9 above entitled "Development and mining plan".

17. Summary financial information

The financial information for the Group is provided in the accountant's reports on the Company and its subsidiary undertakings in Parts V and VI of this document.

18. Details of the Placing

The Company is proposing to raise £2.54 million (before expenses) through a conditional placing by Insinger de Beaufort of 3,175,000 new Ordinary Shares representing 5.0 per cent. of the Enlarged Share Capital at 80p per share pursuant to the Placing Agreement, the principal terms of which are summarised in paragraph 9(a) of Part VII of this document. The Placing Shares will, when issued, rank *pari passu* in all respects with the Existing Ordinary Shares.

19. Lock-in and orderly market arrangements

Immediately following Admission, the Directors, related parties and significant shareholders will be interested in an aggregate of 55,491,099 Ordinary Shares, representing 87.3 per cent. of the Enlarged Share Capital.

In accordance with the AIM Rules, the Directors, related parties and certain significant shareholders who are interested in an aggregate of 40,041,099 Ordinary Shares representing 63.0 per cent. of the Enlarged Share Capital, have agreed that they will not (save in limited circumstances) dispose of any of their respective interests in Ordinary Shares held at the time of Admission (and any Ordinary Shares issued pursuant to the exercise of options or warrants) for a period of 18 months after Admission, and have agreed to certain restrictions on disposal for the following 6 months.

Certain other Shareholders, who, following Admission, will be interested in an aggregate of 1,350,000 Ordinary Shares, representing 2.1 per cent. of the Enlarged Share Capital, have also agreed that they will not (save in limited circumstances) dispose of any of their respective interests in Ordinary Shares held at the time of Admission for a period of 18 months after Admission, and have agreed to certain restrictions on disposal for the following 6 months. Certain other Shareholders, who, following Admission, will be interested in an aggregate of 16,620,000 Ordinary Shares, representing 26.1 per cent. of the Enlarged Share Capital, have agreed not to dispose of Ordinary Shares or interests in Ordinary Shares without the prior written consent of Insinger de Beaufort for the periods described in paragraphs 8(c) and 8(d) of Part VII.

Further details of the lock-in and orderly market arrangements are disclosed more fully in paragraph 8 of Part VII of this document.

20. City Code on Takeovers and Mergers

As the Company has its place of central management in Canada, the Directors do not consider that the City Code on Takeovers and Mergers is applicable to it or its Ordinary Shares.

21. Admission, settlement and CREST

Application has been made to the London Stock Exchange for all the Ordinary Shares to be admitted to trading on AIM. Admission of the Existing Ordinary Shares and the Placing Shares is expected to take place on ● December 2005.

The Articles permit the Company to issue shares in uncertificated form in accordance with the CREST Regulations. CREST is a computerised, paperless share transfer and settlement system which allows shares and other securities, including depository interests, to be held in electronic rather than paper form. Application has been made by the Company's Registrar and transfer agent for the issued and to be issued Ordinary Shares to be admitted to CREST with effect from Admission and CREST has agreed to such admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within CREST if the individual Shareholders so wish. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so. The International Securities Identification Number ("ISIN") for the Ordinary Shares is GB00B0M9M645.

It is expected that share certificates for Ordinary Shares will be despatched by the Company's Registrars no later than ● December 2005 and Ordinary Shares will be delivered in CREST immediately following Admission. The Company's Registrars are responsible for keeping the Company's register of members.

22. Additional information

Potential investors should read the whole of this document and should not rely solely on the information contained in this Part I. The attention of potential investors is drawn to Parts II to VII of this document, which provides additional information, and in particular the risk factors set out in Part II entitled "Risk factors".

PART II

Risk factors

THE EXPLORATION AND DEVELOPMENT OF NATURAL RESOURCES IS A HIGHLY SPECULATIVE ACTIVITY THAT INVOLVES A HIGH DEGREE OF FINANCIAL RISK. Accordingly, prospective investors should carefully consider the specific risk factors set out below in addition to the other information contained in this document, before investing in Ordinary Shares. The Directors consider the following risks and other factors to be the most significant for potential investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the Directors may also have an adverse effect on the Group's business.

If any of the following risks actually occur, the Group's business, financial condition, capital resources, results or future operations could be materially adversely affected. In such a case, the price of the Ordinary Shares could decline and investors may lose all or part of their investment. Prospective investors are accordingly advised to consult an independent financial adviser authorised under the Financial Services and Markets Act 2000 and who specialises in advising on the acquisition of shares and other securities before making a decision to invest.

Mineral claims and mining leases

The Company's activities are dependent upon the grant of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. Mineral claims are renewable subject to certain expenditure requirements.

Where a claim is acquired under the MTA, the holder of that claim is entitled to all minerals that are held by the government, that is the British Columbia Provincial Crown (the "Crown"), and situated vertically downward inside the boundaries of the claim. If, prior to issuing the claim, the Crown has granted some of the mineral rights comprised in the claim to a third party, then the recorded holder of the claim is not entitled to the minerals so alienated by the Crown. The Group has not obtained independent title reports or title insurance in relation to any such prior Crown grants on its mineral tenures; and there is no guarantee that title to the Group's mineral tenures will not be challenged or impugned.

Assurance of title to properties

The Company has taken all reasonable steps to attempt to ensure that proper title to the mineral claims has been obtained and that all grants of mineral rights for the Group's properties have been registered in the appropriate public offices. Despite the due diligence conducted by the Company, there is no guarantee that title to such properties, or the mineral claims will not be challenged or impugned.

Surveys have not been conducted on all of the Sechelt Claims. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or First Nations land claims and title may be affected by undetected defects.

Land claims and First Nations

In British Columbia, many First Nations are participating in treaty negotiations with the federal and provincial governments in an effort to resolve uncertainty about aboriginal rights and title and to identify new authorities and treaty lands to be held by those First Nations. First Nations rights may be claimed on Crown properties or other types of tenure in respect of which mining rights have been granted. The Sechelt Claims are all located in the Sechelt Indian Band's traditional territory. With the exception of the Sechelt Indian Band, the Company is not aware of any First Nations land claims having been asserted, or any legal actions relating to native issues having been instituted, with respect to any of the Sechelt Claims. The Sechelt Indian Band has a right to be consulted in relation to the disposal of mineral rights attaching to the land and the Crown has a duty to accomodate SIB's concerns. It is the Group's duty to ensure that this consulting process is followed though this does not remove the risk of a claim being made by the Sechelt Indian Band.

The legal basis of a land claim is a matter of considerable legal complexity and the impact of a land claim settlement and self-government agreements cannot be predicted with certainty. In addition, no assurance can be given that a broad recognition of First Nation's rights by way of a negotiated settlement or judicial pronouncement would not have an adverse effect on the Group's activities. Any impact could be marked and, in certain circumstances, could delay or even prevent the Group's exploration or mining activities.

Land appropriation

The land upon which the Sechelt Claims are located is owned by the Crown. This creates the risk that the Crown could invoke powers to compulsorily acquire this land and whilst it would be bound to compensate the Group in respect of this appropriation, this compensation may not cover the full economic value of the Sechelt Claims as recognised by the Group.

Requirement for permits, licences and zoning

The operations of the Company require licences, permits and in some cases renewals of existing licences and permits from various governmental authorities. They also require appropriate zoning rules to apply to the area of the Group's operations. The Directors believe that the Group has applied for all necessary licences and permits to carry on the activities which it is currently conducting under applicable laws and regulations in respect of its properties, and also believes that the Group is complying in all material respects with the terms of such zoning, licences and permits. However, the Group's ability to obtain, sustain or renew such licences and permits and other licences and permits that are required by it on applicable terms is subject to changes in regulations and policies and to the discretion of the applicable governmental authorities. There is no guarantee that the Group will obtain or be granted or retain the requisite zoning or permits to carry on its planned operations.

Loss of interests in claims

Failure by the Company to meet applicable payment, work and expenditure commitments on the Sechelt Claims may result in the forfeiture of the Company's interest in these claims.

Environmental factors

Mining operations are subject to various environmental laws and regulations including, for example, those relating to waste treatment, emissions and disposal. Companies must generally comply with permits or standards governing, among other things, tailing dams and waste disposal areas, water consumption, air emissions and water discharges. Existing and possible future environmental legislation, regulations and actions could cause significant expense, capital expenditures, restrictions and delays in the Group's activities, the extent of which cannot be predicted and which may well be beyond the capacity of the Group to fund. The Group's right to exploit any minerals it discovers is subject to various reporting requirements and to acquiring certain Government approvals and there is no assurance that such approvals, including environmental approvals, will be granted without inordinate delays, if at all.

Political and public opinion risk

Under federal and provincial environmental laws, the Group is obliged, as part of required permitting processes, to consult with First Nations groups, local communities, residents, land owners and other 'stakeholder' groups. This consultation involves: detailed public disclosure of the Group's plans; hosting public forums to discuss those plans; and making reasonable efforts to accommodate concerns that might be raised by such interested parties. The primary purpose of the consultation process is to provide the Group and federal and provincial regulators with feedback on the impact of the proposed development on the greater community so that such matters can be taken into consideration in determining whether Permits (and any other required authorisations) should be issued and, if they are issued, what restrictions should be placed on the Group's activities. In the event that the Group and the government regulators fail to comply with due administrative process in this regard, any Permits that might be issued could be made subject to a judicial review. The outcome of any such challenge could result in federal and provincial regulators refusing or delaying the issuance of Permits to the Group.

Financing risks

The Company has limited financial resources, which, in the opinion of the Directors, even after taking into account the proceeds from the Placing, are only sufficient to finance the exploration and development programmes outlined in Part I and Part III. Further development of the Company's properties will be dependent on the Company's ability to procure additional funding; potentially through joint venture activity, further investment and public financing or other means. There can be no assurance that the funding required by the Company will be available to it, and that where such funding is available, that it will be offered on reasonable terms, or that the Company will be able to secure such funding through third party financing or cost sharing arrangements.

Mineral and Aggregate prices

Mineral and aggregate prices are volatile and affected by numerous factors which are beyond the control of the Group. These factors include world production levels, global and regional economic and political events, international economic trends, inflation and deflation, currency exchange fluctuations, speculative activity and the political and economic conditions of countries. The aggregate effect of these factors is difficult to predict.

Taxation of the mining industry

In relation to income tax matters, the Group has based its business plan, upon the income tax legislation currently in force in British Columbia. Any changes to this legislation may have the effect of varying the relevant income tax rates from those currently in place may have and adverse effect upon the Group's operations and net profits.

The Group is in the early stages of commercialising its products

The Group is in the process of exploration of its mineral claims and developing, testing and commercialising its products. The Group's operating results may fluctuate and larger than expected losses may occur due to slower than anticipated commercial adoption of the Group's products, cyclical factors relating to the construction industry, changes in the costs of mining, processing and transporting the Group's products, changes in the pricing of the Group's products, the miscalculation of time or resources required to complete new or ongoing projects and the negotiation of the Group's business contracts. For these and other reasons, many of which are beyond the Group's control, actual operating results may vary materially from the Group's expectations.

The Group's objectives may not be fulfilled

The value of an investment in the Group is dependent upon the Group achieving the aims discussed in this document. There can be no guarantee that the Group will achieve the level of success that the Directors expect.

No assurance of profitability

The Group expects that its operating expenses, in particular its sales and marketing expenses, will increase significantly during the next couple of years as a result of the expansion of its existing operations and the promotion of the Group's services. There can be no assurances that in the future the Group will be profitable on a quarterly or annual basis, and, if profitable, whether the Group can sustain profitability, or that its operating losses will not increase. Successful operation of the Group's business depends upon upgrading the integrity and operation of its infrastructure and systems. These systems and the infrastructure could be vulnerable to damage or interruption from events which are beyond the Group's control such as fire, flood and other natural disasters.

Any such damage or interruption could impair the Group's ability to provide its services and result in significant disruption to the Group and its customers. This could be harmful to the Group's reputation and deter current or potential customers from using the Group's services.

Dependence on third party suppliers

The Group outsources some of the mining functions to third-party contractors. If the Group fails to develop or maintain its relationships with these or its other contractors, it may be unable to extract and/or process its products and the products may be available only at a higher cost or after a long delay, which could prevent the Group from delivering its products to customers within required timeframes. As a result, the Group may experience order cancellation and loss of future revenues.

Management of expanding operations

A key part of the Group's strategy is to grow its business; however, rapid growth may place significant strain on its managerial and operational resources. To manage its growth, the Group must continue to improve its financial and management controls, reporting systems and procedures and to expand its work force, including management personnel. The Group may not be able to do so successfully.

Potential labour disputes

Many of the Group's service providers, including its suppliers, mining contractors and transportation service providers have employees that are members of British Columbian trade or labour unions with a history of being relatively activist. Strikes or lockouts which involve these suppliers and contractors could restrict the Group's ability to produce and sell its products to customers.

Uninsured risks

The Group, as a participant in exploration and quarrying programmes, may become subject to liability for hazards such as unusual geological or unexpected operating conditions that cannot be insured against, or against which it may elect not to be so insured because of high premium costs or other reasons. The Company is currently uninsured against all such risks, as such insurance is presently either unavailable or uneconomic. The Company has in place business insurance, which the Directors believe is customary for a business of the nature of that operated by the Group, which relates to commercial general liability, including personal injury and property damage.

The Company may incur a liability to third parties (in excess of any insurance cover) arising from pollution or other damage or injury.

Health & Safety Risks

A violation of health and safety laws or the failure to comply with the instructions of relevant health and safety authorities could lead to, among other things, a temporary shut down of all or a proportion of a quarrying operation or the imposition of costly compliance procedures. This could have a material adverse effect on the Group's operations and/or financial condition.

Conflicts of Interest

Certain of the Shareholders and Directors are or may become shareholders and/or directors of other natural resource companies, and, to the extent that such other companies may participate in ventures with the Group, the Directors may have a conflict of interest in negotiating and concluding terms in respect of the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Directors, a Director who has such a conflict will abstain from voting for or against the approval of such a participation or of its terms. In appropriate cases the Company will establish a special committee of independent Directors to review a matter in which one or more Directors or management, may have a conflict. From time to time, the Company, together with several other companies, may be involved in a joint venture opportunity where several companies participate in the acquisition, exploration and development of natural resource properties, thereby permitting the Group to be involved in a greater number of larger projects with an associated reduction of financial exposure in any given project. The Group may also assign all or a portion of its interest in a particular project to any of these companies due to the financial position of the other company or companies. In determining whether or not the Group will participate in a particular

programme and the interest therein to be acquired by it, the Directors will primarily consider the potential benefits to the Group, the degree of risk to which the Group may be exposed and its financial position at that time. Other than as indicated, the Group has no procedures or mechanisms to deal with conflicts of interest.

Dependence on key personnel

As with any company, the Company's performance is dependent upon the performance and continued services of its current key management. Whilst it has entered into contracts and adopted the share option schemes described in this document with the aim of securing the services of the existing management, the retention of their services cannot be guaranteed. Accordingly, the loss of any key management of the Group may have an adverse effect on the future of the Group's business. The Group competes with numerous other companies and individuals in the search for and acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and contractors.

Requirement for skilled personnel

The Group's operations require individuals with a high degree of technical and/or professional skills; such as engineers and experienced equipment, mining and quarrying trade professionals. The Group will be in competition with other mine operations and other local industries, such as oil and gas or forest products, for these skilled workers. Demand for skilled personnel in the mining industry has increased in recent years. In the future, if the Group is unable to find an adequate supply of skilled workers, a decrease in productivity or an increase in costs will result which would have an adverse effect on the Group's operations, results and its financial condition.

Litigation

While the Group currently has no material outstanding litigation (other than that described in this document), there can be no guarantee that the current or future actions of the Group will not result in litigation since the mining and quarrying industries, as with all industries, are subject to legal claims, both with and without merit. Defense and settlement costs can be substantial, even with respect to claim that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have an adverse effect on the Group's financial position or results of operations.

Legal environment

All the Company's properties lie within Canada. The Directors believe that Canada has a stable legal and business environment in which to operate. However, unforeseen changes in Canada's political and legal systems could affect the ownership and operation of the Company's interests, including, *inter alia*, changes in the government, and the legislative and regulatory regimes.

Dividends

All the Company's funds will, for the time being, be invested to finance the growth in the Company's business and, therefore, Shareholders cannot expect to receive dividends on the Company's shares in the foreseeable future.

Currency risk

Any income generated in Canada as a result of the sales of construction aggregates and industrial minerals in US or Canadian dollars will be subject to exchange rate fluctuations which may have an adverse affect on the Group's financial performance.

Forward Looking Statements

Historical facts, information gained from historic performance, present facts, circumstances and information and assumptions from all or any of these are not a guide to the future. Statements as to the Company's aims, targets, plans and intentions and any other forward looking statement referred to or contained herein are no more than that and do not comprise forecasts. Any such forward looking statements are based on assumptions and estimates and involve risks,

uncertainties and other factors which may cause the actual results, outcome, financial condition, performance, achievements or findings of the Company to be materially different from any future results, performances or achievements expressed or implied by such forward looking statements.

Areas of investment risk

The Ordinary Shares will be quoted on AIM rather than the Official List. Consequently, the London Stock Exchange has not itself examined or approved the contents of this document. An investment in shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List.

AIM has been in existence since June 1995 but its future success and liquidity in the market for the Company's securities cannot be guaranteed. Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover their original investment.

The market price of the Ordinary Shares may not reflect the underlying value of the Company's net assets. The price at which investors may dispose of their shares in the Company may be influenced by a number of factors, some of which may pertain to the Company, and others of which are extraneous. On any disposal investors may realise less than the original amount invested.

The risks above do not necessarily comprise all those faced by the Company and are not intended to be presented in any assumed order of priority.

The investment offered in this document may not be suitable for all of its recipients. Investors are accordingly advised to consult an investment adviser, who or which is authorised under the Financial Services and Markets Act 2000, and who or which specialises in investments of this kind before making a decision to apply for Placing Shares.

PART III

ACA Howe Report

TECHNICAL REVIEW OF SECHELT ROCK AGGREGATE, STONE AND INDUSTRIAL MINERALS PROJECT, PACIFIC COAST OF BRITISH COLUMBIA, CANADA

for
PAN PACIFIC AGGREGATES PLC
and
INSINGER DE BEAUFORT

by
ACA HOWE INTERNATIONAL LTD

October 2005

Berkhamsted
Herts, UK

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1. Introduction

At the request of Pan Pacific Aggregates PLC (PPA or Company), ACA Howe International Ltd (Howe) has prepared the following independent technical report on PPA's rock aggregate and industrial minerals project on the Sechelt Peninsula in British Columbia, Canada (Figure 1). The report forms part of the documentation for a proposed listing on the Alternative Investment Market (AIM) of the London Stock Exchange. Howe Senior Geologist, John Langlands and Howe Senior Associate Mining Engineer, Bruce Brady, met key personnel in Vancouver and Sechelt and visited the project licence area during the period 26 June to 2 July 2005. Field inspections were made by Howe, data acquired by PPA were reviewed, and the project was discussed in detail with the staff. A further visit was made from 4-6 August by Howe Managing Director Dr. Cal Armstrong to review data acquired during July.

As of June 2005, Pan Pacific Aggregates PLC comprises Pan Pacific Aggregates Ltd 100 per cent., Global Industrial Services Canada Inc. (Global) 100 per cent. and Consolidated Tri-Sil Minerals Inc. (Tri-Sil) 97.3 per cent.

With regard to chemical assays of carbonate rocks and rock aggregate testing commissioned by PPA, this report is based on data received by Howe up to 7 August 2005. A comprehensive analysis of data made available after this date is beyond the scope of this report.

The currency used in this report is Canadian dollars.

Metric tonnes of 1,000 kilograms are used for estimation of resources. Production and sales estimates are made in short tons of 2,000 pounds.

2. Terms of reference

The terms of reference are as described in the proposal by Howe dated 1 June, accepted by Don Nicholson, Chairman of PPA, on 2 June 2005. *"The work would require input from both a geologist and a mining engineer. The responsibility of the geologist would be to review the geology, resources and quality of the various industrial minerals identified on the Pan Pacific licences; the mining engineer would review the mining plan, capital and operating costs, availability of water and power, and transportation options. Licences and permitting will be commented on, but will be legally reviewed by a specialist. Marketing of the various products will be covered in a separate report by another consultant. The emphasis will be on limestone, dolomite and gabbro, with sand and gravel, wollastonite and garnet being described, but not covered in detail."*

3. Qualification of Consultants

3.1 *ACA Howe International Limited*

ACA Howe International Ltd is an internationally recognised, independent geological and mining consultancy with offices in Canada, where it was established in 1961, and in the United Kingdom, where it has operated since 1978.

Howe, its Directors and Associates neither have nor hold:

- any rights to subscribe to PPA either now or in the future;
- any vested interests in any concessions held by PPA;
- any rights to subscribe to any interests in any of the concessions held by PPA, either now or in the future;
- any vested interests in either any concessions held by PPA or any holders of any adjacent concessions; and
- any rights to subscribe to any interests or concessions adjacent to those held by PPA, either now or in the future.

Howe's only financial interest is the right to charge professional fees at normal commercial rates, plus normal overhead costs, for work carried out in connection with the investigations reported here. Payment of professional fees is not dependent either on project success or project financing.

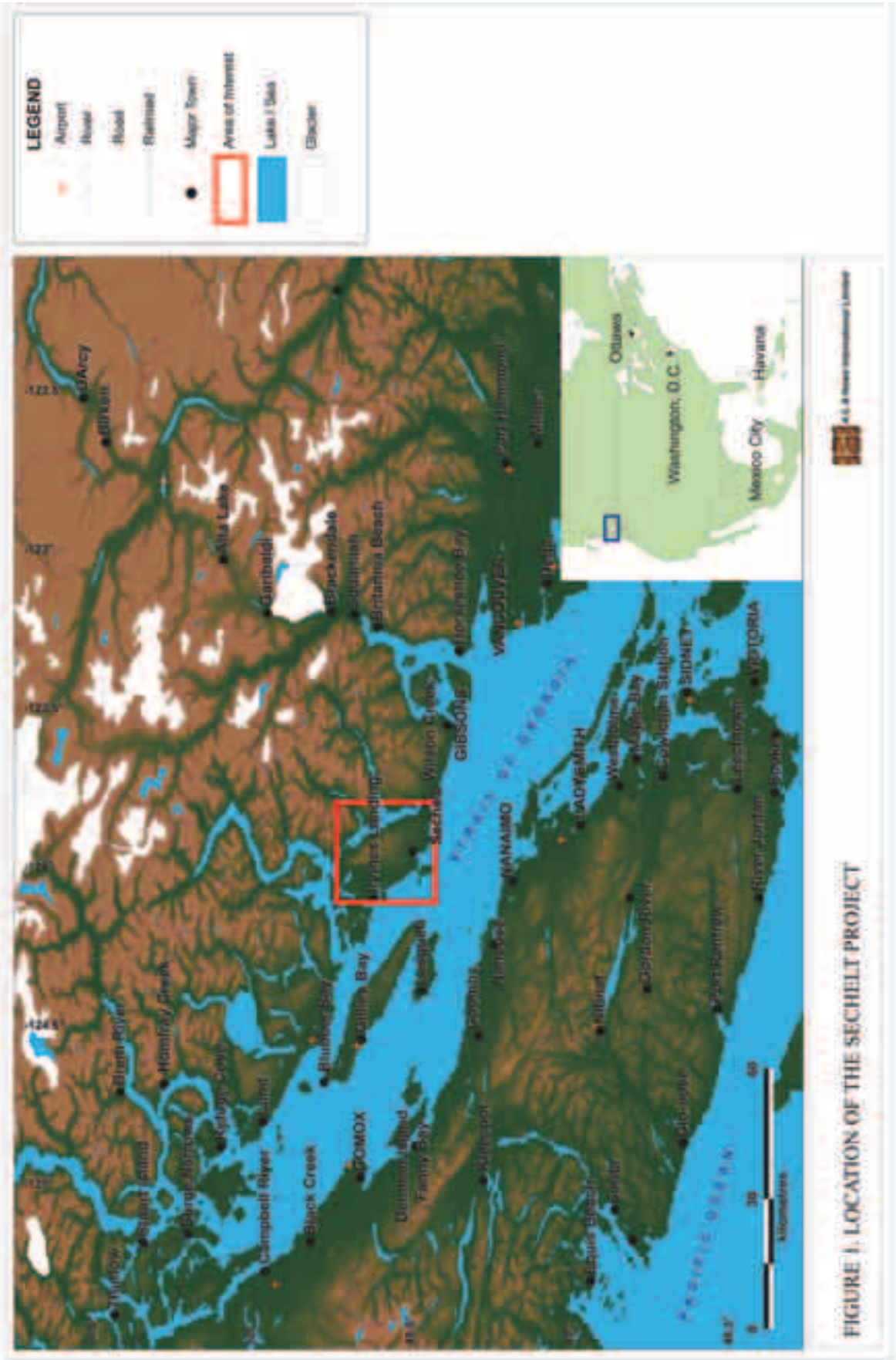

FIGURE 1. LOCATION OF THE SECHELT PROJECT

3.1.1 *John Langlands*

John Langlands, BSc., FGS, FIMM, C.Eng., visited the properties and prepared this report with the assistance of other Howe staff and Associates. Mr. Langlands, a Senior Geologist with Howe, has more than 30 years of professional experience in the exploration, assessment and evaluation of a wide range of mineral prospects, deposits and mines, including rock, stone and industrial minerals.

3.1.2 *Bruce Brady*

Bruce Brady, P.Eng., visited the properties and assisted in the preparation of this report. Mr. Brady, a Senior Associate Mining Engineer with Howe has more than 30 years of professional experience in design, operation, management, assessment and evaluation of a wide range of mineral prospects, deposits and mines, including rock, stone and industrial minerals.

3.1.3 *Cal Armstrong*

Cal Armstrong, BSc., PhD., FIMM, CEng., visited the properties and assisted in the preparation of this report. Dr. Armstrong, Managing Director of Howe, also has more than 30 years of professional experience in the exploration, assessment and evaluation of a wide range of mineral prospects, deposits and mines, including rock, stone and industrial minerals.

4. Project history

A chronological list of reports, papers and events has been compiled by Howe and is available as a separate document if required. The earliest records of mineral exploration activity are said to be for metals in 1907 at Mineral Hill in the Southern Area. Modern interest in the dolomitic and calcitic limestones by several companies for various agricultural, construction, industrial and chemical uses started in 1970 and continued in every decade since with renewed interest by PPA from 2004. In 1986 wollastonite bearing skarns were first recognised and drill based resource estimates have been made since then. Wollastonite is of use to strengthen cements and as a filler in paints, rubber and plastics and as an asbestos substitute, due to its fibrous mineral structure and composition. In 1986 Tri-Sil was incorporated and controls the Southern Claims where the main interest is in black gabbro, limestone, wollastonite and industrial garnet. The first interest in gabbro was demonstrated in 1987 and is of continuing major interest to PPA for rock aggregate and black polished dimension stone. In 1988 garnet ore was studied for the first time and resource estimates have since been made. Garnet is used as an industrial abrasive and in sandblasting. The wollastonite and garnet bearing skarns were studied by BC Government geologists in 1995-6 and a UBC Masters thesis was completed in 2001. In June 2003 Global was incorporated and controls the Northern Claims where the main interest is in the carbonate rocks although good quality dioritic gabbro and garnet were also discovered in 2005. PPA was incorporated in December 2004 and the same month acquired 97 per cent. of Tri-Sil and had acquired 97.3 per cent. of Tri-Sil and 100 per cent. of Global by June 2005. In 2005 PPA commenced an exploration and development programme and since 12 January, when it first became possible to do so, has map-staked all the remaining available ground south of the Spipiyus Provincial Park from coast to coast.

5. Mineral titles and permitting

Mineral titles and permitting are summarised for general information but are legally reviewed elsewhere by a specialist. Field-staked claims and map-staked claims registered before and after 12th January 2005, respectively, and controlled by PPA, Global and Tri-Sil are listed below in Table 1. These mineral titles are located in Figure 2 with other titles.

Table 1. Mineral titles of the Sechelt project of PPA

Tenure number	*Tenure name*	*Area (hectares)*	*Valid until date*	*Controlled by*
258386	Diorite	25.0	2006/DEC/31	Mineral Hill Ind.
258387	Alaskite	25.0	2006/DEC/31	Mineral Hill Ind.
258388	Garnetite	25.0	2006/DEC/31	Mineral Hill Ind.
315372	Black Granite #2	25.0	2006/DEC/31	Mineral Hill Ind.
315627	Black Granite #3	25.0	2006/DEC/31	Mineral Hill Ind.
325518	Krysta	25.0	2007/DEC/31	Mineral Hill Ind.
325519	Hanna	25.0	2007/DEC/31	Mineral Hill Ind.
325520	Nadine	25.0	2007/DEC/31	Mineral Hill Ind.
366933	Mineral Hill #2	450.0	2006/DEC/31	Mineral Hill Ind.
368144	Mineral Hill #1	375.0	2006/DEC/31	Mineral Hill Ind.
368672	RW#1	200.0	2007/DEC/31	Global Ind.
373870	Queen Anne	25.0	2006/DEC/31	Mineral Hill Ind.
374115	Black Granite	25.0	2006/DEC/31	Mineral Hill Ind.
384347	Mineral Point	300.0	2007/DEC/31	Riepe
385352	Mineral Point #2	450.0	2006/DEC/31	Riepe
391695		82.56	2006/MAY/29	PPA
501255	Stake 1	418.677	2006/JAN/12	PPA
501299	Stake 2	335.075	2006/JAN/12	PPA
501331	Stake 3	418.988	2006/JAN/12	PPA
501363	Stake 4	439.657	2006/JAN/12	PPA
501399	Stake 5	439.768	2006/JAN/12	PPA
501436	Stake 6	377.029	2006/JAN/12	PPA
501503	Stake 7	502.828	2006/JAN/12	PPA
501536	Stake 8	167.524	2006/JAN/12	PPA
501600	Stake 9	503.775	2006/JAN/12	PPA
501656	Stake 10	482.791	2006/JAN/12	PPA
501668	Stake 11	523.482	2006/JAN/12	PPA
501707	Stake 12	523.535	2006/JAN/12	PPA
502199	Stake 13	524.103	2006/JAN/12	PPA
502253	Stake 14	524.525	2006/JAN/12	PPA
502278	Stake 15	524.373	2006/JAN/12	PPA
502287	Stake 16	524.102	2006/JAN/12	PPA
502296	Stake 17	524.643	2006/JAN/12	PPA
502311	Stake 18	482.334	2006/JAN/12	PPA
502319	Stake 19	62.808	2006/JAN/12	PPA
502323	Stake 20	20.933	2006/JAN/12	PPA
502335	Stake 21	146.491	2006/JAN/12	PPA
502345	Stake 22	503.178	2006/JAN/12	PPA
502353	Stake 23	502.995	2006/JAN/12	PPA
502363		481.969	2006/JAN/12	PPA
502370		523.604	2006/JAN/12	PPA
502382		418.934	2006/JAN/12	PPA
502387		460.71	2006/JAN/12	PPA
502391		523.405	2006/JAN/12	PPA
502395		439.548	2006/JAN/12	PPA
502399		523.314	2006/JAN/12	PPA
503098		419.348	2006/JAN/13	PPA
503099		503.381	2006/JAN/13	PPA
503100		523.988	2006/JAN/13	PPA

Tenure number	*Tenure name*	*Area*	*Valid until date*	*Controlled by*
503102		314.526	2006/JAN/13	PPA
503103		419.096	2006/JAN/13	PPA
503105		523.989	2006/JAN/13	PPA
503107		377.367	2006/JAN/13	PPA
503109		503.577	2006/JAN/13	PPA
503112		83.881	2006/JAN/13	PPA
503113		419.761	2006/JAN/13	PPA
503115		503.6	2006/JAN/13	PPA
503116		20.984	2006/JAN/13	PPA
503118		104.948	2006/JAN/13	PPA
503120		586.038	2006/DEC/03	Global Ind.
503122		481.388	2006/DEC/03	Global Ind.
503124		251.418	2006/DEC/31	Global Ind.
503196		523.107	2006/JAN/13	PPA
503197		20.929	2006/JAN/13	PPA
503198		20.931	2006/JAN/13	PPA
503199		41.872	2006/JAN/13	PPA
503200		20.962	2006/JAN/13	PPA
503203		20.965	2006/JAN/13	PPA
503207		503.779	2006/JAN/13	PPA
503225		732.886	2006/DEC/03	Global Ind.
504636		41.844	2006/JAN/23	PPA
504637		502.182	2006/JAN/23	PPA
504639		502.193	2006/JAN/23	PPA
504641		376.652	2006/JAN/23	PPA
504642		460.477	2006/JAN/23	PPA
504643		313.923	2006/JAN/23	PPA
504644		62.812	2006/JAN/23	PPA
504645		41.853	2006/JAN/23	PPA
509797		522.223	2006/MAR/29	PPA
517003		125.706	2006/JUL/12	PPA
517046		419.277	2006/JUL/12	PPA
517066		482.442	2006/JUL/12	PPA
517079		104.716	2006/JUL/12	PPA
517091		83.769	2006/JUL/12	PPA
517112		62.806	2006/JUL/12	PPA
517122		125.778	2006/JUL/12	PPA
517144		104.896	2006/JUL/12	PPA
517158		20.974	2006/JUL/12	PPA
517190		292.65	2006/JUL/12	PPA
517202		522.103	2006/JUL/12	PPA
517217		375.992	2006/JUL/12	PPA
517225		292.83	2006/JUL/12	PPA
517235		250.833	2006/JUL/12	PPA
517242		292.809	2006/JUL/12	PPA

Under the rules for holding mineral claims a minimum amount of geological work must be carried out by the claim holder. During the first three years for newly staked claims the minimum expenditure is $100/unit of 500metres by 500 metres, rising to $200/unit in subsequent years.

Work need not be performed on all units as the total amount expended within the block of claims can be allocated across all the units. As a result of the 2005 work programme, PPA has incurred sufficient eligible expenditures to ensure that all claims will be extended for a further period. PPA must file an official report describing the work prior to the end of December 2005.

As indicated in the PPA Draft Business Plan of January 2005, MX Series Permits regulate exploration. Exploration Permits, Mine Leases and Q Series Permits regulate production. With respect to the field-staked Claims, these permits provide a history of resource exploration and extraction on the property back to 1983. The permitting details for claims which were map-staked in 2005 are not yet known.

In January 2005, mineral exploration and reclamation permits were in place as follows:

- MX-7-21 issued to Tri-Sil in 1983, amended 1999 and 2003, covering mineral tenures 503225, 503120 and 503122.
- MX-7-62 issued to Tri-Sil in 1993, covering mineral tenures 2206 (Diorite), 2207 (Alaskite) and Black Granite No. 1.
- MX-7-41 issued to Tri-Sil in 2002, covering Mining Lease No. 391695 (from claims 258296, 258297, 258300, 258301, and including the area covered by Permit QP-7-19).

The BC Government Department of Mines has linked all of the exploration permits, the lease, and the QP into definable sections for record clarity due to the size of the files and complexity of the amendment process. Everything pertaining to the North Carbonate Zone on the Plain, Zinc, and East Slope claims fall under MX-7-21. All the southern properties are referred to as the Mineral Hill group. This group covers MX-7-41, MX-7-62, Mining Lease No. 391695, QP-7-19, and all claims within that group.

Permit QP-7-19 covers the Crown Grant Quarry land which is now part of the Mining Lease in the Southern Area claims. The Mining Lease classifies the operation as a Small Producer and allows the Company to extract up to 250,000 tonnes per year without restriction. Beyond 250,000 tonnes, the Ministry of Mines increases supervision of the property to aid in the transition from a Small Producer to a Large Producer designation. The Company can conditionally remove up to 1,000,000 tonnes per year with a Small Producer designation. This strategy will be replicated for other quarries being developed on the property.

The Northern Area claims are covered by exploration permit MX-7-21. This permit allows the annual removal of 10,000 tonnes of material for exploration purposes and a special one-time permit allows for the removal of 50,000 tonnes as a bulk sample. This primary development will expose additional marketable areas of dolomitic marble and gabbro while the calcitic marble is developed to Large Producer status.

Relief (m)
1800-2000
1600-1800
1400-1600
1200-1400
1000-1200
800-1000
600-800
400-600
200-400
0-200

LEGEND
Town
River
Paved Highway
Road
Contour
Power Lines
501399 Mineral Tenures. See Table 1 for PPA tenure interests
*1 ConAgg Sand & Gravel Operation
*2 Crown Grant Quarry of PPA

FIGURE 2: MINERAL TENURES AND INFRASTRUCTURE ON THE SECHELT PROJECT

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Several companies have expressed interest in purchasing the Sechelt products as soon as production begins. The Company expects immediate, large-volume purchases that will quickly exceed the production volumes of a Small Producer. To prevent limitations on extraction, the government has indicated a desire for the Company to fast track the process to become a Large Producer for the Northern Area.

PPA is aware of, and will comply with, all Federal and Provincial environmental laws and has appointed an environmental compliance manager. The property has no history of prior mining under other ownership, except at the exploration scale. PPA has reported that legal counsel has advised there are no compliance issues.

Despite the permits, PPA is, in a few areas, inhibited to conduct normal exploration operations including tree felling, roading, stripping, etc. and limited production, due to protection zones against fish bearing creeks and designated Old Growth Management Areas (OGMA). So far, PPA have been unable to properly expose target lithology contacts for resource delineation purposes in these sensitive areas. However, during seasonal windows some work can be conducted in the wetland areas.

The Company, through Mr. Rudy Riepe, the original discovery prospector, has a long-standing working relationship with the Chief and Council of the Sechelt Indian Band (SIB) and is a long-time employer of SIB members and businesses. The Company is in the process of developing a long-term commercial agreement with the SIB. As part of the Company's community relations effort, the SIB will be consulted prior to initiating development of the property.

6. Location, topography, access, land use and infrastructure

The claim blocks of the property are located in the Caren Mountain Range of the south central portion of the Sechelt Peninsula, on the Sunshine Coast of British Columbia, centred at longitude 123°54'W and latitude 49°39'N. The peninsula is bounded on the east by the tidal fiord of Sechelt Inlet south of the Skookumchuck Narrows which have spectacular tidal rapids leading to Jervis Inlet, on the north by the inlet at Earl's Cove and on the west by the Straight of Georgia, giving access to the Pacific Ocean (Figure 2).

The topography is generally mountainous with altitudes from sea level to a maximum of 1120 metres with areas of terrace and plateaux with numerous small swampy lakes fed by small, fish-bearing creeks. The known mineral resources in the Southern Area lie at altitudes from 20 to 580 metres on Tower Hill. The known mineral resources in the Northern Area lie at altitudes from 840 metres at the Italian Quarry to 930 metres at the North-West Carbonate Zone near the northern boundary of the block.

The climate is mild. Summers are warm and mostly dry from June to September. Winters are especially wet from December to March. In the higher areas winter snow accumulations may present some access problems requiring snow-ploughing.

Coniferous forest in various stages of logging and regrowth, including some protected Old Growth Management Areas (OGMA), covers more than 90 per cent. of the area; however PPA reports that most of the area has been clear cut twice since 1931 and there is very little, if any, old growth left. The main land uses are coniferous forestry, mineral exploration and quarrying. Recreational activities include trout fishing, shooting, hiking, biking, four wheel driving and nature watching. The Spipiyus Provincial Park lies immediately north of the property block. Wildlife is abundant and includes, in addition to several small mammals and birds; elk, black bear, wolf and cougar. On the surrounding tidal waters, there is recreational boating and kayaking and some fishing for salmon and other species.

The southern end of the property block lies about 5 kilometres northwest of Sechelt town which occupies the isthmus and has a population of 7800. Sechelt is located about 70 kilometres west-northwest of Vancouver, on Highway 101 via the car ferry from Horseshoe Bay to Langdale. This highway passes northwestwards along the west coast of the peninsula with high-value, ribbon development housing. A network of unpaved forestry and mining roads cross the property to the

northwest of Sechelt and north of Halfmoon Bay on Highway 101. Sechelt-Gibsons Airfield is located 3 kilometres southeast of Sechelt town centre and seaplanes use the sheltered waters of Porpoise Bay at the head of Sechelt Inlet. A 25 kilo-volt hydroelectric transmission line and an 18-inch natural gas pipeline lie within 2.7 kilometres of the proposed office and mill site.

At present, practical road access to tidal water exists at the Carlson Point log dump on the west shore of Sechelt Inlet 2.5 kilometres northeast of the operational Crown Grant Quarry in the Southern Area. Navigation to the Pacific Ocean via the Jervis Inlet is restricted by the Skookumchuck Narrows which have spectacular tidal rapids at the north end of Sechelt Inlet. However, it is reported that barges up to 6000 tonnes have navigated the narrows at slack water for decades.

PPA has plans to develop new shipping facilities on Sechelt Inlet. A total of five locations are under investigation. Subject to agreement with Construction Aggregates Limited (ConAgg) and the Sechelt Indian Band, it may become possible to transport products via the Sechelt isthmus sand and gravel operation immediately east of Sechelt, to the existing conveyor-jetty ship-loading facilities at Trail Bay on the Straight of Georgia. These facilities are rated at a maximum of 5,425 tons per hour and ConAgg is currently shipping aggregates to the local and US markets via barge and Panamax cargo vessels. A third major option is to buy land on the Pacific Ocean side of the peninsula for a conveyor bridge or tunnel to cross Highway 101 and construct an independent PPA shipping terminal fed by a conveyor system from the planned quarry operations.

7. Regional geological setting

The Sechelt Peninsula lies on the western edge of the Coast Plutonic Complex which is a component of the Canadian Cordillera, bounded to the east by the Intermontaine Belt and to the west by the Insular Belt. The Coast Plutonic Complex extends for 1700 kilometres in a northwesterly direction over a width of 100 kilometres. It comprises polyphase, generally granodioritic and quartz dioritic batholiths of late Jurassic-early Cretaceous age in the west to Eocene age in the east, intruding older sedimentary and volcanic host rocks.

Roof pendants of the older sedimentary and volcanic rocks are scattered throughout the plutonic complex. These are variously ascribed to the Middle-Upper Triassic age, Vancouver Group Karmutsen Formation comprising largely basaltic volcanics which host the Sechelt carbonate rocks and the Lower-Middle Jurassic age Bowen Island Group comprising turbiditic sedimentary rocks (Figure 3). These roof pendants are generally elongated with a northwesterly strike and steep dips and are folded and faulted. The roof pendant rocks have been metamorphosed and metasomatically altered as a consequence of the various intrusive events. Metamorphic grades range from sub-greenschist to amphibolite facies. Later igneous dykes, including gabbro, tonalite and basalt, intrude the roof pendant units.

8. Property geology

8.1 *Southern Area*

In the Southern Area claims, the Snake Bay Pluton to the east and Crowston Lake Pluton to the west, both of Jurassic age, intruded volcanic and sedimentary rocks that may be of Triassic – Lower Jurassic age (Figure 4). These volcanic and sedimentary rocks are layered to massive, fine to medium grained mafic metatuffs and metabasalts that may be members of the Karmutsen Formation or Bowen Island Group metavolcanic sequence and calcitic to dolomitic metasediments, possibly of the Quatsino Formation. These intrusive events resulted in the formation of calcitic to dolomitic marbles and the associated polymineralic exoskarns with wollastonite and garnet and minor base metals. The skarns occur in a number of layers and lenses up to 200 metres or more wide, dipping at variable steep angles, associated with calcitic marbles, over a northwesterly strike length of about 3.5 kilometres. The skarns lie within the faulted eastern margin of the diorite to gabbro rocks of the Crowston Lake Pluton in the Snake Creek – Wormy Lake fault zone and west of the quartz diorite to granodiorite rocks of the Snake Bay Pluton. Figure 5 is a geological cross section to illustrate the structure along the section line indicated in Figure 4.

The age relationship of the Snake Bay and Crowston Lake plutons is poorly understood. The complex may be a single, compositionally zoned intrusion. The more mafic Crowston Lake body which contains the black gabbro resources of interest to PPA, encloses the exoskarns of Mineral Hill and Wormy Lake in its eastern, faulted margin. This more mafic composition may be a reflection of the metasomatic alteration processes that formed these skarns. The pluton margins may have been contaminated by assimilation of the country rocks, which led to the formation of a marginal gabbroic zone and calcsilicate exoskarns. The coarse- to medium-grained, generally massive dioritic to gabbroic rocks of the Crowston Lake Pluton extend over an area of about 8 square kilometres with topographic relief of 60 to 200 metres in a number of lobes and fault blocks. In many places the boundaries are obscured by superficial cover and forest. Within this delineated map unit separate phases are mapped as felsic (Jgbf) and mafic (Jgbm) outcrops but the boundaries of these phases are not interpreted and delineated.

The Southern Area is cut by two main faults, the north-northwesterly trending and nearly vertical Wormy Lake Fault and the more east-west trending, steeply dipping Snake Creek Fault. The Wormy Lake Fault is parallel to the regional trend and is the eastern contact of the Mineral Hill skarn and the western contact of the Wormy Lake skarn, indicating sinistral movement of about 800 metres. The Snake Creek Fault is interpreted to cut and displace the Wormy Lake Fault trace with dextral displacement about 2 kilometres to the west, which suggests that the fault trace mapped in Wakefield Creek is the southerly continuation of the Wormy Lake Fault.

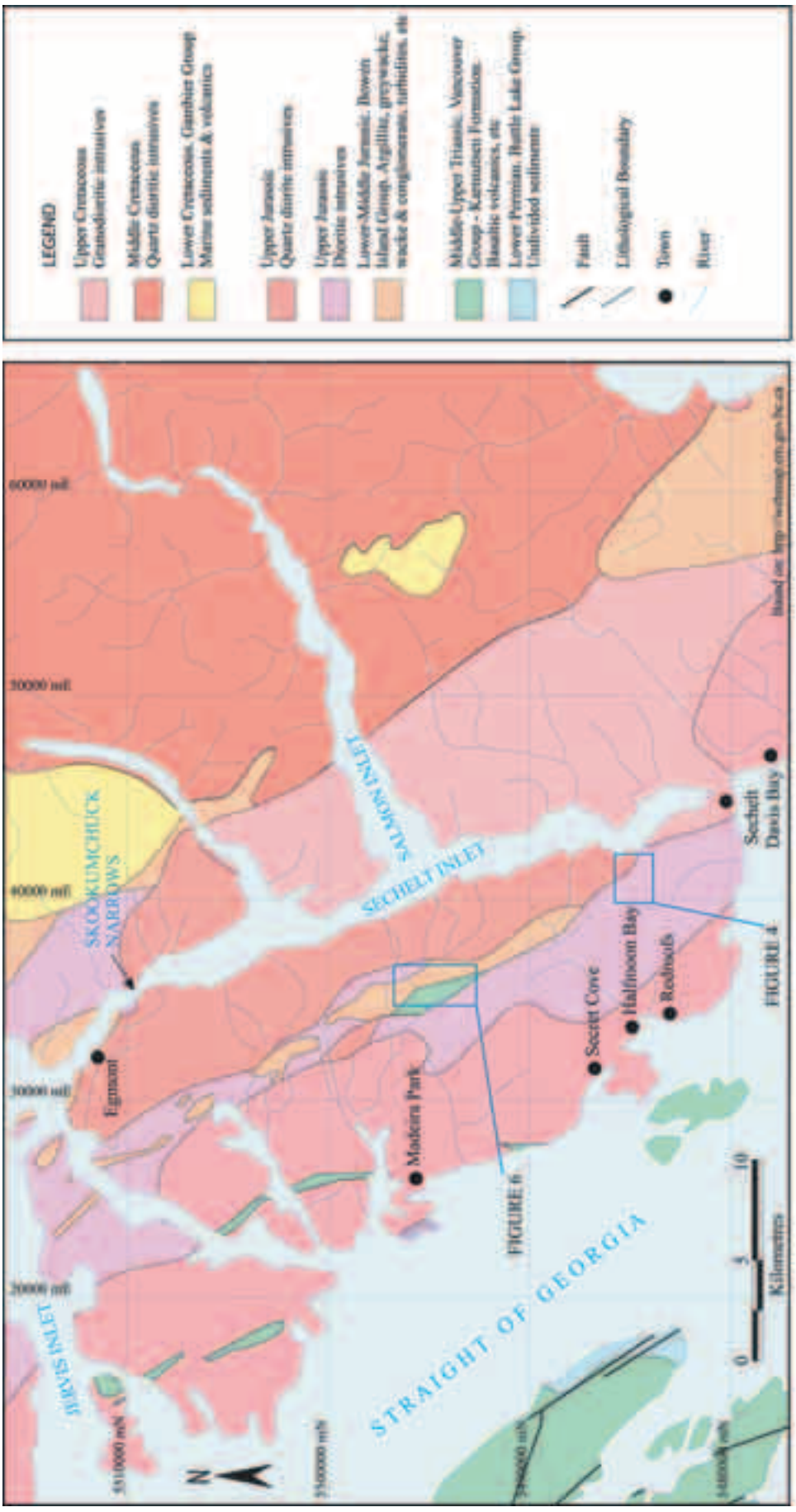

FIGURE 3. REGIONAL GEOLOGY OF THE SECHELT PROJECT

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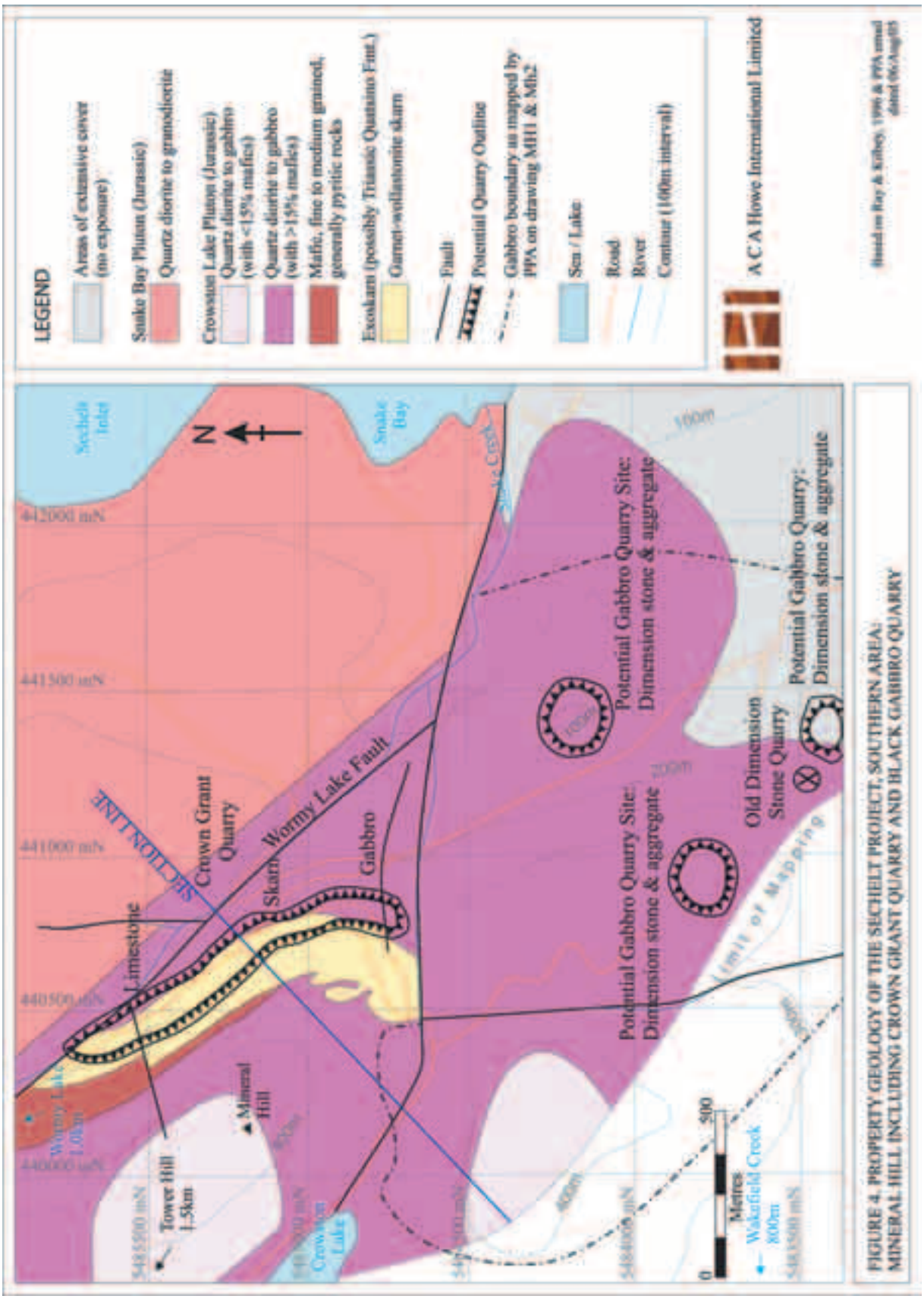
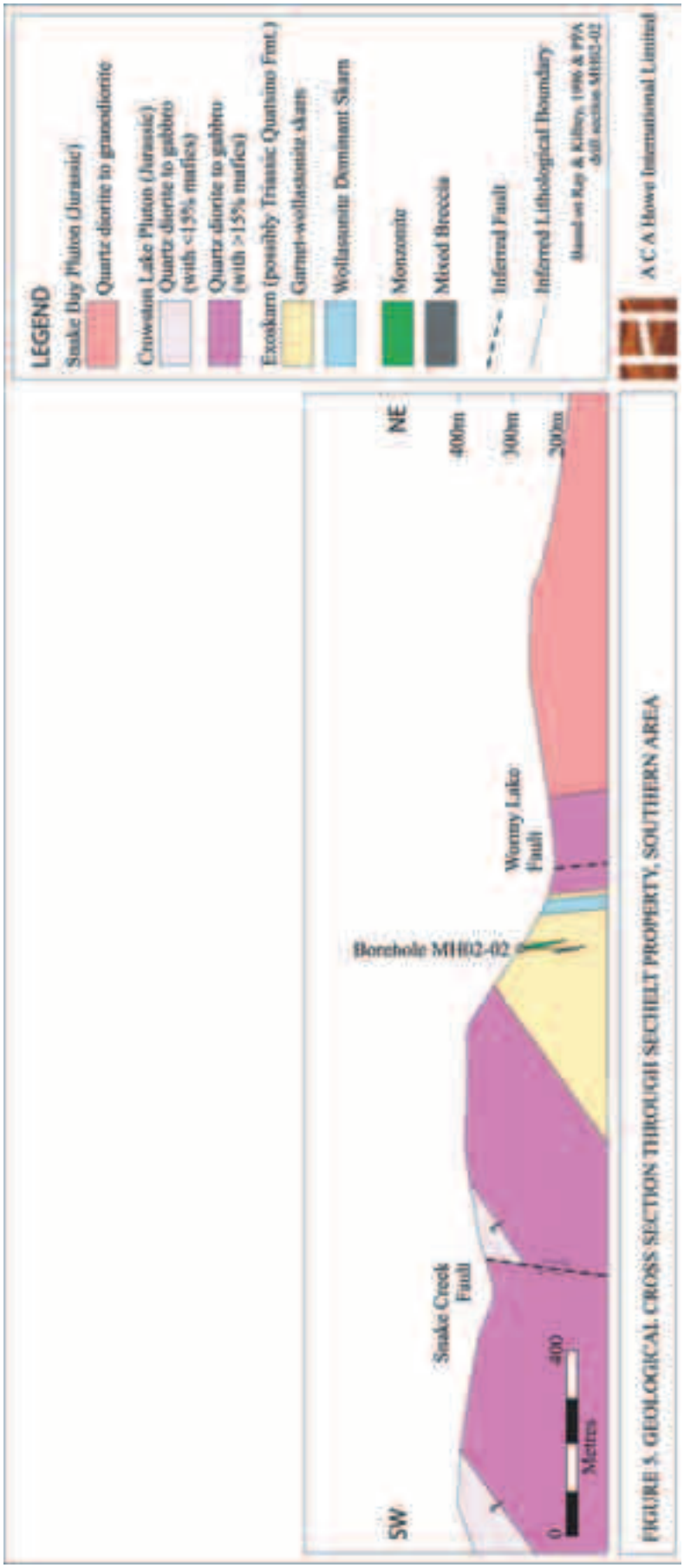


FIGURE 4. PROPERTY GEOLOGY OF THE SECHELT PROJECT, SOUTHERN AREA: MINERAL HILL INCLUDING CROWN GRANT QUARRY AND BLACK GABBRO QUARRY


LEGEND
Snake Bay Pluton (Jurassic)
Quartz diorite to granodiorite
Crowsnest Lake Pluton (Jurassic)
Quartz diorite to gabbro
(with <15% mafics)
Quartz diorite to gabbro
(with >15% mafics)
Ecoskarn (possibly Triassic Quttinirpaaq Fm.)
Garnet-wollastonite skarn
Wollastonite Dominant Skarn
Monzonite
Mixed Breccia
Inferred Fault
Inferred Lithological Boundary
ACA Howe International Limited
NE
SW
400m
300m
200m
Worrny Lake
Fault
Borehole MH02-02
Snake Creek
Fault
0
400
Metres
FIGURE 5. GEOLOGICAL CROSS SECTION THROUGH SECHELT PROPERTY, SOUTHERN AREA

As a result of dextral displacement on the Snake Creek Fault, the Mineral Hill wollastonite deposit was cut off and ductilely deformed and drag folded. Extension took place on the eastern side of the wollastonite skarn causing brittle tension fractures to open up. These fractures were later injected with polymetallic sulphide mineralized andesitic dykes. The variable orientation of these dykes is indicative of the changing stress fields of this deformation. On the western boundary of the Mineral Hill wollastonite skarn, shortening took place and is evidenced by compressional crenulation folds. The two-kilometre dextral displacement along the Snake Creek Fault has resulted in a large portion of the gabbroic Crowston Lake Pluton, south of the fault, having been shifted to the west.

There is a substantial difference between the geological maps produced by the BC government study of 1995-6 and compilation of this work with subsequent mapping by PPA's immediate predecessors. The BC government map at 1/10,000 scale identifies two quartz diorite to gabbro rock types within the Crowston Lake Pluton. The 'Jgbf' map symbol signifies less than 15 per cent. mafic minerals: hornblende, clino- and orthopyroxene and biotite. The 'Jgbm' map symbol signifies more than 15 per cent. mafic minerals: hornblende, clino- and orthopyroxene with local olivine. Based on first hand observations of fresh, hard, tough and massive, dark gabbroic rock in the field at the Old Dimension Stone Quarry near Kilometre 0.5 on the main access road and at another locality 800 metres to the north, near Kilometre 1.5, the Howe geologist identified the 'Jgbm' map unit rock type as the one of most commercial interest to PPA as black gabbro. PPA's predecessor has not differentiated these two rock types on the 1/5000 scale simplified geological maps, both of which are mapped as map symbol '1' = Gabbro. This difference in mapping has been taken account of in Howe's estimation of quarry extractable resources presented below, which are still sufficient for any conceivable scale of operation.

8.2 *Northern Area*

In the Northern Area claims, the property is underlain by volcanic and sedimentary rocks including calcitic and dolomitic marble units which are presently mapped at small scale by the BC Government as Middle-Upper Triassic age, Vancouver Group Karmutsen Formation and the Lower-Middle Jurassic age Bowen Island Group. In 1957 the Jervis Group was used to describe all the units that were of pre-batholithic age. These volcanics, sedimentary rocks and carbonates follow the regional northwest trend and are steeply dipping, elongate roof pendants intruded by Upper Jurassic-Middle Cretaceous diorites and quartz-diorite plutons.

Compilation and field geological mapping by PPA is ongoing at 1/2000 and 1/5000 scales, controlled by GPS without differential calibration. The presently defined target zone containing several discrete dolomitic and calcitic lithological units, presently isolated largely by forest but also some swamp and lake cover, extends on a trend just west of north for 4 kilometres over widths up to 550 metres (Figure 6). Within this target zone, in addition to the dolomitic and calcitic marbles of economic interest, the following sedimentary and volcanic rock types have been recognised: serpentine marble, black argillite, layered and laminated ferruginous quartzites, andesite and andesite porphyry. Minor dyke and dyke-like intrusions up to several metres thick of andesite, amphibolite, quartz diorite and hornblende porphyry have been recognised, cutting the sedimentary rocks. There is one possible plug like body of dioritic gabbro with exposed dimensions of 170 by 90 metres. Skarns mapped in 2002 have not yet been compiled by PPA. Serpentinous garnetiferous skarn was drilled by PPA in 2005.

The Carlson Lake Fault is mapped within the target zone on a central, northerly trend, sub-parallel to strike over a distance of 1.8 kilometres. This fault and its splays probably control the distribution and disposition of the bodies of calcitic and dolomitic marble.

The structure and continuity of the target zone are not well known due to poor exposure and exploration is ongoing. However, the following is a summary of the known geological targets from south to north, interpreted from presently available mapping and a field inspection by Howe (Table 2).

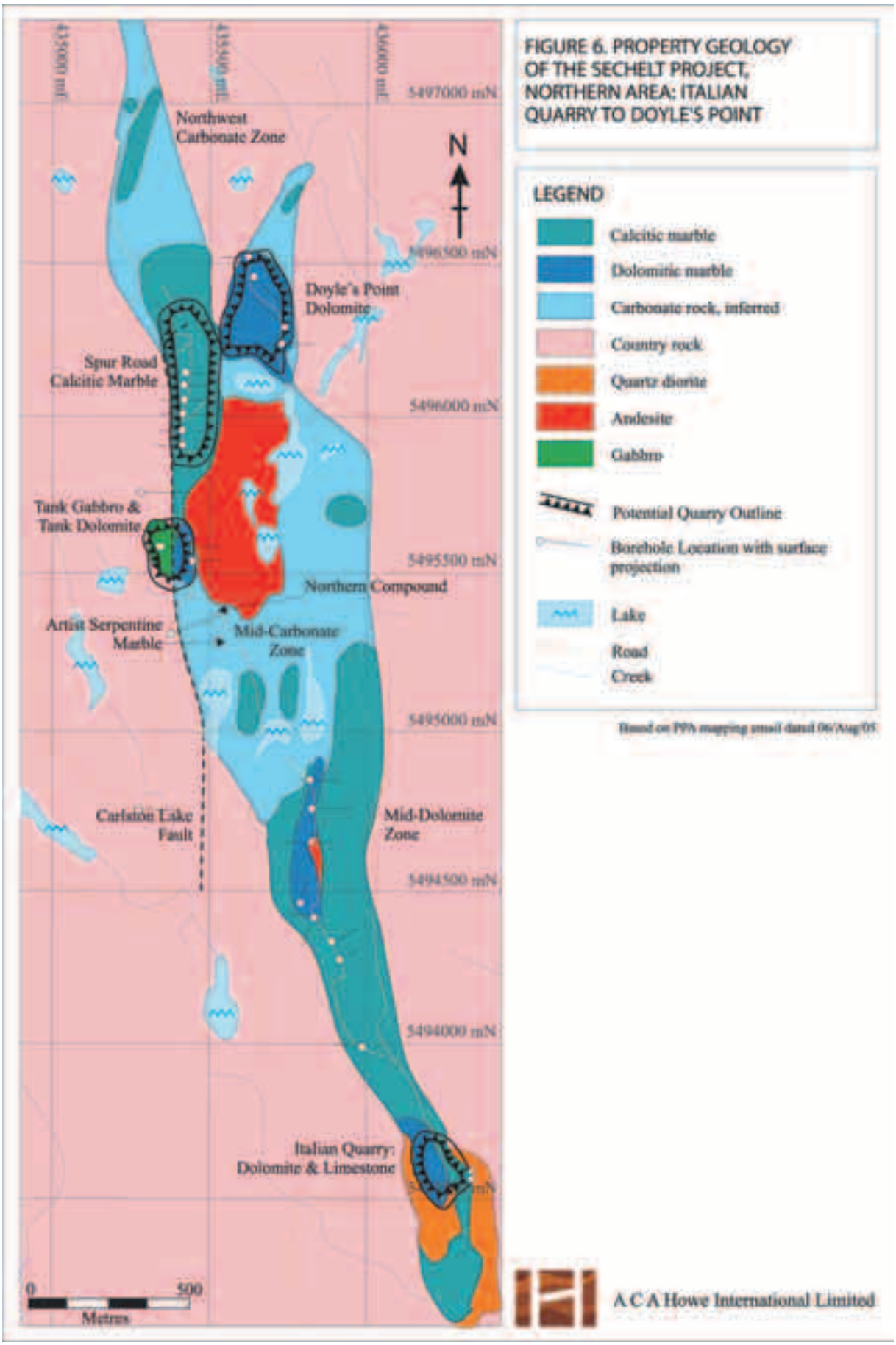

435000 mE
435500 mE
436000 mE
5497000 mN
5496500 mN
5496000 mN
5495500 mN
5495000 mN
5494500 mN
5494000 mN
N
Northwest Carbonate Zone
Doyle's Point Dolomite
Spur Road Calcitic Marble
Tank Gabbro & Tank Dolomite
Northern Compound
Artist Serpentine Marble
Mid-Carbonate Zone
Carlston Lake Fault
Mid-Dolomite Zone
Italian Quarry: Dolomite & Limestone
0
500
Metres
FIGURE 6. PROPERTY GEOLOGY OF THE SECHELT PROJECT, NORTHERN AREA: ITALIAN QUARRY TO DOYLE'S POINT
LEGEND
Calcitic marble
Dolomitic marble
Carbonate rock, inferred
Country rock
Quartz diorite
Andesite
Gabbro
Potential Quarry Outline
Borehole Location with surface projection
Lake
Road
Creek
Based on PPA mapping email dated 06/Aug/05
ACA Howe International Limited

Table 2. Main geological targets of the Northern Area (S to N)

Target name	*Rock types*	*Mapped strike length m*	*Mapped widths g*	*Dip and direction of dip degrees*	*Remarks*
Italian Quarry	Calcitic and dolomitic marble.	670	25 – 180	Steep, ENE	Closed to E and W in contact with quartz diorite. Open to S and N below forest cover.
Mid-Dolomite Zone	Dolomitic marble lens with layer of dolomite-calcite marble to W, both enclosed in marginal calcitic marble.	570	Up to 130	Steep to vertical, E and W	Surface map based on extrapolation of drilling results. May be closed by outcrop and drilling to S. Open to E and W in calcitic marble, open to N in marbles below forest cover. Intruded by andesite and amphibolite dykes.
Mid-Carbonate Zone	Calcitic marble in group of three outcrops isolated by small lakes	200, 180, 75. Over 400 total	75, 55, 40	Unknown	Road access to SW outcrop, no drilling, probably open in all directions in low relief area with lakes and creeks.
Tank Dolomite	Dolomitic marble	165	Up to 60	Steep, ?	Bounded by Carlson Fault to W, contact with andesite 10 to 30m to E, contact with calcitic marble to N, open to S.
Tank Gabbro	Dioritic gabbro	170	Up to 90	?	Bounded by Carlson Fault to E. Open to W below forest cover.
Artist Serpentine Marble	Serpentine marble	100	20	60, ENE	Open to S, E and N below forest cover
Spur Road Calcitic Marble	Calcitic marble	870	Up to 165	Steep, W	Appears to be bounded on W by Carlson Fault dipping W below andesite and black argillite outcrops and on E by andesite.
Doyle's Point Dolomite	Dolomitic marble	280	Up to 135	Steep, ?	Appears to be bounded on W by andesite and gabbro and to S by contact with diorite. E and N contacts apparently closed by drilling.
North-West Carbonate Zone	Calcitic Marble	40, 70, 50, 10. Over 550 total	45, 10, 35, 5	Steep, W	Underexplored chain of four small calcitic marble outcrops associated with andesites

9. Resource tonnages and quality

9.1 *Reporting standards*

Formal resource estimation is outside the scope of Howe's terms of reference which include the review of geology, resources and quality of the various industrial minerals, in particular: limestone, dolomite and gabbro. Limestone and dolomite are present as calcitic and dolomitic marbles, mainly in the Northern Area. Gabbro is present as 'diorite to gabbro' as mapped by BC government geologists in a large body in the Southern Area and as a smaller body of dioritic gabbro in the Northern Area.

Nevertheless, for the purposes of clarification and scoping, Howe has undertaken a preliminary numerical estimation of the indicated resources of carbonate rocks in the Northern Area and tonnage potential for quarry extractable geological resources of these rock types since PPA has not yet carried out any formal estimation of resources and reserves to currently accepted international standards.

PPA holds a large body of historical data, such as drill logs, which are applicable to the formal estimation of resource tonnages. PPA also hold historical and in-house assay and rock quality test data, characteristic of the multi-variate parameters necessary to describe the quality of industrial minerals and rocks. Before any formal resource and reserve estimates can be carried out to acceptable international standards, relevant historical data and PPA data on properly located, dimensional samples and corresponding assays and rock quality test results need to be coherently integrated, deposit by deposit, with the results of PPA's exploration and quarry development work of 2005, into an accessible database and thence into a specialist resource estimation and mine planning programme. This work is currently underway, and the Company believes it will be completed by December 2005.

Howe's present estimates of resources and tonnage potential for quarry extractable dolomitic and calcitic marble and dioritic gabbro, may be regarded as geologically indicated by surface mapping and drilling results where available. The Howe geologist has visited field locations where resources and quarry potential of these rock types have been estimated. From first hand observations and hammer testing he has established that the target rock types are apparently of good quality without significant deleterious minerals, alteration or structure.

However, these geological resources are not uniform in composition and the historical data and PPA data on assays and rock quality test results which are reviewed below, apply to selected samples from within these rock types, which may not apply to the whole of the quarry extractable geological resources. The assays and rock quality test results have not been independently verified by Howe, but were carried out at reputable laboratories.

9.2. *Resources tonnes data*

Howe has compiled an informal inventory of historical and PPA reports and other data and information from available sources noted therein.

Topographic maps with UTM metric grids are available at various scales up to 1/20,000 and digital terrain or elevation models are available. However, the PPA field geologists have noted that the contour values are not true ground level due to the tree cover and Howe has noticed that topographic contour values are not entered in map plots of late June 2005. Some spot heights are available but ground truth surveys to calibrate the photo-interpreted contours, appeared to be incomplete. PPA reports that ground truth surveys have been carried out by the survey contractor and further data is expected. The ground work was tied directly to the brass GPS station markers installed by the aerial photography and topographic survey contractor. The photographic contracting company is part of an engineering and legal survey group.

New colour aerial photography was flown for PPA in 2005 and topographically contoured orthophotos with 2 metre contour intervals were produced.

Government geological maps at usefully large scale, say 1/100,000 or 1/50,000, have never been produced for the whole of the property. A good BC Government geological map at 1/10,000 scale with topographic contours at 20 metre intervals was produced in 1996 covering about 20 square kilometres, centred on the skarns and gabbroic rocks of the Southern Area.

Compilation and field geological mapping by PPA is ongoing at 1/2000 and 1/5000 scales, controlled by GPS without differential calibration.

A chronological summary of drilling carried out since 1985 is presented in Table 3. below. A total of 9420 metres of core drilling in 75 holes has been carried out overall. A total of 6728 metres (71 per cent.) in 45 holes has been carried out targeting mainly carbonate rocks in the Northern Area. A total of 2692 metres (29 per cent.) in 30 holes has been carried out, targeting mainly skarns in the Southern Area.

Table 3. drilling summary 1985-2005

Year	*Area*	*Location and target*	*Hole number*	*Depth feet (PPA bold)*	*Depth metres (PPA bold)*
1985	Northern	Italian Quarry calcitic and dolomitic marble	85-1	295	90
		2 holes, 149m in total	85-2	195	59
1985	Northern	Between Italian Quarry and Mid-Dolomite Zone, 1 hole of 134m	85-8	440	134
1985	Northern	Mid-Dolomite Zone	85-3	290	88
			85-4	425	130
			85-5	317	97
			85-6	385	117
			85-7	418	127
1986			86-7	303	92
			86-8	348	106
			86-10	435	133
			86-11	230	70
			86-13	372	113
		11 holes, 1142m in total	86-14	225	69
1987	Southern	Mineral Hill Wollastonite	87-1	307	94
			87-2	500	152
			87-3	323	98
			87-4	150	46
			87-5	133	41
			87-6	213	65
			87-7	456	139
			87-8	353	108
1988			88-1	200	61
			88-2	245	75
			88-3	211	64
			88-4	205	62
			88-5	231	70
			88-6	251	77
			88-7	126	38
			88-8	209	64
			88-9	221	67
			88-10	267	81
			88-11	145	44
			88-12	167	51
			88-13	147	45
			88-14	200	61
		23 holes, 1707m in total	88-15	340	104
2002	Southern	Mineral Hill	MH02-01	518	158
			MH02-02	328	100
			MH02-03	466	142
			MH02-04	456	139
		5 holes, 705m in total	MH02-05	546	166

Year	Area	Location and target	Hole number	Depth feet (PPA bold)	Depth metres (PPA bold)
2005	Northern	Calcitic marble 700m SSW of compound, 1 hole of 356m	PPA-05-01	1168	356
2005	Northern	Calcitic and dolomitic marble, 200m WSW of compound, 1 hole of 273m	PPA-05-02	894	273
2005	Northern	Tank Gabbro and Tank Dolomite	PPA-05-03	1198	365
		2 holes, 511m in total	PPA-05-12	478	146
2005	Northern	Wayne's Road magnetite, 1 hole of 181m	PPA-05-06	595	181
2005	Northern	Spur Road Calcitic Marble	PPA-05-04	1008	307
			PPA-05-05	1158	353
			PPA-05-13	498	152
			PPA-05-14	278	85
			PPA-05-15	358	109
			PPA-05-16	302	92
			PPA-05-17	418	127
			PPA-05-18	308	94
			PPA-05-19	308	94
			PPA-05-20	418	127
			PPA-05-21	378	115
			PPA-05-22	298	91
			PPA-05-23	428	130
			PPA-05-24	398	121
			PPA-05-25	368	112
			PPA-05-26	431	131
			PPA-05-27	414	126
			PPA-05-28	431	131
		19 holes, 2743m in total	PPA-05-29	807	246
2005	Northern	Doyle's Point Dolomite	PPA-05-07	846	258
			PPA-05-08	138	42
			PPA-05-09	608	185
			PPA-05-10	706	215
			PPA-05-11	908	277
			PPA-DP-05-01	430	131
		7 holes, 1239m in total	PPA-DP-05-02	430	131
2005	Southern	Mining Lease, skarn, 1 hole of 128m	PPA-05-S1	421	128
	Southern	Mining Lease, gabbro, 1 hole of 152m	PPA-05-S2	500	152
		Total holes	75	Total metres	9420

9.3 *Resources Quality Data*

For the purposes of this report, the quality of quarry extractable geological resources of calcitic marble, dolomitic marble and dioritic gabbro only, are considered. The geological resources are not uniform in composition and the historical data and PPA data on assays and rock quality test results which are reviewed below, apply to selected samples from within these rock types, which may not apply to the whole of the geological resources. The assays and rock quality test results have not been independently verified by Howe, but were all carried out by reputable laboratories.

The Howe geologist has visited field locations where the geological resources of these rock types have been estimated. From first hand observations and hammer testing he has established that the target rock types are apparently of good quality without significant deleterious minerals, alteration or structure.

The quality criteria of industrial minerals and rocks are multi-variate in terms of chemical assays and physical characteristics. Uses and user requirements determine which measures of quality are important.

Background on limestone and dolomite uses and quality parameters

The two main rock types of commercial interest in the Northern Area are calcitic marble and dolomitic marble.

Calcitic marble is a form of limestone composed substantially but not entirely of the mineral calcite (chemical formula $CaCO_3$ with 56.0 per cent. CaO and 44.0 per cent. CO_2 and a density of 2.72 g/cc). Dolomitic marble is a form of limestone composed substantially, but not entirely, of the mineral dolomite (chemical formula $CaMg(CO_3)_2$ with 30.4 per cent. CaO, 21.9 per cent. MgO and 47.7 per cent. CO_2 and a density of 2.85 g/cc). The mineral dolomite may contain iron and manganese replacing a proportion of the magnesium. Limestones and marbles often contain variable amounts of impurities such as silicate minerals, carbon, iron, manganese and lead. Iron and manganese carbonate minerals are sometimes present. There are variations in grain size, texture, structure, hardness and colour. The colour can vary from pure white to black. Marbles may be suitable for the production of polished dimension stone.

Limestone and dolomite and marbles derived from them are used directly on a large scale, world-wide, in a number of industries: as rock aggregate in construction; as decorative crushed rock and rough slab; as marble dimension stone; in the agricultural industry as a soil conditioner; as a feedstock for cement manufacture, in the mining industry for the anti-explosion dusting of coal mines and to neutralize acid discharges; in flue gas desulphurisation in coal fired power plants; in the reclamation of fresh water resources damaged by acid rain and other forms of pollution. High grade limestone is used as a filler and extender. In the paint, plastic and paper processing industries, limestone reduces the consumption of more expensive raw materials. Some quality restrictions for limestone entering these markets include a high brightness reading, high calcium values, and low magnesium and silica contents.

One of the main uses of limestone and dolomite is to make lime. Lime is used in the paper industry as a chemical reagent and to make precipitated calcium carbonate for paper finishing. Dolomitic quicklime is used as a flux in the glass and steel industries. Dead-burned dolomite or refractory lime is used as a refractory in open hearth and basic oxygen steel furnaces. The chemical industry uses lime and quicklime in the manufacture, recovery and recycling of many chemicals and petrochemicals. Lime is used in the treatment of water supplies due to its low cost and environmental acceptability. Waste management uses lime for various purposes. Other traditional uses include applications in cement manufacture, leather tanning and as an anti-stripping agent in hot-mix asphalt for highway surfacing.

PPA has identified the following product categories for the carbonate rocks of the Sechelt operation:

- Architectural rock as decorative crushed and graded stone, rough finished slab and high grade marble.
- General purpose crushed rock for fill, drain and base applications in construction.
- Feedstock rock for cement, quicklime, lime, dolomitic lime and agricultural lime.
- Bagged rock for horticultural and landscaping applications.

Background on gabbro quality parameters and uses

Worldwide, gabbro is a commonly occurring, medium- to coarse-grained basic igneous intrusive rock composed largely of interlocking grains of plagioclase feldspar, and mafic minerals such as pyroxenes, hornblende and olivine. Its density ranges from about 2.9 to 3.1 tonnes/m^3. Where it is

fresh (i.e. not hydrothermally altered), it is hard, tough, strong and resistant to abrasion, and may be used to produce high specification rock aggregates for asphaltic road and runway surfacing, concrete, block stone for marine defences and other applications and dimension stone for slabbing and polishing if suitably large, fracture-free blocks are available.

The target rock type at Sechelt is the more mafic phase (Jgbm map unit) of the coarse to medium grained, generally massive, dioritic to gabbroic rocks of the Crowston Lake Pluton.

Superpave

Superpave is a design for hot-mix asphalt to provide SUperior PERforming asphalt PAVEment for highway construction in the USA, one of PPA's key markets. Consensus research into the optimum mixtures and material testing characteristics of asphalt and rock aggregate was sponsored and published by WesTrack, a Federal research facility in the USA and the criteria are in general use.

Rock aggregate comprises 80 to 85 per cent. by volume and about 95 per cent. by weight of hot-mix asphalt. Important properties for high specification rock aggregates, include high soundness and toughness indicated, for example, by high Moh's hardness, high Uniaxial Compressive Strength and low Los Angeles Abrasion value and a low content of deleterious material. The rock aggregate properties most important for pavement performance under the Superpave criteria include Coarse Aggregate Angularity, Fine Aggregate Angularity, Flat and Elongated Particles, clay content which is indicated by the Sand Equivalent test and particle size gradation. For Superpave designed mixtures, an adequate Voids in Mineral Aggregate or VMA is required in order to provide sufficient inter-particle space for the required amount of binder but the aggregate must also have a sufficiently strong skeleton to carry the traffic loads.

Table 4 below summarises some important rock aggregate tests and desirable values and the consensus requirements for the most important properties of aggregates used in Superpave applications for different traffic loadings in cumulative equivalent single-axle loads (ESALs) and depths below the surface of the pavement.

Table 4. Important rock aggregate tests and desirable values

Test	*Units*	*Desirable values*			*Remarks*
General purpose aggregate					
Uniaxial Compressive Strength	MPa	Say ⩾100			Higher the better
Los Angeles Abrasion	%	⩽25			Lower the better
Specific Gravity (dry)	g/cm3	2.6 to 3.1			Depends on rock type
Superpave aggregate					
Moh's Hardness	Scale 1 to 10	⩾6			Higher the better
		For depths <100mm Desirable value range	*For depths >100mm Desirable value range*	*For traffic, million ESALs*	
Coarse Aggregate Angularity *1	%	55/- to 100/100	-/- to 100/100	< to >	Higher the better
Fine Aggregate Angularity *2	%	40 to 45	40 to 45	< to >	In range, higher the better
Flat and Elongate Particles *3	%	⩽10	⩽10	<0.3 to >100	Lower the better
Clay Content measured by Sand Equivalent (SE), minimum	SE, minimum	40 to 50	40 to 50	<0.3 to >100	Higher SE the better

Notes:
*1. "55/-" denotes that 55 per cent. of the coarse aggregate particles have one fractured face and has more than one fractured face. "100/100" denotes that 100 per cent. of the coarse aggregate particles have more than one fractured face.

*2. Criteria are presented as percent air voids in loosely compacted fine aggregate.

*3. Criteria are presented as maximum percent by weight of flat and elongated particles.

A review of PPA and other test data below indicates that the gabbro meets or exceeds all these specifications.

PPA has identified the following product categories for the gabbroic rocks of the Sechelt operation:

- Superpave hot-mix asphalt rock aggregate
- Concrete aggregate
- Armour stone/high density fill
- Quarry by-product rock

9.4. *Southern area resources*

Mineral deposits identified by PPA as being of economic significance in the Southern Area comprise gabbro, and wollastonite and garnet bearing skarns and associated calcitic marble. There are no deposits of sand and gravel or dolomitic marble of immediate economic interest identified in the Southern Area.

Resources in the Southern Area planned for start-up production are those in the vicinity of the existing Crown Grant Quarry within the Mining Lease and the Black Gabbro Quarry (Figure 7).

9.4.1.*Gabbro*

PPA have not yet carried out any formal resource estimate based on stripped surface exposures, drill intercepts and geological cross sections, since the visible resources are so large. However, Howe has used the BC government 1/10,000 scale geological map which includes topographic contours to estimate a first approximation of the potential for quarry extractable mafic diorite to gabbro, as mapped by the BC government geologists and PPA, in seven discrete potential quarry areas, as indicated in Table 5 below. This estimate assumes no rock waste stripping, generous boundary zones against different rock types and to allow for quarry slopes and a 20 per cent. area deduction for environmental protection.

Based on first hand observations of fresh, hard, tough and massive, dark gabbroic rock in the field at the Old Dimension Stone Quarry near Kilometre 0.5 on the main access road and at another locality 800 metres to the north, near Kilometre 1.5, the Howe geologist identified the BC government, 1/10,000 scale, 'Jgbm' map unit rock type as the one of most commercial interest to PPA as black gabbro. PPA's predecessor has not differentiated the 'Jgbm' and the more felsic 'Jgbf' rock types on the 1/5000 scale simplified geological maps, both of which are mapped as map symbol '1' = Gabbro. This difference in mapping, and the generous allowances for boundary zones and environmental protection mentioned above, have been taken account of in Howe's estimation of quarry extractable resources presented below, and explains why they are somewhat lower than earlier figures, though they are still sufficient for any conceivable scale of operation.

In the Southern Area, as presently known, the total potential of quarry extractable, mafic diorite to gabbro is 713 million tonnes, in seven areas, as estimated by Howe in Table 5 below. It is probable that further exploration in depth will increase this resource.

Table 5. Potential quarry extractable gabbro of the southern area

Potential quarry in 'Jgbm' diorite to gabbro	*Area ha*	*Area minus 20% ha*	*Topo-graphic relief of 'Jgbm' diorite to gabbro m*	*Assumed quarry depth m*	*Assumed density t/m³*	*Potential quarry extractable 'Jgbm'*
Tower Hill	108	86	200	100	2.9	249
Mineral Hill NW	38	30	80	80	2.9	70
Mineral Hill SE	14	11	80	80	2.9	26
1 km ESE of Wormy Lake	56	45	60	60	2.9	78
1 km SE of Crowston Lake	30	24	100	100	2.9	70
NW of Old Dimension Stone Quarry	48	38	180	100	2.9	110
Lower Snake Creek	47	38	180	100	2.9	110
Total						713

FIGURE 7. LOCATION OF START-UP QUARRY OPERATIONS & INFRASTRUCTURE OF THE SECHELT PROJECT

ACA Howe International Limited

Historic Gabbro Rock Quality

A BC Government geological open file report of field work of 1995 was produced in 1996. In 1995, Granitic Contacts Ltd assessed the dimension stone potential for "black granite" and noted the presence of discontinuities and micro-veining. Petrographic descriptions of three thin sections were produced and additional descriptions of the gabbro and dioritic gabbro were included as follows. **Gabbro:** Fine to medium grained: black on fresh surface, weathers green-grey with dioritic texture resulting from buff-weathering feldspar and green weathering amphibole and pyroxene; weakly magnetic; 60-70 per cent. dark grey plagioclase; 30-40 per cent. ferromagnesian minerals. **Dioritic Gabbro**: Medium grained; medium to dark grey on fresh surface, weathers green grey; very similar to gabbro on weathered surface, but coarser grain size and higher feldspar content give a more dioritic texture; probably represents a gradational variation within the gabbroic intrusion. Five, rectilinear, metre-scale blocks of gabbro with joint and drill-split faces, lie by the roadside near the PPA site entrance.

In August 2000, Lafarge Canada carried out eight Uniaxial Compressive Strength tests of five gabbroic hand samples from the Mineral Hill quarry site, the results of seven of which ranged from 212.9 to 334.0 MPa with one lower value of 159.1 MPa and an overall average of 245.2 MPa, indicating a rock type of exceptional strength.

Two composite samples were submitted for thin section analysis and engineering tests to the National Testing Lab in Winnipeg, Manitoba. One sample (A) taken from the Old Dimension Stone Quarry produced test results as follows: Los Angeles Abrasion 21.9 per cent., Coarse Aggregate Angularity 100 per cent., Fine Aggregate Angularity 54 per cent., Flat and Elongated Particles (1:5 ratio) 0.5 per cent. and Specific Gravity (dry) 2.9. The other composite sample (E) from the south side of the access road near the southern contact of the wollastonite skarn, about 1200 metres to the north-northwest, produced a Los Angeles Abrasion value of 18.0 per cent. and it appears that the other tests were not done on this sample. Comparison with Table 3 above indicates that the gabbro tested meets the highest quality criteria for Superpave rock aggregate except for the high Fine Aggregate Angularity value of 54 per cent. But the test work is very limited, being confined to a single locality for the various different tests. Use of such aggregate with consistent repeated high test results could possibly lead to undesirable high binder content in hot-mix asphalt. It was noted that the gabbro tested is so hard and tough that slices had to be sawn from the submitted samples since a sledge hammer was ineffective. It is noted that neither sample contained any free silica (quartz).

Thin section petrography by Laramide Petrologic Services show that sample A is a homogeneous, massive rock with no major planes of potential structural weakness, such as foliation (schistosity, gneissossity) or layering. Some minor fracturing and shearing occurs in one direction. The rock comprises mainly clinopyroxene (augite), plagioclase feldspar and microcline feldspar which are sound minerals. Chlorite is considered a physically deleterious mineral in most construction end uses due to the platy morphology, which gives low compressive strengths, but this alteration of augite is minor. Sample E is a homogeneous, massive rock with no major planes of structural weakness, such as foliation (schistosity, gneissossity), although the crude layering of feldspar may be a potential problem. The rock comprises mainly plagioclase feldspar and clinopyroxene (augite/pidgeonite) which are sound minerals. Abundant exsolution textures in pyroxene and magnetite, plus myrmekite in plagioclase, may only be interesting mineralogical features, but may be considered should any unusual physical test results occur.

PPA gabbro rock quality 2005

Howe is aware that PPA have conducted rock aggregate test work to CSA and ASTM standards and a PPA report dated August 7th summarises the results. Los Angeles Abrasion test work on the Southern Area gabbro reported a good result of 19 per cent. using small size coarse aggregate (−20+10mm) which indicates that the sample is highly resistant to abrasion. PPA has also recently carried out bulk density and absorption tests on trial crushed product. The clear crush

product(−20+5mm) gave dry relative densities of 2.896 and 2.906 and absorption of 0.36 per cent. The 5mm to dust product (–5mm) gave dry relative densities of 2.812 and 2.836 and absorption of 0.87 per cent. Tests for the detection of alkali-silica reactivity were carried out using standard and 20 per cent. fly ash concrete mixes at 14 and 28 day test ages, against Spratt Limestone controls, with highly favourable results. Four compressive strength tests of concrete cylinders of standard and fly ash mixes cured for 7 days gave results ranging from 37.1 to 43.3 MPa, averaging 40.1 MPa. These results indicate that the product is suitable for high strength concrete and construction purposes.

9.4.2 *Wollastonite and Garnet*

Various wollastonite and garnet bearing skarns in the Southern Area occur in a number of layers and lenses up to 200m or more wide, dipping at variable steep angles, associated with calcitic marbles over a northwesterly strike length of about 3.5 kilometres. The skarns lie between gabbro to the southwest and diorite and granodiorite to the northeast in the Snake Creek – Wormy Lake fault zone.

Wollastonite is a white, acicular calcium silicate. Wollastonite is of use to strengthen cements and as a filler in paints, rubber and plastics and as an asbestos substitute, due to its fibrous mineral structure and composition. As a filler in plastics it improves bulk, abrasion resistance and impact strength. Premium quality filler must be a highly purified, white product and requires expensive processing. Initial testwork on Sechelt wollastonite in 1998 indicated that a median quality product was achievable.

In 1988, Arctex Engineering Services, on the basis of detailed mapping and 23 diamond drill holes, estimated a resource of '196,580 cubic metres of which 102,230 cubic metres or 52 per cent. wollastonite by volume would yield 291,000 metric tonnes of recovered wollastonite'. In 1991-1992, Tri-Sil reportedly quarried 30,000 tonnes of this material for the Tilbury cement plant in Delta, B.C. No more work is known to have been carried out on the wollastonite resource since this time, and Howe has not verified the remaining resource. However, PPA plans to delineate the resource and conduct test beneficiation and marketing studies on this potentially valuable product.

9.4.3 *Calcitic Marble*

Calcitic marble in the Southern Area occurs in a number of layers and lenses intimately associated with the skarns. It is likely that calcitic marble will be produced in the course of working the skarns for wollastonite and garnet but resources in the Southern Area are not estimated for the purposes of this report.

9.4.4 *Metals*

Sphalerite and chalcopyrite occur in minor quantities in the skarns and zinc, cadmium, copper and cobalt in sulphide concentrates may be recoverable as a by-product of garnet beneficiation in the future if garnet concentrates need to be cleaned to remove sulphides. Gold values are reported to be generally low. Metallic resources are not estimated for the purposes of this report.

9.5. *Middle Area Claims Sand and Gravel*

PPA have reported that very substantial sand and gravel deposits of glacio-fluvial origin lie below boulder clay in an extensive area between the Southern and Northern Areas. This area has not been explored systematically and is not considered further at this stage of the project.

9.6. *Northern Area Resources*

Mineral deposits identified by PPA as being of economic significance in the Northern Area, comprise calcitic marble, dolomitic marble and minor dioritic gabbro. Recent drilling discoveries of garnetiferous skarn have not yet been studied in detail but may be of economic interest. There are no deposits of sand and gravel or wollastonite identified as being of economic significance in the Northern Area.

Resources in the Northern Area planned for start-up quarry production are those of the Italian Quarry area, the Spur Road Calcitic Marble, the Tank Gabbro and the Tank Dolomite.

9.6.1 *Calcitic and Dolomitic Marble*

The proportions of calcitic and dolomitic marble in the 2005 drill samples from the Northern Area have not yet been fully determined by assay. Prior knowledge from previous operators' maps and acid tests on outcrop and drill core by PPA have been used to distinguish the two types. The PPA geologists have provisionally estimated the proportions of calcitic to dolomitic marbles as approximately 55:45. The outcrops mapped as dolomitic marble are presently regarded by Howe as being composed predominantly of dolomite. Outcrops mapped as calcitic marble are presently regarded as being composed predominantly of calcite. Resource estimates of marbles include any associated internal waste. Production sampling will be required for grade control and definition of calcitic and dolomitic reserves for production.

PPA has not yet carried out a formal resource estimate based on stripped surface exposures, drill intercepts and geological cross sections, since stripping, mapping, cross section interpretation and assaying and rock testing are incomplete. Howe has used the newly compiled 1/5000 scale geological map by PPA, preliminary knowledge of the drilling results and first hand field observations to estimate indicated resources of carbonate rocks as shown in Table 6.

Table 6. Indicated resources of carbonate rock of Northern Area

Carbonate Target Zone	*Strike length N-S m*	*Avge width E-W m*	*Assumed vertical extent m*	*Assumed density t/m³*	*Indicated Resource million t*
Italian Quarry	800	99	100	2.7	21.4
Mid-Dolomite Zone	450	95	100	2.7	11.5
Mid-Carbonate Zone	440	55	100	2.7	6.5
Tank Dolomite	160	50	100	2.7	2.2
Spur Road Calcitic Marble	730	134	100	2.7	26.4
Doyle's Point Dolomite	250	119	100	2.7	8.0
Total					76.1

It is likely that further detailed mapping and subsequent drilling will augment this resource.

From this indicated resource, and in zones of higher resource confidence, Howe has estimated the potential for quarry extractable calcitic and dolomitic marble, including any associated internal waste, and for relatively minor quarry extractable dioritic gabbro, as indicated in Table 7 below. This estimate assumes minimal waste stripping, final quarry slopes of 2 in 1 or about 63 degrees and a quarry bottom width of 25 metres. The proportions of different rock types in the same quarry are estimated in proportion to the mapped areas of these rock types.

In the Northern Area, as presently known, the total potential of quarry extractable dolomitic marble is 13.1 million tonnes in four quarry areas and of calcitic marble: 23.4 million tonnes also in four quarry areas, as estimated by Howe in Table 7 below.

Resource volumes previously reported by PPA were based on much higher estimates in historical engineering studies by companies such as Bechtel and Kaiser. However, recent mapping and trenching by PPA have shown extensive exposures of carbonate both along strike and to the east of the main zone, and it is likely that substantial additional resources could be identified in these areas.

Table 7. Potential quarry extractable calcitic and dolomitic marbles and gabbro of the Northern Area

Potential quarry zone and rock proportions	*Strike length N-S m*	*Estimated quarry cross section m^2*	*Assumed density t/m^3*	*Potential quarry extractable dolomitic marble million t*	*Potential quarry extractable calcitic marble million t*	*Potential quarry extractable dioritic gabbro million t*	*Avge width E-W m*	*Assumed avge quarry depth m*
Italian Quarry N, dolomitic 65% and calcitic 35%	270	7350	2.7	3.48	1.88	—	122	100
Italian Quarry S, calcitic 100%	390	2475	2.7	—	2.61	—	74	50
Mid-Dolomite Zone, dolomitic 80%, calcitic 10%, igneous waste 10%	450	4200	2.7	4.08	0.51	—	95	70
Tank Dolomite and Tank Gabbro, dolomitic 40%, dioritic gabbro 60%	170	5200	2.7	0.95	0	1.43	105	80
Spur Road Calcitic Marble, calcitic 100%	800	8507	2.7	—	18.38	—	134	107
Doyle's Point Dolomite, dolomitic 100%	250	6840	2.7	4.62	0	—	119	95
Totals				13.13	23.38	1.43		

Historic calcitic and dolomitic marble rock quality

The **calcitic marbles** are fine to coarse grained, white to medium grey in colour, and are commonly finely and consistently banded. In the field these units in general have a grey outer weathering rind. In some hand samples a thin grey opaque banding occurs that may be graphite. Previous thin section analysis suggests that minor serpentine, diopside, olivine, talc and trace opaque minerals are present. The recrystalisation of the calcite has largely destroyed the original rock fabric.

The **dolomitic marbles** are fine to medium grained, mottled light to medium grey, with some massive white dolomite present in some locations. The mottled variety is most common, occasionally with a brecciated appearance resulting from the presence of a network of numerous, thin, usually dark grey veinlets of what may possibly be graphite. The brecciated texture is apparently due to cataclastic deformation. Stringers of lighter coloured dolomite and calcite are common. In natural outcrop the dolomite has a rough appearance, with a buff to tan coloured weathered surface.

In 1969, six composite samples collected by Lafarge Canada from the surface of the Bricka Zone were tested by Warnock Hersey in Vancouver. Three samples, S-1 to S-3, reported 54.40 to 55.60 per cent. CaO with an average of 54.9 per cent. CaO and less than 0.19 per cent. MgO which, if all as carbonate, indicates the presence of high purity **calcitic marble**. Three samples, S-4 to S-6, reported 31.00 to 39.20 per cent. CaO with an average of 34.00 per cent. CaO and 11.93 to 18.75 per cent. MgO with an average of 15.99 per cent. MgO which, if all as carbonate, indicates the presence of **mixed calcitic and dolomitic marble**.

In 1970 Peninsula Lime and Magnesia Ltd had assays of three samples, apparently from areas now known as the Italian Quarry and Mid-Dolomite Zone, which indicate the presence of **high purity carbonate rocks** with less than 1.6 per cent. impurities. In 1971 the company produced some limestone and dolomite stucco chips and slabs for the building industry.

In 1973, the claim holder in association with Weymark Engineering Ltd, assayed 10 composite samples with the following results: 53.9 to 55.9 per cent. CaO averaging 55.3 per cent. CaO with low average magnesia, silica and iron oxide values of 0.5 per cent. MgO, 0.7 per cent. SiO_2 and 0.2 $(Fe.Al)_2O_3$. Loss on Ignition averaged 43.3 per cent. A $CaCO_3$ Purity of 99.1 per cent. was reported. These values indicate the presence of **high quality calcitic limestone** with 98.8 per cent. of the theoretical maximum CaO content and 98.4 per cent. of the theoretical maximum loss on ignition assuming all the loss is CO_2.

In 1976, Weymark Engineering Limited described Sechelt white and grey **dolomite** samples crushed for testing as dense, sound materials with no evidence of major internal porosity or fracture planes. After crushing, the stone is relatively cubical with a lack of dust sizes. Sand sizes account for only about 20 per cent. at a 3/4″ crusher setting and the sand sizes are typically angular.

In 1980 Kaiser Resources Ltd. assayed 4 composite samples from **dolomitic marble** outcrops in what is now known as the Mid-Dolomite Zone with the following results: 20.4 to 21.1 per cent. MgO averaging 20.7 per cent. MgO; 30.7 to 31.1 per cent. CaO averaging 30.9 per cent. CaO with low average, silica, iron oxide, alumina and soda values of 0.9 per cent. SiO_2, 0.3 per cent. Fe_2O_3, 0.3 per cent. Al_2O_3 and 0.2 per cent. Na_2O. Loss on Ignition averaged 46.7 per cent. A $CaMg(CO_3)_2$ purity of 98.3 per cent. was reported. These values indicate the presence of high quality dolomitic limestone with 94.5 per cent. of the theoretical maximum MgO content and 97.9 per cent. of the theoretical maximum loss on ignition assuming all the loss is CO_2. Minor impurities amounting to less than 0.1 per cent. comprise 380ppm Mn, 109ppm Sr, 80ppm Ti and 5ppm Ba. Boron was not detected.

In 1980 Kaiser Resources Ltd. concluded that the area contains several tens of millions of tonnes of **dolomite** with 98.3 per cent. purity and a few tens of millions of tonnes of **limestone** with 99.1 per cent. purity. However, development did not proceed.

In 1983, under the control of Candol Developments Ltd, the presence of extensive **dolomites** averaging 97.28 per cent. purity were reported and applications for quarrying limestone and dolomite and barge loading facilities were made. Candol drilled and mapped the calcitic and dolomitic marble areas now known as the Italian Quarry and the Mid – Dolomite Zone in 1985 and 1986. Seventy nine percent of the core of 1985 was assayed and found to be relatively pure carbonate rock. The remainder was numerous intrusive dykes. Candol's 1985-1986 programme focussed on the area now known as the Mid – Dolomite Zone. It is reported for Candol that 99 drill core "dolomite" samples of 1985 and 1986 from 7 holes in the Mid-Dolomite Zone assayed 35.3 to 41.76 per cent. $MgCO_3$, averaging 40.19 per cent. $MgCO_3$ and 16.9 to 20.0 per cent. MgO, averaging 19.2 per cent. MgO, with a 96.7 per cent. purity. However, since pure dolomite mineral as $CaMg(CO^3)_2$ contains 21.9 per cent. MgO and 45.7 per cent. $MgCO_3$, the purity seems to have been overestimated in the report for Candol. Based only on averages for MgO and $MgCO_3$ immediately above in this paragraph, purity indications are calculated by Howe to be 87.7 per cent. and 87.9 per cent..

In 1999 two relatively small **calcitic marble** showings 400 metres apart, were recognised and sampled by a geologist employed by PPA in 2005, in what is now known as the North-West Carbonate Zone at the far northwest extremity of the presently mapped carbonate rocks.

Early in 2002, a 122 feet interval of **calcitic marble** from hole 1 of 1985 at the Italian Quarry was subjected to rock aggregate testing, assaying and petrographic analysis by National Testing Laboratories Limited of Winnipeg, with the following results: Uniaxial Compressive Strength 54.4 MPa; Specific Gravity (dry) 2.676, Absorption 0.40 per cent.; Loss on Ignition 47.8 per cent., silica and insoluble 0.98 per cent.; aluminium and iron oxide 0.39 per cent.; 50.10 per cent. CaO; 0.72 per cent. MgO; calculated Calcite ($CaCO_3$) 96.70 per cent.; Purity of Limestone 98.63 per cent. Thin section analysis by Laramide Petrologic Services determined that the sample was optically 99 per cent. pure calcite with 1 per cent. total impurities in the form of 0.3 per cent. pyrite, 0.3 per cent. quartz/chlorite, 0.3 per cent. organics (graphite?) and 0.1 per cent. rare hematite staining. The results identify the rock as a relatively weak, impervious, **high purity calcitic limestone.**

Early in 2002, a composite surface sample of coarse, grey, hand-size **dolomite** from the Mid-Dolomite Zone and an 84 feet and a 150 feet interval of white dolomitic marble from hole 5 of 1985, also in the Mid-Dolomite Zone, were subjected to rock aggregate testing and assaying by National Testing Laboratories Limited of Winnipeg, with the following results. Uniaxial Compressive Strength tests were carried out only on the two drill core samples with values of 131.3 and 134.2 MPa respectively. Only the composite surface sample was tested for other rock aggregate

characteristics as follows: Los Angeles Abrasion 23.4 per cent., Coarse Aggregate Angularity 100 per cent., Fine Aggregate Angularity 56 per cent., Flat and Elongated Particles (1:5 ratio) 1.1 per cent., Specific Gravity (dry) 2.811. The dolomite tested is relatively strong for a carbonate rock, dense and acceptably resistant to abrasion and meets the Superpave criteria with regard to Coarse Aggregate Angularity and Flat and Elongated Particles. The Fine Aggregate Angularity value of 56 per cent. is rather high compared with the ideal value of 45 per cent.. Use of such aggregate with consistent repeated high FAA test results could possibly lead to undesirable high binder content in hot-mix asphalt.

In 2002, the **dolomitic marble** showing now known as Doyle's Point was recognised. It is described as fine to medium grained and mottled light to medium grey with possible relict bedding.

In 2002 the Spur Road **Calcitic Marble** body was recognised by the claim owner and geologists employed by PPA in 2005, as a high-calcium limestone. This limestone material ranges from white, grey, to light buff colour on weathered surface but for the most part is quite white when freshly broken and pulverised. Some of this material ranges in colour from light to medium grey in fresh hand sample and is locally weakly siliceous.

In late 2002 the Ash Grove Cement Company who owned the Blubber Bay limestone quarry on Texada Island, 70 kilometres to the northwest, collected **dolomite** samples which were assayed at the Cominco laboratory in Vancouver: two samples from the location now known as Doyle's Point, two samples from a marble outcrop about 100 metres east of the collar of hole PPA-05-01 and one sample from what has come to be known as the Tank Dolomite. Assays range from 30.76 to 32.79 per cent. CaO, averaging 31.65 per cent. CaO and 18.92 to 21.26 per cent. MgO, averaging 20.09 per cent. MgO, possibly indicating the presence of calcite with the dolomitic marble to account for the high CaO content.

A comparison of the Ash Grove Cement Company's limestone from the Blubber Bay Quarry on Texada Island about 70 kilometres northwest of the PPA project area and samples from Sechelt tested by Weymark Engineering Limited are included below. The Sechelt limestone of higher purity, compares favourably with the Blubber Bay material.

Characteristics	*Blubber Bay*	*Sechelt*
CaO%	51.0	55.3
MgO%	2.75	0.5

PPA calcitic and dolomitic marble rock quality of 2005

PPA has received a proportion of the results of whole rock chemical analyses of surface and drill core samples submitted for assay. Some examples of the results are given below for those deposits for which potentially extractable resources have been estimated by Howe. This part of the report is based on data received by Howe up to 7 August 2005. It is beyond the scope of the present report to analyse the geological, sample and assay data to discriminate and delineate calcitic and dolomitic bodies, but it is clear that this will need to be done in the future to estimate resources of these rock types. An appropriate fault and dyke structural model with steep dips should be used to constrain the sample and assay data during extrapolation. Given sufficient drilling and surface mapping, logging and sampling, it will be possible to assign cut-off quality criteria based on chemical assays of CaO, MgO, SiO_2, loss on ignition, etc., in order to delineate blocks of more or less calcitic and dolomitic marble.

Italian Quarry

Two surface samples of dolomite from the Italian Quarry area: 'North' 65 metres northwest of the intersection of the Ditson Spur and the Mac-Blo intersection and 'South' 85 metres north of the crusher pad, were assayed by the Teck Cominco Ltd laboratory in Vancouver in May-June 2005 giving 30.88 and 30.78 per cent. CaO, 21.09 and 20.95 per cent. MgO, 0.44 and 0.52 per cent. SiO_2, 0. 10 and 0.11 per cent. Al_2O_3, 0.17 and 0.34 per cent. Fe_2O_3, 0.12 and 0.10 per cent. P_2O_5, 0.02 and 0.05 per cent. MnO, $\leq$0.01 per cent. other oxides and 46.79 and 46.77 per cent. loss on ignition. This is a low silica dolomite.

Northern Compound

A surface sample No. 1 of limestone from the arcuate outcrop of calcite-dolomite marble mapped immediately west of the Northern Area compound was assayed by the Teck Cominco Ltd laboratory in Vancouver in April 2005 giving 54.34 per cent. CaO, 1.25 per cent. MgO, 0.82 per cent. SiO_2, 0.07 Al_2O_3, 0.02 per cent. Fe_2O_3, $\leqslant$0.01 per cent. other oxides and 43.36 per cent. loss on ignition. This assay is of a calcitic marble.

Tank Dolomite

Hole PPA-05-03, drilled at 60 degrees inclination to the east, in the Tank Gabbro and Tank Dolomite provided six discontinuous core samples of 1.50 metres and one of 2.30 metres, representing 16 per cent. of the 70 metre interval from 68.00 to 137.70 metres downhole, logged as "Limestone". These were assayed by the Teck Cominco Ltd laboratory in Vancouver in July 2005. The non-carbonate proportion of the 70 metre interval is 15 per cent., composed of six andesite bodies and two serpentinous zones, one of which is sulphidic. Assay ranges of the major constituents for the samples are as follows: 30.87 to 47.04 per cent. CaO, 4.40 to 22.20 per cent. MgO, 2.85 to 12.00 per cent. SiO_2, 0.87 to 2.06 per cent. Al_2O_3, 0.50 to 0.91 per cent. Fe_2O_3, low alkalis and 34.04 to 42.58 per cent. loss on ignition. Although not all the carbonate rocks were assayed, the results indicate that the "Limestone" body is composed of more or less siliceous dolomite and subordinate calcitic marble cut by igneous dykes throughout and containing serpentinous zones in the eastern margin.

Spur Road Calcitic Marble

Hole PPA-05-05 drilled at 60 degrees inclination to the west, in the Spur Road Calcitic Marble, provided twenty-eight discontinuous core samples of 1.45 to 1.69 metres including one repeat, representing 14 per cent. of the 285 metre interval logged as "Carbonate zone". These samples were assayed by the Teck Cominco Ltd laboratory in Vancouver in June 2005. The non-carbonate proportion of the 285 metre interval is 8 per cent., composed of igneous rocks and faulted, fractured and sheared rocks. Assay ranges of the major constituents for samples of carbonate rocks are as follows: 31.14 to 55.45 per cent. CaO, 0.25 to 20.62 per cent. MgO, 1.02 to 21.04 per cent. SiO_2, 0.23 to 5.44 per cent. Al_2O_3, 0.18 to 1.87 per cent. Fe_2O_3, 0.01 to 2.61 per cent. K_2O and 15.80 to 44.68 per cent. loss on ignition. Although not all the carbonate rocks were assayed, the results indicate that the body is composed of more or less siliceous, largely calcitic and calcite-dolomite limestone with minor dolomite limestone. Some percent level values of alumina, potash and iron oxide probably reflect the presence of logged silicates and pyrite in the carbonate rocks.

Holes PPA-05-13, 14 and 15 drilled in a fan on Section 1 at respectively, 90 degrees inclination, 60 degrees to the west and 60 degrees to the east, in the Spur Road Calcitic Marble, provided 105 discontinuous core samples generally of 1.50 metres, including five repeats. These samples were assayed by the Teck Cominco Ltd laboratory in Vancouver in July and August 2005.

Hole PPA-05-13, vertical, provided 50 discontinuous core samples mostly of 1.50 metres including two repeats, representing 48 per cent. of the 150 metre sampled interval logged as "Carbonate zone". The fault rock and non-carbonate proportion of the 150 metre sampled interval is 7 per cent., composed of five internal fault zones with gouge etc. and seven igneous dykes. Assay ranges of the major constituents for samples of carbonate rocks are as follows: 25.87 to 50.90 per cent. CaO, 1.96 to 20.34 per cent. MgO, 2.82 to 21.42 per cent. SiO_2, 0.33 to 4.30 per cent. Al_2O_3, 0.27 to 2.32 per cent. Fe_2O_3, low soda, potash up to 1.73 per cent. and 25.52 to 47.52 per cent. loss on ignition.

Hole PPA-05-14, drilled west, provided 22 discontinuous core samples mostly of 1.50 metres including one repeat, representing 49 per cent. of the 66 metre sampled interval logged as "Carbonate zone". The non-carbonate proportion of the 66 metre sampled interval is 2 per cent., composed of an andesite dyke and a talcose and carbonaceous fault zone. Assay ranges of the major constituents for samples of carbonate rocks are as follows: 31.29 to 54.61 per cent. CaO, 1.00 to

20.50 per cent. MgO, 0.10 to 20.21 per cent. SiO_2, 0.01 to 5.38 per cent. Al_2O_3, 0.20 to 2.05 per cent. Fe_2O_3, low alkalis and 24.00 to 44.63 per cent. loss on ignition. The assays indicate more or less siliceous calcitic marble with minor dolomite from near surface to about 30 metres downhole, separated by a fault from siliceous dolomitic marble at depth.

Hole PPA-05-15, drilled east, provided 33 discontinuous core samples including two repeats. The available drill log does not yet include all the sample intervals and numbers so that detailed geological interpretation of the assays is not possible. The top four samples are 1.50 metres each.The non-carbonate proportion of the 103 metre interval logged as "Limestone" from near surface to 105 metres downhole as is 2.5 per cent., composed of two internal zones of fault gouge and six internal andesite dykes. Assay ranges of the major constituents for samples of carbonate rocks are as follows: 30.00 to 53.00 per cent. CaO, 0.97 to 25.63 per cent. MgO, 2.13 to 35.95 per cent. SiO_2, 0.12 to 4.3 per cent. Al_2O_3, 0.18 to 4.48 per cent. Fe_2O_3, generally low alkalis and 15.19 to 43.66 per cent. loss on ignition. On the basis of the MgO assays, the core is clearly divided into four zones of, from the top, alternating siliceous dolomitic marble and siliceous calcitic marble.

Doyle's Point Dolomite

Two surface samples of dolomite from Doyle's Point: 'North' 50 metres northwest of the Doyle's Point bypass road bridge and 'South' 200 metres north of the intersection of Riepe and Wayne's roads, were assayed by the Teck Cominco Ltd laboratory in Vancouver in April 2005: 31.44 and 30.51 per cent. CaO, 20.86 and 21.12 per cent. MgO, 0.40 and 0.69 per cent. SiO_2, 0.10 and 0.34 per cent. Al_2O_3, 0.12 and 0.27 per cent. Fe_2O_3, 0.31 and 0.01 per cent. P_2O_5, 0.02 and 0.02 per cent. MnO, $\leqslant$0.01 per cent. other oxides and 46.52 and 46.65 per cent. loss on ignition.

Hole PPA-05-07, drilled at 60 degrees inclination to the southeast, in the Doyle's Point Dolomite, provided sixteen discontinuous core samples of 1.50 metres including one repeat, representing 13 per cent. of the 204 metre interval logged as "Carbonate zone (dolomitic)". These samples were assayed by the Teck Cominco Ltd laboratory in Vancouver in June 2005. The non-carbonate proportion of the 204 metre interval is 8 per cent., composed of fault rock and igneous rock and a thin siliceous skarn. Ignoring one highly siliceous sample (61 per cent. SiO_2) which has not been geologically logged, assay ranges of the major constituents for samples of carbonate rocks are as follows: 30.90 to 54.04 per cent. CaO, 1.01 to 22.30 per cent. MgO, 0.44 to 3.56 per cent. SiO_2, 0.31 to 1.16 per cent. Al_2O_3, 0.15 to 0.50 per cent. Fe_2O_3, low alkalis and 41.52 to 45.97 per cent. loss on ignition. Although not all the carbonate rocks were assayed, the results indicate that the body is clearly divided as to slightly siliceous calcite limestone above the highly siliceous sample and slightly siliceous dolomite limestone below it.

Hole PPA-05-08, drilled at 60 degrees inclination to the east, in the eastern margin of the Doyle's Point Dolomite, provided three discontinuous core samples of 1.50, 1.65 and 1.50 metres, representing 20 per cent. of the 23 metre interval logged as "Limestone" from which the samples were collected. These samples were assayed by the Teck Cominco Ltd laboratory in Vancouver in July 2005. The non-carbonate proportion of the 23 metre interval is 16 per cent., composed of three internal andesitic igneous bodies. Assay ranges of the major constituents are as follows: 53.09 to 54.47 per cent. CaO, 0.51 to 0.68 per cent. MgO, 0.51 to 2.78 per cent. SiO_2, 0.11 to 0.46 per cent. Al_2O_3, 0.07 to 0.73 per cent. Fe_2O_3, very low alkalis and 41.79 to 43.08 per cent. loss on ignition. Although not all the carbonate rocks were assayed, the results indicate that the body is slightly siliceous calcitic limestone.

Hole PPA-05-10, drilled at 60 degrees inclination to the west, in the Doyle's Point Dolomite body, provided thirteen discontinuous core samples of 1.50 metres, representing 14 per cent. of the 138 metre interval logged as "Carbonate zone" from which the samples were collected. These samples were assayed by the Teck Cominco Ltd laboratory in Vancouver in July 2005. The internal, non-carbonate proportion of the 138 metre interval is 16 per cent., composed of fault breccia and gouge and seven discrete andesitic igneous intercepts. Although not all the carbonate rocks were assayed, the results indicate that the top four samples are calcitic and the bottom nine samples are

dolomitic. Assay ranges of the calcitic samples are as follows: 52.08 to 53.70 per cent. CaO, 0.70 to 2.84 per cent. MgO, 0.89 to 2.31 per cent. SiO_2, 0.27 to 0.50 per cent. Al_2O_3, 0.31 to 0.36 per cent. Fe_2O_3, low alkalis and 41.93 to 43.08 per cent. loss on ignition. Excluding two highly siliceous samples, assay ranges of the dolomitic samples are as follows: 31.04 to 37.40 per cent. CaO, 14.80 to 21.01 per cent. MgO, 0.81 to 10.43 per cent. SiO_2, 0.15 to 1.21 per cent. Al_2O_3, 0.15 to 0.62 per cent. Fe_2O_3, very low alkalis and 38.79 to 46.29 per cent. loss on ignition.

Hole PPA-05-11, drilled at 60 degrees inclination to the northwest, in the Doyle's Point Dolomite body, provided 27 core samples including one repeat sample which were assayed by the Teck Cominco Ltd laboratory in Vancouver in July 2005. The available drill log does not yet include sample intervals and numbers so that detailed geological interpretation of the assays is not possible. The internal, non-carbonate proportion of the 276 metre interval geologically logged as "Dolomite zone" is 3 per cent., composed of ten andesitic dykes. Assay ranges are as follows: 30.45 to 48.63 per cent. CaO, 5.19 to 21.37 per cent. MgO, 0.62 to 13.13 per cent. SiO_2, 0.10 to 1.25 per cent. Al_2O_3, 0.15 to 0.55 per cent. Fe_2O_3, low alkalis and 36.88 to 46.38 per cent. loss on ignition. The assays indicate that the samples are more or less dolomitic with no clear divisions of purer calcitic bodies as seen in other parts of the Doyle's Point carbonate body.

9.6.2 *Gabbro*

The minor Tank Gabbro, which is a dioritic gabbro, was discovered by PPA during the course of exploration of the Tank Dolomite. As presently known, the total potential of quarry extractable dioritic gabbro in the Northern Area is 1.4 million tonnes in one quarry area, as estimated by Howe in Table 6 above.

PPA gabbro rock quality 2005

Howe is aware that PPA have conducted rock aggregate test work to CSA and ASTM standards and a PPA report dated August 7th summarises the results. Laboratory certificates have not been seen by Howe. Los Angeles Abrasion test work on the Northern Area gabbro reported a very good result of 16 per cent. using small size coarse aggregate (–25+5mm) which indicates that the sample is extremely resistant to abrasion. Laboratory crushed quarry rock (–25+5mm) gave dry relative densities of 2.926 and 2.938 and absorption of 0.38 per cent. Tests for the detection of alkali-silica reactivity were carried out using standard and 20 per cent. fly ash concrete mixes at 14 and 28 day test ages, against Spratt Limestone controls with highly favourable results. Four compressive strength tests of concrete cylinders of standard and fly ash mixes cured for 7 days gave results ranging from 35.0 to 39.6 MPa, averaging 37.7 MPa. These results indicate that the product is suitable for concrete and construction purposes.

9.6.3 *Garnet*

Drilling in 2005 has discovered significant deposits of garnetiferous skarn in the Northern Area, which remain to be formally explored.

9.6.4 *Metals*

As noted for the Southern Area, minor sulphidic base metal bearing concentrates may be recoverable as a by-product of garnet beneficiation in the future. The presence of base metals has also been noted in the Northern Area-Zinc claim. Metallic resources are not estimated for the purposes of this report.

10. Mining plan

PPA has recognised that the key to the Sechelt project is the gradual development of markets for the wide range of potential products that have been identified from resources within the claim area. Market acceptance can only be achieved once the quality and/or consistency of the product can be assured. The company therefore plans to open up working faces in a number of areas of varying geology for quality testing and, in the case of potential armour and dimension stone sites, blockability. Decorative stone must also be assessed at a production scale for fracturing, impurities and consistency. Howe concurs with this plan. Production will initially be sourced from six areas

on the property. Two of these are in the Southern Area of the claim block – the Crown Grant Quarry and the Black Gabbro Quarry. In the Northern Area are the Italian Quarry, the Spur Road Calcitic Marble Quarry, the Tank Gabbro Quarry and the Tank Dolomite Quarry. The locations are shown on Figure 7. Howe has visited all these locations and agrees that they are suitable for extended quarrying operations.

Formal pit designs have not yet been developed; they will be included in the feasibility study once the scale of markets for the various products is confirmed. However, it is intended that all mining will be done at near zero stripping ratio for the 20 to 30 year period being considered by Howe. The amount of exposure and relative relief tend to confirm this assumption.

Standard open pit mining methods will be employed for much of the tonnage. Preliminary drilling and blasting tests for both gabbro and carbonates by PPA have shown that no special methods need be applied. Excavators and front-end-loaders will be used to load dump trucks in the 30t to 50t range. Dimension stone blocks will be cut with saws and loaded onto flat-bed trucks.

11. Processing

Crushing and screening plants will be constructed in the Southern and Northern Areas; current crushing, grinding and screening testwork by PPA has shown that conventional equipment is suitable. However, final design will depend on the size specifications required by customers.

After blasting, primary processing of dimension stone will be carried out with saws. Many options for secondary processing are being considered in order to produce value-added products. These, however, are beyond the scope of this report.

12. Availability of water and power

The region experiences abundant rainfall and the northern production area features a number of small lakes that will provide water for dust suppression and process requirements.

In the south, an initial product quarry will be established as a water reservoir.

A 2 kilometre power line will be constructed from the existing grid in Sechelt to the southern processing area and a 25,000V to 600V 3-phase transformer station installed. The northern processing area will be diesel-powered.

13. Transportation options

Local customers on the Sechelt Peninsula will be served by truck. All potential quarry sites are served by a good network of roads.

Product can be transported by truck through the town to the Sechelt Indian Band (SIB) jetty on Trail Bay on the Strait of Georgia. Barges of 8,000t to 10,000t capacity can be loaded at the jetty. Adjacent to the jetty, also on SIB land, is the conveyor ship-loading facility of ConAgg. The facility is capable of loading barges and 50,000t to 65,000t Panamax vessels and PPA is in discussion with the SIB regarding its use. Panamax-class vessels are the largest ships suitable for unloading in the California market areas.

The PPA lands are immediately adjacent to tidewater on the Sechelt Inlet. PPA plans to construct a barge-loading facility and a 2 kilometre road from the southern processing area located at the Crown Grant Quarry. From the northern processing area, PPA has plans to construct a conveyor to the shore and to a new barge-loading facility. The steep downhill conveyor will employ dynamic braking that could generate electricity. Although the Inlet is directly connected to the open ocean, barge loads are limited to 6,000t through the Skookumchuck Narrows. One tug can tow one barge through the Narrows and make two trips during slack tide which occurs twice a day. This enables shipment of 24,000 tonnes per day. It would be possible to construct a transfer facility for Panamax vessels north of the Narrows, or on the west coast of the Sechelt Peninsula.

Final decisions on transportation logistics will depend on permitting, access negotiations and scale of development of markets.

14. Conclusions

1. The geology and structure of the calcitic and dolomitic marbles is complex due to depositional, tectonic, metamorphic, metasomatic and igneous intrusive processes and events. Howe believes that the most likely depositional environment was a quiescent, syn- to post-volcanic marine basin or basins closely associated with the Upper Triassic basaltic units where chemical, exhalative sediments were precipitated and deposited as layered ferruginous cherts and massive and laminated calcitic and dolomitic limestones, associated with graphitic argillites.

2. Gabbro resources are indicated by geological mapping, topographic relief and some drilling, to be of sufficient quantity for large-scale quarry production of rock aggregate for several decades at conceptually planned, full-scale production levels of 2.6 million tons per year. Testwork by PPA and earlier operators has shown that the gabbro is exceptionally strong and resistant to abrasion and therefore suitable for high quality applications. It is probable that further exploration in depth will increase the quantity of quarry extractable mafic diorite to gabbro beyond 713 million tonnes.

3. Howe has used the newly compiled 1/5000 scale geological map by PPA, preliminary knowledge of the drilling results and first hand field observations to estimate indicated resources of 76.1 million tonnes of carbonate rocks in the Northern Area. It is likely that further detailed mapping and subsequent drilling will augment this resource.

4. From this indicated resource, and in zones of higher resource confidence, Howe has estimated the potential for quarry extractable calcitic and dolomitic marble, including any associated internal waste, at 36 million tonnes. The quantity and quality appears to be suitable for production of some high quality industrial calcite and dolomite materials and crushed rock products and slabs, for at least 20 years, at conceptually planned, initial production levels of 1.3 million tonnes per year.

5. Both diamond drilling and surface mapping have shown the presence of relatively thin, steeply dipping igneous dykes within some sections of the carbonates; these will form internal waste during quarrying operations, but their attitude should facilitate selective mining. Limited observation of drill core has shown sections of silicification, skarnification and serpentinisation within the carbonates which may preclude some product from certain high value markets; the degree of this alteration is unknown, but it was not evident in large areas of surface exposure.

6. Further work is required to define resources and quality for formal estimation of potential quarry extractable resources for gabbro, calcitic marble and dolomitic marble.

7. In order to secure the carbonates project life beyond 20 years of full-scale production, further exploration of calcitic and dolomitic marbles will be required. However, recent mapping and trenching by PPA have shown extensive exposures of carbonate both along strike and to the east of the main zone, and it is likely that substantial additional resources could be identified in these areas.

8. PPA plans to open up six initial quarry sites for test marketing of a range of products prior to a full feasibility study. Howe concurs with this approach.

9. Transportation options will be decided in the feasibility study once permitting, access agreements and market development are in place.

15. Sources of information

A comprehensive list of reports and information used in the preparation of this report is available if required. Reference materials include various historical and recent publications, reports, records, maps and drill sections produced by government, previous operators, PPA and consultants, on geological, resource, project economic, marketing and environmental themes.

PART IV

Evans & Evans Report

Market Assessment of the British Columbia & US West Coast Market for Certain Industrial Minerals and Aggregates

Pan Pacific Aggregates plc

Sechelt Project

September 26, 2005

MARKET ASSESSMENT REPORT
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I. Scope of the review

1.1 *Introduction*

Evans & Evans, Inc. ("Evans & Evans") was engaged in June of 2005 by Pan Pacific Aggregates plc ("Pan Pacific" or the "Company") to prepare a summarized Market Assessment (the "Memorandum") regarding certain industrial minerals and aggregates. Evans & Evans understands Pan Pacific is working to define and expand its resource through systemic exploration on several claims on the Sechelt Peninsula of British Columbia, and has commenced an IPO process to be listed on London's AIM stock exchange. Pan Pacific has identified the below noted industrial minerals and aggregates as being most evident in the various claims:

1. High Calcium Limestone
2. Dolomite
3. Black Gabbro
4. Garnet
5. Wollastonite
6. Construction Grade Aggregate (Crushed Stones and Sand & Gravel)

(Collectively these six industrial minerals are referred to as the "Pan Pacific Minerals"). The subject of the Memorandum is primarily the market for the Pan Pacific Minerals in British Columbia and the US West Coast (defined as the "Pan Pacific Targeted Markets").

The Pan Pacific Targeted Markets represent the likely short-term markets to be serviced by the Company. The Company's management has also prepared its own projections for the Pan Pacific Minerals. Given this, it is important to understand whether the Pan Pacific Targeted Markets are large enough to reasonably support Pan Pacific management's projections.

The subject of the Memorandum is to provide evidence of the potential size and growth trends of the Pan Pacific Target Markets to be served by the Pan Pacific Minerals.

The analysis and information in the Memorandum is derived from, and supported by, information collected from the management of the Company.

This information is contained in Evans & Evans' working paper files and includes detailed descriptions of the Company's business, copies of material agreements, incorporation and operating authorities, industry and market references, regulatory references, management and director information, product information, financial data and other supporting documentation.

All dollar amounts specified in this Memorandum are expressed in Canadian dollars unless otherwise indicated. Where applicable, an exchange rate of $1.00 Canadian Dollars ("C") to $0.78 US Dollar ("US") has been applied. All prices quoted in this report are FOB prices.

1.2 *Overall Conclusions*

Evans & Evans' determination of the market potential for the Company for each of its Pan Pacific Minerals in the Pan Pacific Targeted Markets, as outlined above, is as following (refer to section 1.3 for Scope of Work conducted):

1. The B.C. marketplace opportunity for high calcium limestone and dolomite is significant. Limestone and dolomite (e.g., white marble) deposits of varying size and quality are found throughout British Columbia. Coastal limestone and dolomite are currently being exploited for the manufacture of Portland cement, lime, steel manufacturing, agricultural soil conditioner and a variety of crushed and ground products. Overall, industry experts agree that limestone and dolomite deposits will be explored and possibly developed to more and more satisfy increasing demand for limestone by the pulp and paper industry and for limestone and dolomite as fillers and extenders. Limestone and dolomite consumption by the

mining industry has become increasingly important for the treatment of a variety of mine effluents. In B.C. the demand for high calcium limestone and dolomite was approximately 5.5 million metric tons in 2003 and 5.8 million metric tons in 2004, and is expected to increase by 2.5 per cent. to 3.5 per cent. per year over the next five years.

Pricing in Canadian dollars – at the manufacturing level in B.C. – tends to vary (depending on quality and grade), but is in the range of C$12.00 to$16.00 per metric ton for crushed limestone, and in the range of C$50.00 to C$90.00 per metric ton for decorative dimension stones.

2. The West Coast of the US marketplace opportunity for high calcium limestone and dolomite is significant. Limestone and dolomite deposits of varying size and quality are found throughout California and Oregon. Limestone and dolomite are used extensively here in the metallurgical processing industries (refractories, foundry products and fluxes), the chemical industry (fire retardants and cleansers) and the food industry (filler and pigments). On the West Coast of the US, the demand for high calcium limestone and dolomite was approximately 29.5 million metric tons in 2003 and 31 million metric tons in 2004, and is expected to increase by 4.1 per cent. to 4.5 per cent. per year over the next five years.

   Pricing in US dollars – at the manufacturing level – tends to vary (depending on quality and grade), but is in the range of US$6.25 to US$12.50 for crushed limestone used as cement feedstock and in the range US$40.00 to US$80.00 per metric ton of decorative dimension stone, but can be as high as US$200.00 per metric ton.

3. The Company has also identified a special use of the high calcium limestone as a mineral pigment in the pulp & paper industry. According to Temanex Consulting Inc. ("Temanex"), the use of mineral pigment in papermaking is to impart desirable properties, such as brightness, smoothness, gloss and opacity, to paper products, and to enhance paper manufacturing cost-effectiveness, since most mineral pigments are cheaper compared to fibres.

   Using extrapolation analysis techniques, Temanex estimated the paper industry's demand for Pan Pacific's limestone in the Pan Pacific Markets will be roughly 485,000 metric tons in 2005, growing at approximately an average of 5 per cent. per year over the next five years. Pricing for Precipitated Calcium Carbonate ("PCC") and Ground Calcium Carbonate ("GCC"), the limestone end products used in papermaking, in US dollars – quoted in FOB prices – range from US$70-100 per metric ton for coarse to medium grade minerals to US$160-210 per metric ton for higher grade products. Temanex's analysis from industry contacts estimate the price for crushed limestone, the feedstock for GCC to be in the range of US$10.00 to US$30.00 per metric ton and the price for calcined lime, feedstock for PCC made from processing limestone, to be in the range of US$60.00 to US$80.00.

4. The B.C. marketplace opportunity for black gabbro (e.g., granite) is significant. Black and other colors of gabbro are widely used in B.C. as crushed stone for concrete aggregate, road metal as well as railroad ballast. Smaller quantities of black gabbro are cut and polished for dimension stone – i.e., black granite. Gabbro is a medium or coarse-grained rock that consists primarily of plagioclase feldspar and pyroxene. Essentially, gabbro is the intrusive (plutonic) equivalent of basalt, but whereas basalt is often remarkably homogeneous in mineralogy and composition, gabbros are exceedingly variable. In B.C., the demand for gabbro was approximately 6.25 million metric tons in 2003 and 6.40 million metric tons in 2004, and is expected to increase by 4.2 per cent. to 4.7 per cent. per year over the next five years.

   Pricing in Canadian dollars – at the manufacturing level – tends to vary (depending on quality and grade), but is in the range of C$9.00 to C$18.00 per metric ton.

5. The West Coast of the US marketplace opportunity for gabbro (including black gabbro) is significant. Gabbro deposits of varying size and quality are found throughout California.

(1) Mr. George Ionides, Ph.D, MBA, is the President of Temanex Consulting Inc. As of July 18, 2005, Mr. Ionides is a member of Pan Pacific Aggregates, plc's Technical Advisory Committee.

Gabbro is used extensively in the aggregate materials marketplace for roads and other transportation systems. On the West Coast of the US, the demand for gabbro was approximately 43.5 million metric tons in 2003 and 44 million metric tons in 2004, and is expected to increase by 5.1 per cent. to 5.5 per cent. per year over the next five years. Pricing in US dollars – at the manufacturing level – tends to vary (depending on quality and grade), but is in the range of US$3.50 to US$25.00, but can be as high as US$40.00 per metric ton.

6. The Pan Pacific Targeted Markets do represent an opportunity with respect to the marketing of industrial garnet. Since 1999, the US has moved from being a net exporter to being a net importer of garnets due to a reduction in domestic supply. US garnet consumption decreased by 39 per cent. in 2004, after an extraordinary spike in consumption caused mainly by stocks sales from a company that had ceased production in 2002 combined with higher garnet imports in 2003. Future demand is expected to be in the 50,000 metric tons level with modest growth. Prices for industrial garnet range from $60 to $560 per metric ton, but can be as high as $2,500 per metric ton dependent on the grade, type of garnet and the application.

7. The opportunity for wollastonite in the US West coast and marketplace is significant. In the US, the plastics industry accounts for the majority of wollastonite consumption, and California accounts for the largest number of jobs in the US plastics industry. In particular, opportunities exist for higher value acicular products, giving up some of the lower value markets to imports. The improving US economy is expected to boost demand for wollastonite, especially in plastics. Although growth rates in the ceramic industry overall are expected to remain modest, consumption in Asia could see significant increases over the next several years. The US consumption of wollastonite was estimated to be 117,000 metric tons in 2004.

   Prices for domestically produced wollastonite range from US$205 to $375 per metric ton, but can be as high as $1,200 per metric ton dependent on the grade, type of wollastonite and the application. In 2004, NYCO reported that the average selling price for its wollastonite is roughly US$425 per metric ton. This NYCO average is likely to be representative of sales of higher-grade wollastonite.

8. The market for construction aggregates in California is significant. The close proximity to ship to California is important as imports in the San Francisco area are expected to increase significantly. Construction of commercial and residential structures account for 51 per cent. of the aggregate use in the US. On the West Coast of the US, the demand for aggregates was approximately 311 million metric tons in 2004. The demand for aggregates can be further broken down into crushed stone (90.4 million metric tons in 2004) and sand and gravel (220 million metric tons in 2004). The Company plans to concentrate on serving the crushed stone market, as crushed stone is the "predominant choice for construction aggregate use," according to the US Geological Survey. At the same time, the Company will produce a certain a mount of sand and gravel, given the significance of the market.

9. According to a 2002 Aggregate Availability in California Study by the California Department of Conservation, seven of the thirty-two study areas in California, including Orange County, Sacramento County, and San Fernando Valley, have less than 10 years of permitted aggregate resources remaining. This apparent shortage of aggregates in the San Francisco Bay Area represents a significant market opportunity for the Company.

10. Because it is a low-value, high bulk weight commodity, a major part of the cost of aggregate to the consumer is for transportation. In fact, transportation cost is the principal constraint defining the market area for a specific production region. As a result, delivered prices for construction aggregate vary significantly from region to region. According to an article in Pacific Maritime Magazine, movement of sand and aggregates into the San Francisco Bay Area and construction rock and aggregates into Los Angeles/Long Beach from British Columbia was made possible by the dwindling supplies of sand and aggregates from local quarries and the surging northbound gypsum trade from Mexico. Shipping companies servicing the gypsum trade had been looking for southbound backhaul cargo for vessels.

11. Company management believes the superior quality of the Pan Pacific Minerals will allow the Company to quote prices in the upper end of the price range. In this regard, the Company will retained independent laboratories to provide assessments as to the quality of the Pan Pacific Minerals.

12. The Company's ability to quote prices in the upper end of the price range may also be supported by the level of beneficiation that the Company plans to perform on the Pan Pacific Minerals. As at September 26, 2005, the Company has not yet finalized the range of grades and sizes of Pan Pacific Minerals to be offered for sale.

13. Market prices for the Pan Pacific Minerals are also largely dependent on transportation costs. In the past 3 to 4 years, industry participants have observed pressure on the prices of the Pan Pacific Minerals caused by rising transportation costs. According to the Baltic Panamax Index ("BPI"), worldwide shipping costs more than tripled from 2001 to 2004. In July of 2005, the BPI has declined to the 2003 level. This is very positive given the Company's location as a tidewater quarry.

14. Company management has begun investigating the possibility of supplying high end products (i.e. limestone, dolomite, gabbros and wollastonite) to Asian countries including China and Japan. The Company's ability of to produce high-grade minerals and market prevailing shipping rates will be a large determinant in the Company's ability to develop these markets.

1.3 *Scope of Work*

The Memorandum has been prepared to evaluate aspects of the Pan Pacific Targeted Markets into which the Company intends to sell its industrial minerals.

In completing the Memorandum, the following activities were carried out by Evans & Evans staff whom:

- Reviewed potentially competitive limestone, dolomite and gabbro producers in B.C. and the West Coast of the US. This was facilitated through generic interviews and discussions with a limited number of organizations: Ash Grove Cement Co.; Texada Quarrying Ltd.; Mainland Sand and Gravel; Inland Cement Limited; Armos Granite Quarry Ltd.; and Pacific Limestone Products Co.

- Collected information from the National Ready Mixed Concrete Association and Peter Kiewit Sons, Inc.

- Reviewed Construction Materials. "*US Industry & Trade Outlook*". The McGraw-Hill Companies and US Department of Commerce, pp. 1-8.

- Reviewed Hanford, Desiree J. "Warmer Weather and Sales of Homes Help Makers of Building Products." *Wall Street Journal.*

- Reviewed "Industry Growth Outlook Memorandum." Integra Information.

- Reviewed *Industrial Specialties News.* "Takeovers and Mergers Abound in Limestone and Lime Business." 12(6).

- Reviewed Bowen, O.E. (1973): Limestone and Dolomite Resources of California; California Division of Mines and Geology, Bulletin 194, 60 pages.

- Reviewed Carr, D.C. and Rooney, L.E (l983): Limestone and Dolomite; in Industrial Minerals and Rocks, 5th Edition, SJ. Lefond, Editor, American Institute of Mining, Metallurgical and Petroleum Engineers, Inc., pages 833-868.

- Reviewed Danner, W.R. (1966): Limestone Resources of Western Washington; Washington Division of Mines and Geology, Bulletin 52, 474 pages.

- Reviewed Danner, W.R. (1976): Limestone Resources of Southwestern British Columbia; in Proceedings of the 11th Forum on Geology of Industrial Minerals, Montana Mines and Geology, Special Publication 74, pages 171-186.
- Reviewed McCammon, J.W. (1973): Limestone Occurrences in British Columbia; B.C. Ministry of Energy, Mines and Petroleum Resources, unpublished report, 37 pages.
- Reviewed McCammon, J.W. and Hors, Z.D. (1980): Dolomite Occurrences in British Columbia;
- Reviewed the December 2004 Non Ferrous Resource Outlook as produced by Natural Resources Canada, Minerals and Metals Sector.
- Reviewed information on the mining industry from such sources as Strategis, Industry Canada, www.canadianminer.com, Calcium Carbonate Association, US Geological Survey, Natural Resources Canada, Canadian Minerals Yearbook, British Columbia Ministry of Energy & Mines, the National Sand, Stone and Gravel Association, Business Communications Company, Inc., Mineral Information Institute, US Federal Transit Administration, Natural Resources Canada, the Aggregates Producers Association of British Columbia, Oregon Concrete & Aggregate Producer Associations, Washington Aggregates & Concrete Associations, Oregon Department of Geology and Mineral Industries and California Department of Conservation.
- Reviewed planned transportation project estimates from sources such as the California Department of Transportation, Oregon Department of Transportation, Washington State Department of Transportation, BC Ministry of Transportation, and the Alberta Ministry of Finance.
- Reviewed information on the worldwide shipping industry, specifically pertaining to the transportation of raw materials, from sources such as The Wall Street Journal, The Baltic Exchange, and MSN.
- Reviewed the Aggregate Resource Study, Western Portion of the Carson City BLM District, Nevada, prepared by the Nevada Bureau of Mines and Geology and dated May 5, 2000.
- Reviewed the Public Disclosure Document for the Limestone Quarry Development Proposed by Birch Mountain Resources Ltd. to be known as the Muskeg Valley Quarry dated October 15, 2002.
- Reviewed the document 50 Fascinating Facts about Sand, Stone and Gravel as produced by the National Sand, Stone and Gravel Association.
- Interviewed representatives of Fording Canadian Coal Trust (the parent Company of NYCO Minerals Inc.), Canadian Wollastonite, the US Geological Survey, the British Columbia Ministry of Energy and Mines, the Aggregates Producers Association of British Columbia, Oregon Concrete & Aggregate Producer Associations, Washington Aggregates & Concrete Associations.
- Reviewed the Ceramic Industry Raw & Manufactured Materials: 2004 Review & Forecast – US
- Reviewed a management prepared financial projections, which is available from Evans & Evans, Inc.
- Reviewed *Canada's Mineral Production Preliminary Estimates, 2004* by Statistics Canada.
- Reviewed the *Asia Pacific Bulletin, January 2004*, by the Asia Pacific Foundation of Canada.
- Reviewed the Construction Materials Association of California report: *The Aggregates Industry: Its importance to California's Economy and Infrastructure. September 2001.*

- Reviewed the report *The Mineral Industry of California* - California Department of Conservation, California Geological Survey/US Geological Survey (2002).
- Reviewed *Industrial Minerals in British Columbia 2003*, by BC Ministry of Energy and Mines.
- Reviewed the *2004 Facts & Figures* by the Mining Association of Canada.
- Reviewed the Port of Redwood's *Dredging Issues and Impacts Executive Summary*.
- *Reviewed Temanex Consulting Inc. report titled "Preliminary Market Analysis and Outlook for Pan Pacific Aggregates Limestone (Calcium Carbonate) End Uses in Pulp & Paper."*
- Reviewed the contractor price list of the following companies: Lafarge North America, Pitt River Quarries, Might White Dolomite, Birch Mountain, Austinville Limestone.
- Reviewed the State of California Standard Specification for Construction of Local Streets and Roads, September 2002.
- Reviewed the "*Lower Mainland Aggregates Demand Study – Volume I*" from Levelton Engineering prepared for the Ministry of Employment and Investment, June 1996.
- Reviewed the article titled "*Bulk Imports Meeting Essential West Coast Construction Needs*" by Wes Strattwart, Pacific Maritime, July 2003.

1.4 *Conditions of the Memorandum*

The following assumptions, limiting conditions, and disclaimers apply to the Memorandum:

- To the extent relied upon, the information provided by representatives of the Company is assumed correct. Aspects of the Memorandum are predicated upon representations by management. The Memorandum is based upon the current plans of management of the Company, as of September 26, 2005, as to its future business and operation.
- To the extent relied upon, the information provided by representatives of the Companies is assumed correct. Aspects of the Memorandum are predicated upon representations by management. The Memorandum is based upon the current plans of management as to the future business and operation of the Company.
- Evans & Evans, Inc. makes no recommendations, either expressed or implied, as to the suitability of the Company described herein, or its securities, as investments.
- The Memorandum may be included as part of the Company's submission to the AIM Market of the London Stock Exchange, but is not to be widely distributed. Neither the drafts nor the final Memorandum may be submitted to any Canadian or U.S. stock exchange, court or tax authority. The Memorandum is not to be reproduced or used for any purpose other than those outlined above without our prior written permission in each specific instance. Evans & Evans, Inc. will not assume any responsibility to the Company and any of the related parties, its shareholders, their Directors and Shareholders, or any other parties as a result of the circulation, publication, reproduction or use of the draft or final Memorandum, nor its use contrary to the provisions of this section of the Memorandum.
- Neither the principals nor associates of Evans & Evans, Inc. have any interest or entitlement in the securities or assets of Pan Pacific. Evans & Evans, Inc. have been paid a fee for this report, comprising its normal professional rates and reimbursable expenses. The fee is not contingent on the conclusions of this report.
- The Memorandum, and more specifically the assessments and conclusions contained therein, is meant as independent review as at September 26, 2005. The authors of the Memorandum make no representations, conclusions, or assessments, expressed or implied, regarding the Company or events after the date of the Memorandum. The information and assessments contained in the Memorandum pertain only to the conditions prevailing at the date of the Memorandum.

- This Memorandum is based upon information made available to Evans & Evans and on the assumptions that have been made. Evans & Evans reserves the right to review all information and calculations included or referred to in this Memorandum and, if it considers it necessary, to revise its views entirely in the light of any information which becomes known to Evans & Evans during or after the date of this Memorandum.

II. MARKET ASSESSMENT

2.1/2.2 *High Calcium Limestone and Dolomite*

In Western Canada and the West Coast of the US limestone and dolomite is used in a variety of everyday products such as paper, glass, paint and varnish, soap and detergents, textiles, refractories, baking powder and pharmaceuticals.

Finely ground, limestone and dolomite are used to control coal mine dust, to collect sulfur dioxide from power plant exhaust, to sweeten soils, and as ingredients in fertilizer and stock feeds.

The authors of the Memorandum found that limestone is used extensively in the Pan Pacific Targeted Markets to undertake steel making, water/sewage treatment, acid waste neutralization and road base stabilization. Crushed limestone and dolomite are used extensively in the Pan Pacific Targeted Markets for Portland concrete, road construction, building materials, and as fillers in asphalt. In the Pan Pacific Targeted Markets, most crushed stone is limestone and dolomite. It is used mostly for construction purposes, although much of it is also used in shoreline protection. In construction, crushed stone is used as an aggregate in concrete mixes. The stone binds the mix together when it hardens. Almost 60 per cent. of all crushed stone is used as aggregate in highway concrete and asphalt.

In B.C., the province's mining industry will be relying more on limestone to control acid rock drainage and to neutralize waste cyanide used in the treatment of gold ores. Dolomite may eventually be required to control sulphur emissions from the coal-fueled electrical generating plants that are being considered to partly fulfill the steadily rising demand for electricity.

The main uses or types of crushed limestone and dolomite that are used in the Pan Pacific Targeted Markets are summarized below:

Concrete aggregate and roadstone constitutes a material percentage of the crushed stone produced/used in the Pan Pacific Targeted Markets. These products are marketed in various sizes and used mainly by the building industry and in highway construction. The limestone and dolomite stone must be clean, hard, strong, and free of soft or friable material. Often it will break into irregular, more or less equi-dimensional fragments rather than into thin platy or elongate fragments. Concrete aggregate and roadstone accounts for nearly 7 per cent. of the market for limestone/dolomite.

Cement limestone is a limestone low in magnesium that, when mixed with the proper proportions of clay and silica, can be burned in a kiln to make Portland cement. This accounts for nearly 40 per cent. of the market for limestone/dolomite.

Lime (which is made by calcining and pulverizing high-calcium limestone or dolomite) is used in a wide variety of chemical and metallurgical industries as well as in construction and agriculture. This accounts for nearly 10 per cent. of the market for limestone/dolomite.

Fluxing stone (which is a high-calcium limestone or high-purity dolomite used as a flux in iron and steel furnaces). This accounts for nearly 5 per cent. of the market for limestone/dolomite.

Agricultural limestone is finely ground limestone or dolomite used as fertilizer, soil conditioner, and as a neutralizer of excess acids in the soil. This accounts for nearly 2 per cent. of the market for limestone/dolomite.

Railroad ballast (used for the construction and maintenance of railroad beds, consists of crushed limestone of the size range 3/4 to 2 1/2 inches). This accounts for nearly 3 per cent. of the market for limestone/dolomite.

Riprap (consists of large irregular blocks used in construction along rivers, such as shore protection, bridge piers, and docks). This accounts for nearly 2 per cent. of the market for limestone/dolomite.

Refractory stone is high-purity dolomite which is used in construction and repair of metallurgical furnaces, as bricks made of calcined dolomite, or as pulverized dolomite used in patching linings of hot furnaces. This accounts for nearly 3 per cent. of the market for limestone/dolomite.

Asphalt filler, a limestone dust of which about 80 per cent. will pass a 200-mesh screen, is produced as a byproduct of crushed-stone operations. It is mixed with asphalt and tar used in road construction and in the manufacture of roofing shingles and asphalt siding. Asphalt containing limestone filler is more durable as road-surfacing material and is more resistant to melting in hot weather than is asphalt without the filler. This accounts for nearly 5 per cent. of the market for limestone/dolomite.

Limestone sand is washed and graded material of sand size that is used as a substitute for silica sand in mortar, wall plaster, and concrete. This accounts for nearly 5 per cent. of the market for limestone/dolomite.

Coal-mine dust is pulverized, relatively high purity limestone that is spread in coal mines to check or prevent coal-dust explosions. Such dust should contain less than 5 per cent. silica and should be of such a size that 100 per cent. will pass a 20-mesh screen and 70 per cent. a 200-mesh screen. This accounts for nearly 4 per cent. of the market for limestone/dolomite.

Sewage filter beds are constructed of crushed and screened limestone or dolomite that may be somewhat siliceous, but should be free of other impurities such as iron sulfide and clay. The stone should be free of fines, should be strong and compact, and should consist of fragments having rough surfaces to provide anchorage for the bacteria and a uniform porosity when laid as a bed. This accounts for nearly 2 per cent. of the market for limestone/dolomite.

Poultry grit can be made of sized finely crushed limestone. This accounts for nearly 4 per cent. of the market for limestone/dolomite.

Crushed marble has many of the same uses as crushed limestone. Marble chips are also used as a concrete aggregate in making terrazzo, a type of flooring that can be smoothed and polished after setting. Pulverized marble is used in the manufacture of paint and putty and as filler in products such as rubber, paper, and linoleum. This accounts for nearly 5 per cent. of the market for limestone/dolomite.

The pulp and paper industry is also expected to consume a steady amount of limestone. In addition to pulp manufacturing, limestone is also used as a coater and filler in paper, where alkali processes are employed. Alkali processing of pulp for paper manufacturing in Europe is quite common. North American paper producers have been slow to switch to alkali processes but are the scope for development in this market for white limestone.

According to a Temanex Consulting Inc. ("Temanex") report, the Pan Pacific Markets represents the largest penetration of alkali and neutral papermaking in North America. A major reason for this is the high freight cost of kaolin pigments, an alternative of the use of limestone in papermaking, originating in the US South. If the Company's limestone resource passes the technical requirements for alkali and neutral papermaking processes, the pulp and paper market can be a significant source of revenue for the Company. Using extrapolation analysis techniques, Temanex estimated the paper industry's demand for the Company's limestone and dolomite in the Pan Pacific Markets will be roughly 485,000 metric tons in 2005, growing at approximately an average of 5 per cent. per year over the next five years.

Pricing for Precipitated Calcium Carbonate ("PCC") and Ground Calcium Carbonate ("GCC"), the limestone end products used in papermaking, in US dollars – quoted in FOB prices – range from US$70-100 per metric ton for coarse to medium grade minerals to US$160-210 per metric ton for

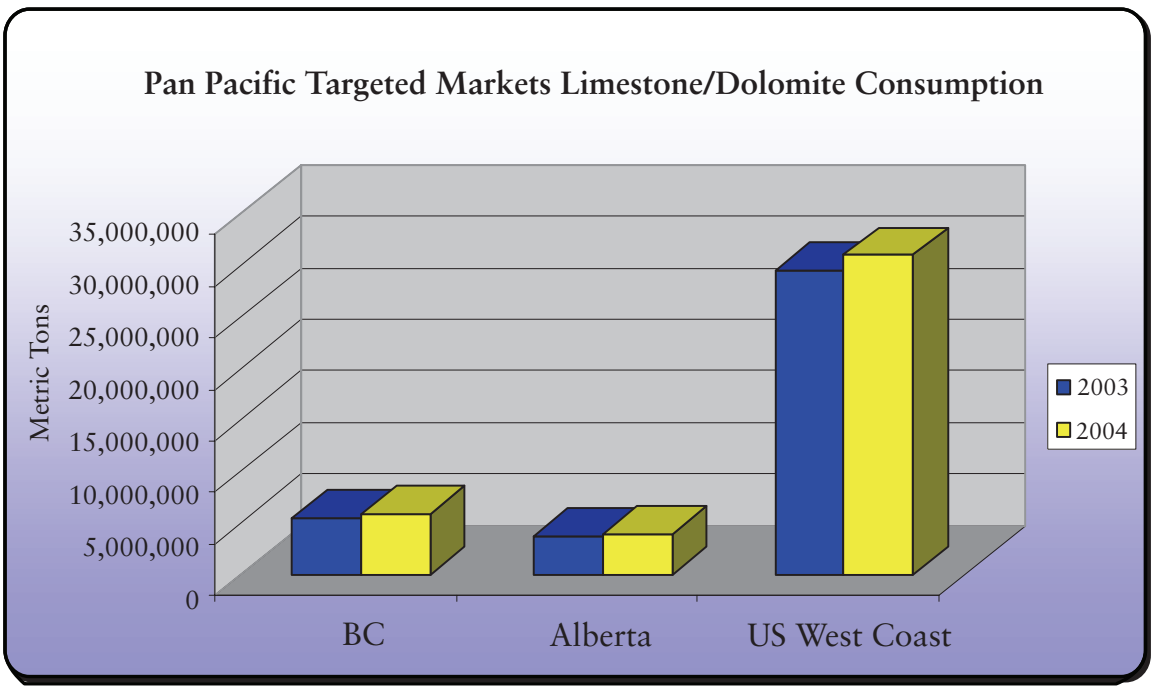
higher grade products. Temanex's analysis from industry contacts estimate the price for crushed limestone, the feedstock for GCC to be in the range of US$10.00 to US$30.00 per metric ton and the price for calcined lime, feedstock for PCC made from processing limestone, to be in the range of US$60.00 to US$80.00.

According to the USGS, domestic production of dimension stone decreased to about 1.30 million metric tons, with value decreased to US$257 million in 2004. Imports of dimension stone continued to increase. Imports increased by 7 per cent. in value to about US$1.50 billion. Dimension stone exports remained steady at about US$64 million. Apparent consumption, by value, was US$1.70 billion in 2004—an US$89 million increase from 2003. Dimension stone is being used more commonly in residential markets. Improved quarrying, finishing, and handling technology, as well as a greater variety of stone and the rising costs of alternative construction materials, are among the factors that suggest the demand for dimension stone will continue to increase during the next 5 years.

In B.C., the demand for high calcium limestone and dolomite was approximately 5.5 million metric tons in 2003 and 5.8 million metric tons in 2004, and is expected to increase by 2.5 per cent. to 3.5 per cent. per year over the next five years. Pricing in Canadian dollars – at the manufacturing level in B.C. – tends to vary (depending on quality and grade), but is in the range of C$12.00 to$16.00 per metric ton for crushed limestone used as cement feedstock, and in the range of C$50.00 to C$100.00 per metric ton for dimension stones.

The West Coast of the US marketplace opportunity for high calcium limestone and dolomite is significant. Limestone and dolomite deposits of varying size and quality are found throughout California and Oregon. Limestone and dolomite are used extensively here in the metallurgical processing industries (refractories, foundry products, and fluxes), the chemical industry (fire retardants, cleansers) and the food industry (filler and pigments). On the West Coast of the US, the demand for high calcium limestone and dolomite was approximately 29.5 million metric tons in 2003 and 31 million metric tons in 2004, and is expected to increase by 4.1 per cent. to 4.5 per cent. per year over the next five years.

Pricing in US dollars – at the manufacturing level – tends to vary (depending on quality and grade), but is in the range of US$6.25 to US$15.00 for crushed limestone used as cement feedstock and in the range US$40.00 to US$80.00 per metric ton of decorative stone, but can be as high as US$200.00 per metric ton. Company management's projected per ton price for its limestone and dolomite is within this range.



2.3 *Black Gabbro*

Industry insiders noted to Evans & Evans that black granite (i.e., gabbro) is now routinely less expensive than any of the dozen or so manufactured granite look-alikes.

Despite decline in commercial construction in the Pan Pacific Targeted Markets, the residential sector, fueled by a continuous dose of low interest rates, is enjoying a near-record run. The number of households in the Pan Pacific Targeted Markets with an annual income of more than $100,000 has increased from three to seven percent over the past five years.

The Washington, D.C.-based National Association of Home Builders ("NAHB") reported in February 2005 that housing starts jumped 4.7 percent in January to a seasonally adjusted annual rate of 2.159 million units, the highest pace in 21 years. January's housing starts also were 11.6 percent above the pace of a year ago. The pace of single-family home construction reached an all-time high of 1.760 million units. This was 2.7 percent above the December rate and 12.5 percent above January 2004.

US and Canadian homeowners spent an average of US$20 billion per year on kitchen and bath remodels. Those factors have led to a robust market in natural stone. According to the US Geological Survey, 1.3 million metric tons of domestic stone, valued at US$257 million, were produced across the US (22 per cent. in the Pan Pacific Targeted Markets) in 2004.

Italy, by virtue of the fact that it is the oldest and most respected processor of marble and granite, was the source of the greatest dollar volume of black granite imports. Today's black gabbro marketplace, however, is virtually worldwide, and new sources of stone are emerging outside traditional markets. Italy and Spain are still the hubs of the international black gabbro and stone markets.

The market for gabbro and stone is large with over 20,000 buyers or more and expansion of stone sales is inevitable. The market per capita use of stone in the US is less then half of that of most European countries. This means future growth for stone in the market. The introduction of Home Depot and Home Depot Expo into the stone business of selling primarily tiles and kitchen countertops has increased the demand for stone and the awareness of the consumer for stone.

The biggest increase in use of black gabbro and dimension stone for the 1990's was for residential construction in stone fireplaces, renovations, tile for bathrooms and entryway, and especially granite kitchen countertops.

The countertop business today is the largest use of granite and black gabbro which is now competing with Corian and laminate tops. As the price of Corian increases and black gabbro and granite decreases, the prestigious use of granite for kitchens will increase yearly.

According to the Freedonia Group, advances in countertop demand will be stimulated by growth in the remodeling segment, which accounted for 71 percent of sales in volume terms in 2002. This is partly because kitchen and bathroom improvements are among the more popular home remodeling projects, and countertops are a key aspect of many of these remodeling projects.

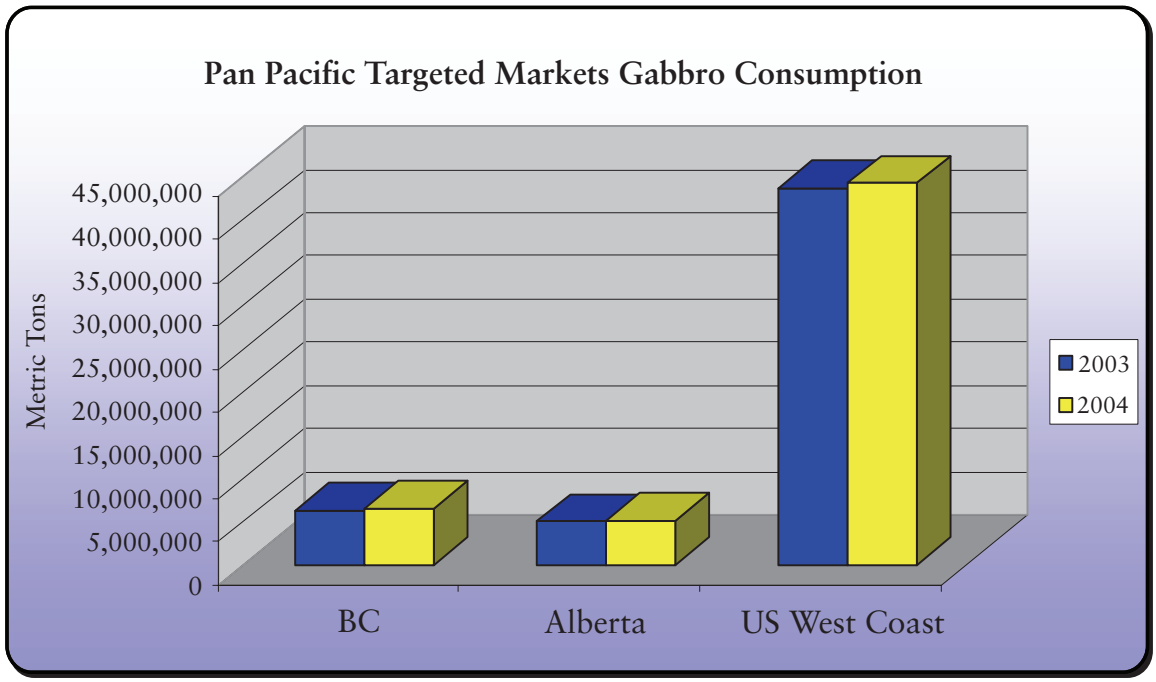
Demand for gabbro and dimension stone is expected to grow during the next five years and beyond. Growth rates can be attributed to the increased use in both the residential and commercial building markets, resulting from prestige markets and renovations which have become critical to real estate operators in attracting and maintaining growth of both sales and leasing activities.

The US market is a very fractured market with various levels of distribution. Producers typically are quarries with small fabrication plants capable normally of producing only cubical work. This work is sold to contractors for cladding of commercial buildings, or large residential jobs for walls and retainer walls or other uses in residential construction. Very few producers are capable of producing tiles and slabs for the residential market.

Most producers are regional and do not promote nor sell nationally. Most sales are in house sales and are not through the current channels of architectural representatives or Independent Sales Organizations.

In B.C., the demand for gabbro was approximately 6.25 million metric tons in 2003 and 6.40 million metric tons in 2004, and is expected to increase by 4.2 per cent. to 4.7 per cent. per year over the next five years. Pricing in Canadian dollars – at the manufacturing level – tends to vary (depending on quality and grade), but is in the range of C$9.00 to C$18.00 per metric ton.

The West Coast of the US marketplace opportunity for gabbro (including black gabbro) is significant. Gabbro deposits of varying size and quality are found throughout California. Gabbro is used extensively in the aggregate materials marketplace as for roads and other transportation systems. On the West Coast of the US, the demand for gabbro was approximately 43.5 million metric tons in 2003 and 44 million metric tons in 2004, and is expected to increase by 5.1 per cent. to 5.5 per cent. per year over the next five years. Pricing in US dollars – at the manufacturing level – tends to vary (depending on quality and grade), but is in the range of US$3.50 to US$25.00, but can be as high as US$40.00 per metric ton. Company management's projected per ton price for its gabbro is within this range.



2.4 *Garnet*

As a result of changes by the US Environmental Protection Agency ("EPA"), which resulted in a limit on the use of silica sands in the mid 1990's, the demand for garnet began to increase. Worldwide there are a material number of garnet deposits; however, few are hard rock deposits.

Garnet for industrial use was mined in 2004 by three firms in the US, one in Idaho and two in New York. The estimated value of crude garnet production was approximately US$3.21 million, while refined material sold or used had an estimated value of US$10.9 million.

The majority of the world's production (currently around 283,000 metric tons per annum) is from Western Australia, China, India and the US. In 2004, the US was a net importer of industrial garnet

Expectations as to growth of the garnet market vary, with garnet currently being in an expansionary phase as it replaces copper slag and silica sand as a blast medium. However, US garnet consumption decreased 39 per cent. in 2004, after an extraordinary spike in consumption caused mainly by stocks sales from a company that had ceased production in 2002 combined with higher garnet imports in 2003. Future demand is expected to be around the 50,000 metric tons level with modest growth.

Industries that consume garnet include the aircraft and motor vehicle manufacturers, ceramics and glass producers, electronic component manufacturers, filtration plants, the petroleum industry, shipbuilders, and wood-furniture-finishing operations.

Major end uses for garnet were abrasive blasting media, 35 per cent.; waterjet cutting, 30 per cent.; water filtration, 15 per cent.; abrasive powders, 10 per cent.; and other end uses, 10 per cent.

The air blast market and the water jet cutting industry are currently driving most of the growth in the industrial garnet market. Garnet is an environmentally friendly alternative to copper slag and silica, which have traditionally been used as a blast medium by these industries.

The garnet market is very competitive, and for that reason, there is a need to keep production costs to a minimum by developing deposits where garnet is produced in combination with other minerals. Demand is expected to rise owing to increased demand in blasting and other markets.

The wide price range of industrial garnet is based on the application, quality, quantity purchased, source, and type. Prices for crude garnet concentrate range from US$60 to US$190 and refined garnet material ranges from US$190 to US$560 per metric ton. Company management's projected per ton price for its garnet is within this range.

The industrial garnet values are influenced by the size and grade of reserves, the type and quality of garnet mined, the proximity of deposits to infrastructure and consumers, and the milling costs. Pricing within the garnet industry is very competitive, and suppliers must provide a high level of customer service. Most industrial-grade garnet mined in the US is almandine (iron-aluminum silicate) and pyrope (magnesium-aluminum silicate); some andradite (calcium-iron silicate) also is mined domestically.

2.5 *Wollastonite*

Wollastonite is an industrial mineral that can and does travel worldwide. Wollstonite has a number of diverse uses and is not considered a commodity mineral. There is currently an adequate supply of wollastonite in North America; however, there is more demand for high quality wollastonite. Pricing at the low end of the wollastonite market is very competitive.

In North America, the sole producers of wollastonite are NYCO Minerals Inc. ("NYCO") and R.T. Vanderbilt Co. Inc. ("Vanderbilt"). NYCO is the largest producer of wollastonite, but there has been an increase in lower cost wollastonite from India and China.

US wollastonite production in 2004 was essentially unchanged from that from 2003 and was estimated to be between 115,000 to 127,000 metric tons with consumption being unchanged. It is estimated the US exported 10,000 to 15,000 metric tons and imported between 4,000 and 5,000 metric tons of wollastonite in 2004. The apparent consumption of wollastonite in the US is 117,000 metric tons

The US imported 2,900 metric tons from China, 1,270 metric tons from India, 57 metric tons from Belgium, 57 metric tons from Finland, 22 metric tons from Mexico, and 21 metric tons from Canada, based on data from the Journal of Commerce Port Import/Export Memoranduming Service. Imports from China and Mexico are generally to be considered a form of lower-value wollastonite grades.

Worldwide production of wollastonite was estimated to be between 550,000 metric tons and 600,000 metric tons in 2004, with China comprising about 53 per cent. of the total. India, the US, Mexico and Finland were the other key producers, in decreasing order of quantity.

NYCO has two mining operations one in New York State (which also produces garnet as a secondary mineral) and a second mine in Mexico. The NYCO New York mine produces a high grade of wollastonite that is primarily use in plastics and filler in paint. The Mexico operation is a lower grade wollastonite deposit with a lower aspect ration and is primarily used in fluxes and ceramics. NYCO, a subsidiary of Fording Canadian Coal Trust, reported sales of 22,000 metric tons of wollastonite in the 1st quarter of 2005.

NYCO's annual sales of wollastonite totaled 82,000 metric tons in 2004, a 9% percent increase from the previous year. NYCO reports the wollastonite market has seen little growth since 2003, due to new low cost low quality supplies available from China and India. NYCO believes there to be a global oversupply of wollastonite. However, NYCO's average sale price for wollastonite has increased over the past three years from US$292 per metric ton in 2001 to US$425 per metric ton in 2004.

The Vanderbilt deposit, also located in New York, is a smaller deposit that is used solely for ceramics.

There is currently no production of Wollastonite on the West Coast of the US or in Canada.

At the lower end of the wollastonite market, proximity to end users has become more important as certain markets have substituted locally produced alternatives to wollastonite, such as calcium carbonate, to save on transportation costs.

Projections for wollastonite demand show sales for friction products and automotive plastics may increase slightly. Sales to ceramics, paint, and steel markets are not expected to change. Worldwide consumption is not expected to increase significantly in the near future.

Today, plastics and ceramics are the leading markets for wollastonite, followed by paint and asbestos substitutes. The US is the second largest producer of wollastonite after People's Republic of China. The US accounts for about 25 percent of the world's 600,000 metric tons of production. In general, US production grew steadily through the 1990's, although the rate of growth slowed toward the end of the decade due to competition from imports.

The plastics industry accounts for an estimated 37 per cent. of US wollastonite sales, followed by ceramics (28 per cent.), metallurgical applications (10 per cent.), paint (10 per cent.), friction products (9 per cent.), and miscellaneous (6 per cent.) in 1999. The nearly 20,000 plastics industry establishments operating in the US, in 2002, generated approximately US$26 billion in shipments. California is the dominant state in the US with respect to employment in the plastics sector.

Prices for domestically produced wollastonite range from US$205 to $375 per metric ton, but can be as high as $1,200 per metric ton dependent on the grade, type of wollastonite and the application. In 2004, NYCO reported that the average selling price for its wollastonite is roughly US$425 per metric ton. This NYCO average is likely to be represenatitive of sales of higher-grade wollastonite.

2.6 *Construction Grade Aggregate*

Sand, gravel and crushed stone are referred to as "aggregates". Aggregates are an essential raw material and the foundation of the construction process, and are used in a large variety of products. Aggregates are required for making Portland cement concrete and asphaltic concrete: essential substances for building and maintaining public and private infrastructure. Buildings, homes, hospitals, roads, airports, shopping centers, sewer and stormwater systems all depend on aggregates. Between 40 per cent. and 60 per cent. of all aggregates are used in public works projects. Sand, gravel and stone comprise nearly 90 per cent. of the materials needed to build federal, state, and local roads.

The economic value of aggregate does not fluctuate based on an external world market, but on local supply and demand. As other sources of aggregate in the region are consumed, the value of residual materials increases.

The value of an aggregate deposit is influenced as much by the location relative to construction demands as it is by the quality of the mineral. Transportation costs are an important determiner of the market in lower end aggregates. Proximity of consumption to source is very important in this market.

In areas lacking nearby aggregate sources, delivery charges may be greater than the sale price of the material at the plant site. This is a key factor underscoring the economic importance of maintaining local aggregate sources. In many cases, for each additional 30 miles of haul distance, the price per metric ton doubles. The California Department of Transportation reported an average contract price for aggregate base of US$16.19 per metric ton in the 1st quarter of 2005 based on contract prices gathered on project bids. The contract prices ranged from US$5.10 per metric ton to US$117.55 per metric ton, depending on grade and transportation costs.

According to The Rock Products Magazine, California aggregate suppliers are facing an already overcrowded highway system and increasing distances from the source to the end user. Residents do not want gravel pits in their community. In addition, haphazard community planning has been

the curse of the industry as valuable reserves have been built over. Rapid urbanization and improper planning has made the acquisition of desired high quality aggregates difficult. The status quo for meeting future demand in California is simply not sustainable.

Aggregate imports by barge and ship from Canada and Mexico to California continue to increase in the San Francisco and San Diego bay areas. In 2004, California imported approximately 2 million metric tons of sand and gravel, compared with 816,000 metric tons in 2001, a 160 per cent. increase. The trend of increasing imports to California are expected to continue to see significant growth due to the closure of Hanson Aggregates Mid Pacific Inc.'s Radum plant in Alameda County in 2001, which had previously produced more than 3.6 million metric tons per year of aggregate.

Canada is the largest exporter of crushed stone to the US due to its proximity and lower energy costs that impact processing costs. According to a recent Pacific Maritime Magazine article, movement of sand and aggregates into the San Francisco Bay Area and construction rock and aggregates into Los Angeles/Long Beach from British Columbia was made possible by the surging northbound gypsum trade from Mexico, which had been looking for southbound backhaul cargo for vessels, and the dwindling supplies of sand and aggregates from local quarries.

The National Stone, Sand and Gravel Association ("NSSGA") estimates that approximately 38,000 tons of aggregates are required to construct a one mile lane of a four lane interstate highway as aggregates make up more than 94 per cent. of asphalt and 80 per cent. of concrete.

The construction of the average home uses nearly 100 tons of aggregates; after adding the necessary neighborhood infrastructure, a 1,500 square foot home requires 328 tons of sand and gravel and 202 cubic yards of concrete. Statewide data show that every California resident uses about seven tons of aggregates per year.

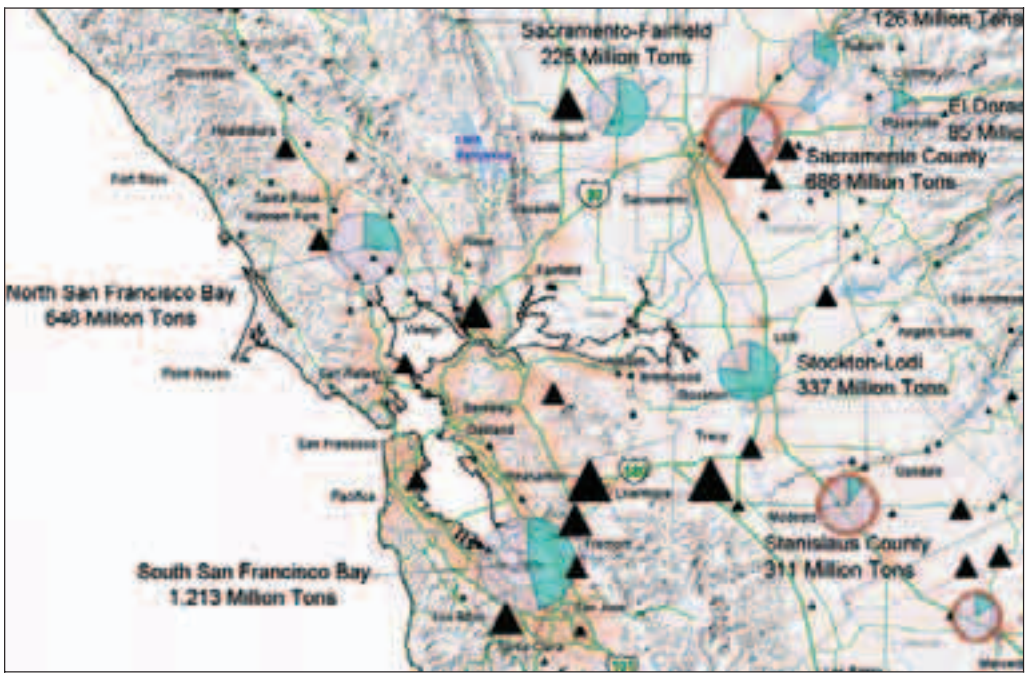
According to the USGS, in the US, construction sand and gravel valued at $6.3 billion was produced by an estimated 4,000 companies from about 6,500 operations in 50 States. Leading States, in order of decreasing tonnage, were California, Texas, Michigan, Arizona, Minnesota, Ohio, Colorado, Wisconsin, Washington, and Nevada, which together accounted for about 54 per cent. of the total output. It is estimated that about 52 per cent. of the 1.19 billion tons of construction sand and gravel produced in 2004 was for unspecified uses. Of the remaining total, about 44 per cent. was used as concrete aggregates; 22 per cent. for road base and coverings and road stabilization; 15 per cent. as construction fill; 13 per cent. as asphaltic concrete aggregates and other bituminous mixtures; 2 per cent. for concrete products, such as blocks, bricks, etc.; 2 per cent. for plaster and gunite sands; and the remaining 2 per cent. for snow and ice control, railroad ballast, roofing granules, filtration, and other miscellaneous uses.

According to the California Department of Conservation, there is an implied shortage of aggregates based on forecasted demand over the next 50 years in California. The following table illustrates fifty-year aggregates demand compared to current permitted aggregates resources in California. The highlighted lines show regions with less than ten years of permitted aggregates resource remaining:

County/Region	*50-year Demand (million tons)*	*Permitted Aggregate Resources (million tons)*	*Percentage of Permitted vs. Demand*
Tehama County	52	40	77%
Glenn County	79	56	71%
Sacramento-Fairfield Region	225	130	58%
North San Francisco Bay Region	648	178	27%
Stockton-Lodi Region	337	260	77%
South San Francisco Bay Region	1,213	564	46%
Eastern Merced County	98	15	15%
Western Merced County	49	>50	>100%

County/Region	*50-year Demand (million tons)*	*Permitted Aggregate Resources (million tons)*	*Percentage of Permitted vs. Demand*
Monterey Bay Region	381	243	64%
San Luis Obispo-Santa Barbara Region	99	93	94%
Saugus-Newhall Region	86	151	176%
Western Ventura County	141	0	0%
Simi Valley Region	116	129	111%
San Fernando Valley Region	646	confidential	<1%
San Gabriel Region	1,250	241	19%
Claremont-Upland Region	270	134	50%
Orange County	233	27	12%
Western San Diego County	1,099	275	25%
Temescal Valley Region	970	810	84%
Palm Springs Region	198	70	35%
San Bernardo Region	969	356	37%
Barstrow-Victorville Region	165	115	70%
Palmdale Region	172	216	126%
Baskersfield Region	246	167	68%
North Tulare County	107	12	11%
South Tulare County	77	196	255%
Fresno Region	565	98	17%
Stanislaus County	311	35	11%
Sacramento County	686	65	9%
El Dorado Region	85	13	15%
Placer County	126	43	34%
Nevada County	169	35	21%
Yuba City-Marrysville Region	30	>2000	>100%
Shasta County	118	28	24%

The following purple and blue pie diagrams show fifty-year aggregate demand compared to current permitted aggregate resources for the San Francisco Bay Area. The actual 50-year demand tonnage is shown on the map located next to the pie diagram. Red halos around the pie diagrams represent aggregated study areas with less than 10 years of permitted aggregate resources remaining. Aggregate production areas are shown on the map as black triangles. The relative size of each symbol corresponds to the amount of yearly production for each mine or group of mines.



Three solutions are available to local government officials to alleviate some of this apparent shortage:

1. *Issue more exploration/extraction permits.* Many factors render this solution impractical. Most residents have the "NIMBY" (i.e., Not In My Back Yard) attitude towards aggregate mining operations. Many residents lament the noise, potential impact to the environment, and esthetically unpleasant scenery, making the issuance of new permits an unpopular political move. This is further complicated by rapid urban expansion, as large metropolitan cities struggle to find nearby sources of aggregates to fuel growth.

2. *Increase usage of recycled aggregates.* The use of recycled aggregates has increased dramatically in recent years, mainly due to shortages of natural aggregates. However, according to the USGS, there has also been a shortage in supply of recycled aggregates in many parts of the US.

3. *Import aggregates from neighbouring counties, states and countries.* The obvious limitation of this solution is transportation costs. Often, trucking costs more than triple the actual FOB costs of aggregates, making the import of aggregates too expensive. As mentioned, however, importing aggregates from British Columbia has been proven economically viable, as the gypsum trade has created relatively inexpensive backhaul cargo opportunities for British Columbia producers. This appears to be a favourable solution for coastal metropolitan markets such as San Francisco and Los Angeles.

While there was no evidence of extreme shortage of aggregates in British Columbia, Washington and Oregon, industry participants confirmed that Puget Sound area (near Seattle, Washington State) imports aggregates from British Columbia. The ability to transport aggregates to key coastal market such as Seattle in a cost-effective manner will position the Company as a viable vendor.

The construction sand and gravel industry continues to be concerned with safety, health and environmental regulations. Movement of sand and gravel operations away from densely populated centers is expected to continue where local zoning, environmental, and land development regulations discourage sand and gravel operations. Consequently, shortages of construction sand and gravel in urban and industrialized areas also are expected to increase.

Sand and gravel resources of the world are large. However, because of their geographic distribution, environmental restrictions, and quality requirements for some uses, sand and gravel extraction is uneconomic in some cases. This is a positive factor for the Company given its tidewater location.

Pricing ranges significantly by application, type of aggregate and location. The California Department of Transportation reported an average contract price for aggregate base of US$16.19 per metric ton in the 1st quarter of 2005 based on contract prices gathered on project bids. The contract prices ranged from US$5.10 per metric ton to US$117.55 per metric ton, depending on grade and transportation costs.

III. General Conclusions

1. The current and projected size of the overall market for the Pan Pacific Products – specifically its limestone and dolomite – is large enough and growing at a rate so as to support the Company's projected operating performance per year over the next five years. Based on the identified, traditional limestone and dolomite markets in the western part of Canada and the west coast of the US are large enough so that the projections made by Pan Pacific management assumes a roughly 1.0 per cent. market share in year one, and does not grow beyond such percentage per year over the next five years.

2. While the markets for the Company's limestone and dolomite are fragmented and large enough to support the Company's projections, they do imply that Pan Pacific will have to be aggressive against increasing price competition in all Pan Pacific Targeted Market.

3. The authors of the Memorandum do foresee evidence supporting the Company's financial projections regarding its limestone and dolomite products. The authors of the Memorandum believe that the Company's limestone and dolomite projections are based on it not being a dominant company in the limestone or dolomite industry; and this is appropriate.

4. The current and projected size of the overall market for the Pan Pacific Products – specifically its gabbro – is large enough and growing at a rate so as to support the Company's projected operating performance per year over the next five years. Based on the identified, traditional black gabbro markets in the western part of Canada and the west coast of the US are large enough to support the projections made by Pan Pacific management.

5. The projections do assume a less than 1.0 per cent. market share of the gabbro market in year one, which does not grow beyond such percentage per year over the next five years. While the markets for the Company's are fragmented and large enough to support the Company's projections, they do imply that Pan Pacific will have to be aggressive against increasing supply.

6. The authors of the Memorandum do foresee evidence supporting the Company's financial projections regarding its gabbro products. The authors of the Memorandum believe that the Company's gabbro projections are based on it not being a dominant company in this market segment. This is appropriate.

7. The results and revenues forecasted by the Company will be, in large part, achieved through the dedication and performance of its management team, the effectiveness of its business and marketing programs, and the degree of market acceptance and demand for the Pan Pacific Products. Factors may arise (such as construction industry demand for such products), some of which may be beyond management's control, which may impede achievement of the projected business and revenue objectives. There can be no assurances that the Company will achieve its revenue objectives as planned.

8. The inability of the Company to establish and manage appropriate distribution and sales channels over time, or delays in securing an adequate number of distributors, would cause revenue delay problems for the Company and, therefore, adversely affect its operating results. Company management has indicated that the Company signed a letter of intent with a reputed marine transportation and logistics company to handle Pan Pacific's shipping requirements. Company management has also initiated high-level discussions with a number of potential partners regarding possible joint ventures on mining, processing and/or shipping operations.

9. A recognized economic indicator of worldwide shipping costs and capacity is the Baltic Dry Index ("BDI"), as prepared by the Baltic Exchange in London. According to the Baltic Exchange, the BDI is "an assessment of the price of moving the major raw materials by sea." Many analysts have taken high BDI levels as an indication to capacity constraints in the shipping industry. As of September 26, 2005, the BDI stood at 2,498, almost triple the level as at January 2001, but significantly less than the peak of 6,200 seen over the past 2 years. According to the Wall Street Journal, the recent decrease is due to a combination of stagnant worldwide demand for raw materials in general and an increase in the capacity of the shipping industry.

10. The Baltic Panamax Index ("BPI") may be a more relevant indicator of shipping cost level for the Company, as most large shipments of industrial minerals are shipped using Panamax vessels. The BPI is defined by the Baltic Exchange as "seven daily panamax vessel assessments including voyage and time charter rates." Similar to the BDI, BPI has declined to 2,276.42 as at September 26, 2005, almost double the index level as at January 2001, but significantly less than the peak of 6000 seen over the past 2 years. The drop in BDI and BPI indicate that competition from low cost, low quality minerals producing countries like China and India may put a downward pressure on the pricing level in the Pan Pacific Targeted Markets.

11. The Company is competing in a limestone/dolomite and gabbro markets at a time when the industrial mineral and aggregate pricing has been fairly consistent.

12. The Company's limestone/dolomite and gabbro products are suitable for the Western Canada and West Coast of the US and are in line with the trends occurring globally.

13. The current and expected US market for garnet is large enough to support the Company's projections. However, Pan Pacific has projected a material market share (16 per cent.) in the US in year 2, which may be aggressive given current market conditions. Since worldwide industrial garnet demand is expected to grow at a rate of 3 per cent. to 5 per cent. per year during the next 5 years, it is prudent for the Company to market its industrial garnet worldwide to support the projections. Pricing is however competitive arising from large deposits in Australia, China, and India. One of the advantages of the garnet market is that many customers, for example municipalities that use fine garnet in municipal water filtration systems, require a long-term guarantee of garnet availability.

14. Overall, worldwide demand for garnet has been healthy and prices have strengthened. The wide price range of industrial garnet is based on the application, quality, quantity purchased, source, and type. Prices for crude garnet concentrate ranges from $60 to $190 and refined garnet material ranges from $190 to $560 per metric ton.

15. While the wollastonite market has seen nominal growth over the past two years, there does exist for the Company an opportunity along the West Coast of the US, particularly the California market. The sole producer of wollastonite in the US is located in New York. With California's large plastics industry and the proximity of the Company to California, there is an opportunity for the sale of wollastonite to this market.

16. The market for high-end wollastonite continues to grow despite increases in supply of lower-grade wollastonite from China and India. The Company will likely need to focus on product quality in this market to avoid downward price pressure.

17. A significant opportunity exists for aggregates in the Pan Pacific Targeted markets. This is especially true for the California markets over the next 50 years. Natural aggregates, which consist of crushed stone and sand and gravel, are among the most abundant natural resources and a major basic raw material used by construction, agriculture, and industries employing complex chemical and metallurgical processes. California, in particular coastal locations, is a significant net importer of aggregates. The proximity to this market is a significant advantage for Pan Pacific given the high land transportation costs associated with aggregates.

18. There have been documented cases of British Columbia aggregates producers taking advantage of this southbound backhaul cargo need. According to the Pacific Maritime Magazine, Canadian Steamship Lines ("CSL") has been transporting large sums of aggregates from Hanson PLC and Lehigh Cement from British Columbia to San Francisco and Los Angeles/Long Beach as southbound backhaul cargo.

19. While there was no evidence of extreme shortage of aggregates in British Columbia, Washington and Oregon, industry participants confirmed that Puget Sound area (near Seattle, Washington State) imports aggregates from British Columbia. The ability to transport aggregates to key coastal market such as Seattle in a cost-effective manner will position the Company as a viable vendor.

20. Prices for construction aggregate vary dramatically from region to region and by application. The Company will need to carefully monitor changes in prices as aggregates are largely seen as a commodity and are subject to price competition.

21. Company management believes the superior quality of the Pan Pacific Minerals will allow the Company to quote prices in the upper end of the price range. In this regard, the Company will retained independent laboratories to prepare provide assessments as to the quality of the Pan Pacific Minerals.

22. The Company's ability to quote prices in the upper end of the price range may also be supported by the level of beneficiation that the Company plans to perform on the Pan Pacific Minerals. As at September 26, 2005, the Company has not yet finalized the range of grades and sizes of Pan Pacific Minerals to be offered for sale.

23. Market prices for the Pan Pacific Minerals are also largely dependent on transportation costs. In the past 3 to 4 years, industry participants have observed pressure on the prices of the Pan Pacific Minerals caused by rising transportation costs. According to the Baltic Panamax Index ("BPI"), worldwide shipping costs more than tripled from 2001 to 2004. In July of 2005, the BPI has declined to the 2003 level. This is positive given the Company's location as a tidewater quarry.

24. Company management has begun investigating the possibility of supplying high end products (i.e. limestone, dolomite, gabbros and wollastonite) to Asian countries including China and Japan. The Company's ability of to produce high-grade minerals and market prevailing shipping rates will be a large determinant in the Company's ability to develop these markets.

25. The Company's marketing efforts in the Pacific Rim appear to be supported by the BC Provincial and the Federal government. In a 2004 report by the Intergovernmental Working Group on the Mineral Industry, it is stated that "growing California aggregate markets and demand for minerals from Pacific Rim countries, which have insatiable long-term appetites for minerals, provide strong incentive to develop and export minerals from the province. A continuous stream of new government initiatives focuses on improving the province's competitive position and attracting exploration and mining investment."

IV. Appendices

Appendix 1 – Report certificate

The Memorandum preparation, and related fieldwork and due diligence investigations, were carried out by Mr. Michael A. Evans, Mr. Richard W. Evans and Ms. Jennifer Lucas.

A. *Name, Address and Occupation*

Michael A. Evans, Principal
Richard W. Evans, Principal
Jennifer Lucas, Partner
Evans & Evans, Inc.
1610-400 Burrard Street
Vancouver, BC V6C 3G2

B. *Educational Background*

Mr. Michael A. Evans holds: a Bachelor of Business Administration degree from Simon Fraser University, British Columbia (1981); a Master's degree in Business Administration from the University of Portland, Oregon (1983) where he graduated with honours; and the professional designations of Chartered Financial Analyst (CFA) and Chartered Business Valuator (CBV). Mr. Evans is a member of the Association for Investment Management and Research (AIMR), the Institute of Chartered Financial Analysts (ICFA), the Vancouver Society of Financial Analysts (VSFA) and the Canadian Institute of Chartered Business Valuators (CICBV). He is also a member in good standing with the American Society of Appraisers.

Mr. Richard W. Evans holds: a Bachelor of Business Administration degree from Simon Fraser University, British Columbia (1981); a Master's degree in Business Administration from the University of Portland, Oregon (1984) where he graduated with honours. Mr. Evans holds the professional designation of Chartered Business Valuator (CBV). Mr. Evans is a member of the Canadian Institute of Chartered Business Valuators (CICBV). He is also a member in good standing with the American Society of Appraisers.

Ms. Lucas holds: a Bachelor of Commerce degree from the University of Saskatchewan (1993) and a Masters in Business Administration degree from the University of British Columbia (1995). Ms. Lucas holds the professional designation of Chartered Business Valuator and is a member of the Canadian Institute of Chartered Business Valuators. She is also a member in good standing with the American Society of Appraisers.

C. *Employment History*

Mr. Michael A. Evans, Principal, founded Evans & Evans, Inc. in 1989. For the past fifteen years, he has been extensively involved in the financial services and management consulting fields in Vancouver where he was a Vice-President of two firms, The Genesis Group (1986-1989) and Western Venture Development Corporation (1989-1990). Over this period he has been involved in the preparation of over 200 technical and assessment reports, business plans, business valuations, and feasibility studies for submission to the Vancouver Stock Exchange and the British Columbia Securities Commission as well as for private purposes. Formerly, he spent three years in the computer industry in Western Canada with Wang Canada Limited (1983-1986) where he worked in the areas of marketing and sales. Mr. Evans also possesses several years' management experience in the food services industry with McDonald's Restaurants of Canada Ltd. in Richmond, British Columbia (1977-1980). Mr. Evans is a recent Instructor at the British Columbia Institute of Technology in the Faculty of Business.

Richard W. Evans, Principal, began full-time work with Evans & Evans, Inc. in 1992. Since that time he has been involved in the financial services and management consulting fields and has been involved in the preparation of over 450 technical and assessment reports, business plans, business valuations, and feasibility studies for submission to the Vancouver and Alberta Stock Exchanges and the British Columbia and Alberta Securities Commissions as well as for private purposes.

For ten years previous to this, he was extensively involved in the computer industry in Vancouver where he served for two years as the General Manager of Sidus Systems Inc. responsible for the company's C$15 million business operation in Western Canada. Previous to this, he spent eight years with Digital Equipment of Canada Limited where he was laterally involved in a sales, marketing and management capacity in the company's direct and channel organizations. In his capacity with Digital and Sidus he was involved in assessing and assisting various technology companies with their marketing and financial operations. Furthermore, he was involved with over fifty software, hardware and telecommunications organizations in establishing various OEM, distribution and VAR marketing agreements with Digital and Sidus.

During his tenure with Digital he initially held positions as Technical Service and Support Analyst as well as System Integration Project Manager. As a Technical Service and Support Analyst he was responsible for reviewing various mainframe, mini-computer and PC software and network applications as well as supporting a variety of Digital software applications.

Ms. Jennifer Lucas, MBA, CBV joined Evans & Evans in 1997. Ms. Lucas possesses several years of relevant experience as an analyst in the public and private sector in British Columbia and Saskatchewan. Her background includes working for the Office of the Superintendent of Financial Institutions of British Columbia as a Financial Analyst. Ms. Lucas has also gained experience in the Personal Security and Telecommunications industries. For the past seven years at Evans & Evans Ms. Lucas has been involved in writing and reviewing over two hundred valuation and due diligence reports for public and private transactions.

Signed,
Evans & Evans, Inc.

The reader should note that when referring to any part of this Memorandum, he/she must be advised to read the memorandum in its entirety in order to understand all aspects of the assessments contained within the document.

PART V

Financial information relating to the Group

A – Accountant's report on the Company and Pan Pacific Aggregates Ltd.

BDO Stoy Hayward
Chartered Accountants

BDO Stoy Hayward LLP
8 Baker Street
London W1U 3LL

The Directors
Pan Pacific Aggregates plc
7 Devonshire Square
Cutlers Gardens
London
EC2M 4YH

The Directors
Insinger de Beaufort
131 Finsbury Pavement
London
EC2A 1NT

● December 2005

Dear Sirs

Pan Pacific Aggregates plc and Pan Pacific Aggregates Ltd. ("the Companies")

We report on the financial information set out below. This financial information has been prepared for inclusion in Section B of Part V of the admission document dated ● December 2005 of Pan Pacific Aggregates plc (the "Admission Document"). This report is required by paragraph (a) of Schedule Two of the AIM Rules and is given for the purposes of complying with the AIM Rules and for no other purpose.

Responsibilities

As described in Section B of Part V of the Admission Document, the directors of Pan Pacific Aggregates plc are responsible for preparing the financial information on the Companies on the basis of preparation set out in Note 1 to the financial information and in accordance with applicable UK accounting standards.

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

Basis of opinion

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

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

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Companies as at the date stated and of their loss for the period then ended in accordance with the basis of preparation set out in Note 1 and has been prepared in accordance with applicable UK accounting standards.

Declaration

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

Yours faithfully

BDO Stoy Hayward LLP
Chartered Accountants

B – Financial Information on the Company and Pan Pacific Aggregates Ltd.

Responsibility

The directors of Pan Pacific Aggregates plc are responsible for preparing the financial information for the period from 13 December 2004 to 31 December 2004 on the basis of preparation set out in Note 1 to the financial information and in accordance with applicable UK accounting standards.

Profit and loss account

	Notes	*Period ended 31 December 2004* £
Administrative expenses		(13,950)
Operating loss		(13,950)
Interest receivable		101
Loss on ordinary activities before and after taxation, reserves carried forward as at 31 December 2004	9	(13,849)
Loss per share – basic	5	£0.0007

All amounts relate to continuing activities.

There were no other recognised gains and losses during the period.

Balance sheet

	Notes	*As at 31 December 2004* £
Current assets		
Debtors	6	472,888
Cash at bank and in hand		204,686
		677,574
Creditors: amounts falling due within one year	7	
Convertible debt		(147,734)
Other		(493,689)
		(641,423)
Total assets less current liabilities		36,151
Capital and reserves		
Called up share capital	8	50,000
Profit and loss account (deficit)	9	(13,849)
Shareholders' funds – equity		36,151

Cash flow statement

	Notes	*Period ended 31 December 2004* £
Cash flow from operating activities	12	6,851
Returns on investment and servicing of finance		
Interest received		101
Cash inflow before use of liquid resources and financing		6,952
Financing		
Issue of convertible debentures		147,734
Proceeds from issue of shares		50,000
		197,734
Net cash at 31 December 2004	13	204,686

Notes to the financial information

1. Accounting policies

The financial information has been prepared under the historical cost convention and in accordance with applicable accounting standards. The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial information:

Basis of consolidation

The consolidated financial information incorporates the results of Pan Pacific Aggregates plc and Pan Pacific Aggregates Ltd as at 31 December 2004 using the acquisition method of accounting.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the Companies anticipate making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets are translated into £ at the rates of exchange ruling on the balance sheet date. Any group company operations denominated in currencies other than £ are considered to be overseas operations. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings and from translating the profit and loss account at an average rate are taken to reserves.

All other differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings, which, to the extent that they are used to finance or provide a hedge against foreign equity investments, are taken directly to reserves to the extent of the exchange difference arising on the net investment in these enterprises. Tax charges or credits that are directly and solely attributable to such exchange differences are also taken to reserves.

Finance costs

Finance costs are charged to the profit and loss account over the term of the debt so that the amount charged is at a constant rate on the carrying amount. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument.

Convertible debt

The premium payable on redemption of convertible debt is charged annually to the profit and loss account over the term of the debt so that it represents a constant proportion of the balance of debt outstanding.

On conversion, the total value of the shares allotted is treated as the carrying value of the loan stock. The excess over the nominal value of the shares is taken to the share premium account.

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment.

The need for any fixed asset impairment write down is assessed by comparing the carrying value of the asset against the higher of its realisable value and value in use.

Liquid resources

For the purposes of the cash flow statement, liquid resources are defined on current asset investments and short term deposits.

2. Employees

The average number of employees during the period, including executive directors, was 1.

There were no staff costs in the period.

3. Directors

No director's remuneration was paid during the period.

4. Taxation on loss from ordinary activities

	Period ended 31 December 2004 £
UK corporation tax in respect of the period	—
Taxation on loss on ordinary activities	—

The tax assessed for the period is different than the standard rate of corporation tax in the UK. The differences are explained below:

	Period ended 31 December 2004 £
Loss on ordinary activities before tax	(13,849)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30%	(4,155)
Tax losses carried forward	4,155
Current tax charge for the period	—

Factors that may affect future tax charges

At 31 December 2004, the Companies had tax losses of £4,155 carried forward which will be utilised against future profits.

5. Loss per share

Loss per ordinary share has been calculated using the weighted average number of shares in issue during the financial period. The weighted average number of equity shares in issue and the earnings, being loss after tax, are 20,000,000 and (£13,849) respectively.

6. Debtors

	As at 31 December 2004 £
Trade debtors	654
Other debtors	472,234
	472,888

All amounts fall due for payment within one year.

7. Creditors

Amounts falling due within one year

	As at 31 December 2004 £
Convertible debt	
Convertible loan stock	147,734
Other	
Trade creditors	491,515
Accruals	2,174
	493,689

The convertible loan stock outstanding may be converted at the lender's discretion at any time prior to 31 December 2005 into fully paid ordinary shares in the Company of such number at a price of CS$0.68 per ordinary share equal in value to the balance outstanding. On 21 June 2005, the convertible loan stock was converted into 936,764 ordinary shares of £0.001.

8. Share capital

	Authorised Number	*Allotted, called up and fully paid Number*
Ordinary shares of £0.001 each	100,000,000	50,000,000
	£	£
Ordinary shares of £0.001 each	100,000	50,000

On incorporation on 13 December 2004, two ordinary shares of £0.001 each were issued. On 23 December 2004, a further 49,999,998 ordinary shares of £0.001 were issued at par for cash. Details of share and warrant issues subsequent to 31 December 2004 are set out in paragraph 3 of Part VII.

9. Reserves

	Profit and loss account £	*Total* £
Loss for the period	(13,849)	(13,849)
At 31 December 2004	(13,849)	(13,849)

10. Reconciliation of movements in shareholders' funds

	£
At the beginning of the period	—
Issue of shares	50,000
Loss for the period	(13,849)
At 31 December 2004	36,151

11. Capital commitments

There were no capital commitments as at 31 December 2004.

12. Reconciliation of operating loss to net cash flow from operating activities

	Period ended 31 December 2004 £
Operating loss	(13,950)
Increase in creditors	493,689
(Increase) in debtors	(472,888)
Net cash flow from operating activities	6,851

13. Reconciliation of net cash flow to movement in net funds

	Period ended 31 December 2004 £
Increase in cash in the period	204,686
Closing net funds	204,686

14. Analysis of changes in net funds

	At start of the period £	*Cash flow* £	*At the end of the period* £
31 December 2004			
Cash	—	204,686	204,686

15. Related party transactions

During the period, an amount of £3,059 (CS$7,000) was paid to MTI Holdings Ltd., a company in which Donald Nicholson is a director. There were no balances outstanding at the period end.

16. Post balance sheet events

Since the period end, Pan Pacific Aggregates plc has acquired a 100 per cent. interest in Global Industrial Services Canada Inc. a company registered in British Columbia. Consideration of £306,040 was paid along with the assumption of certain indebtedness and future production royalty payments. Global Industrial Services Canada Inc. owns mineral claims on the Sechelt Peninsula in Canada.

In addition, Pan Pacific Aggregates plc acquired a 97.3 per cent. interest in Consolidated Tri-Sil Minerals Inc. a company registered in British Columbia. Consolidated Tri-Sil Minerals Inc. was acquired through the conversion of purchased debt totalling £469,511 (CS$1,089,099) into ordinary shares of Consolidated Tri-Sil Minerals Inc.

In addition, the convertible loan stock was converted into 701,505 Ordinary Shares subsequent to 31 December 2004.

C – Accountant's report on Consolidated Tri-Sil Minerals Inc.

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● December 2005

Dear Sirs

Consolidated Tri-Sil Minerals Inc. ("Tri-Sil")

We report on the financial information set out below. This financial information has been prepared for inclusion in Section D of Part V of the admission document dated ● December 2005 of Pan Pacific Aggregates plc (the "Admission Document"). This report is required by paragraph (a) of Schedule Two of the AIM Rules and is given for purpose of complying with the AIM Rules and for no other purpose.

Responsibilities

As described in Section D of Part V of the Admission Document, the directors of Pan Pacific Aggregates plc are responsible for preparing the financial information on Tri-Sil on the basis of preparation set out in Note 1 to the financial information and in accordance with applicable UK accounting standards.

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

Basis of opinion

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

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

Fundamental uncertainty – going concern

In forming our opinion, we have considered the adequacy of the disclosure made in Note 1 to the financial information concerning the preparation of the financial information on Tri-Sil on a going concern basis which depends on the Company securing sufficient funding in the Placing.

In view of the significance of this uncertainty, we consider it should be drawn to your attention but our opinion is not qualified in this respect.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of Tri-Sil as at the dates stated and of its losses for the periods then ended in accordance with the basis of preparation set out in Note 1 and has been prepared in accordance with applicable UK accounting standards.

Declaration

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

Yours faithfully

BDO Stoy Hayward LLP
Chartered Accountants

D – Financial Information on Consolidated Tri-Sil Minerals Inc.

Responsibility

The directors of Pan Pacific Aggregates plc are responsible for preparing the financial information on the basis of preparation set out in Note 1 to the financial information and in accordance with applicable UK accounting standards.

Profit and loss accounts

	Notes	*Year ended 30 September 2002 CS$*	*Year ended 30 September 2003 CS$*	*Year ended 30 September 2004 CS$*	*Three months ended 31 December 2004 CS$*
Administrative expenses		(85,017)	(114,461)	(89,323)	(4,716)
Operating loss		(85,017)	(114,461)	(89,323)	(4,716)
Interest payable and similar charges		(16,932)	(18,993)	(17,800)	—
Loss on ordinary activities before and after taxation	11	(101,949)	(133,454)	(107,123)	(4,716)

All amounts relate to continuing activities.

There were no other recognised gains and losses during the period.

Consolidated balance sheets

	Notes	*As at 30 September 2002* CS$	*As at 30 September 2003* CS$	*As at 30 September 2004* CS$	*As at 31 December 2004* CS$
Fixed assets					
Intangible assets	6	33,200	61,100	164,292	222,819
Investments	7	4,000	4,000	4,000	4,000
		37,200	65,100	168,292	226,819
Current assets					
Debtors	8	2,324	4,277	10,332	10,976
Cash at bank and in hand		7	5,258	—	1,688
		2,331	9,535	10,332	12,664
Creditors: amounts falling due within one year	9	(674,112)	(842,670)	(1,053,782)	(1,119,357)
Net current liabilities		(634,581)	(768,035)	(875,158)	(879,874)
Capital and reserves					
Called up share capital	10	—	—	—	—
Share premium account	11	2,496,343	2,496,343	2,496,343	2,496,343
Other reserve	11	3,000	3,000	3,000	3,000
Profit and loss account (deficit)	11	(3,133,924)	(3,267,378)	(3,374,501)	(3,379,217)
Shareholders' deficit	12	(634,581)	(768,035)	(875,158)	(879,874)

Consolidated cash flow statements

	Notes	*Year ended 30 September 2002* CS$	*Year ended 30 September 2003* CS$	*Year ended 30 September 2004* CS$	*Three months ended 31 December 2004* CS$
Cash(outflow)/inflow from operating activities	14	(171)	33,151	93,168	64,981
Capital expenditure and financial investment					
Payments to acquire intangible fixed assets		—	(27,900)	(103,192)	(58,527)
(Decrease)/increase in cash	15	(171)	5,251	(10,024)	6,454

Notes to the consolidated financial information

1. Accounting policies

The financial information has been prepared under the historical cost convention and in accordance with guidance in the Statement of Recommended Practice "Accounting for oil and gas exploration, development productions and decommissioning activities" and is in accordance with applicable accounting standards. The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial information:

Going concern

The financial information has been prepared on the going concern basis as the directors consider that the future funding available to the Group will provide sufficient resources to allow Tri-Sil to continue to trade.

Turnover

Turnover represents sales to outside customers at invoiced amounts less sales tax.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the Group anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets are translated into CS$ at the rates of exchange ruling on the balance sheet date. Any group company operations denominated in currencies other than CS$ are considered to be overseas operations. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings and from translating the profit and loss account at an average rate are taken to reserves.

All other differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings, which, to the extent that they are used to finance or provide a hedge against foreign equity investments, are taken directly to reserves to the extent of the exchange difference arising on the net investment in these enterprises. Tax charges or credits that are directly and solely attributable to such exchange differences are also taken to reserves.

Finance costs

Finance costs are charged to the profit and loss account over the term of the debt so that the amount charged is at a constant rate on the carrying amount. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument.

Intangible assets

Development and exploration expenditure is capitalised, using full cost accounting where the Directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases the identifiable expenditure is deferred and amortised over the period during which the company is expected to benefit, being the economic useful life of the asset. Provision is made for impairment, where the Directors deem it necessary.

Treatment of exploration rights

Licences for the exploration of natural resources will be amortised over the life of the period of the licence and the estimated life of the commercial ore reserves on a unit of production basis.

Provision for abandonment costs

Provision for abandonment costs is recognised at the commencement of mining. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. A corresponding tangible fixed asset of an amount equivalent to the provision is also created. This is subsequently depreciated as part of the capital costs of production. Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the fixed assets.

Liquid resources

For the purposes of the cash flow statement, liquid resources are defined as current asset investments and short term deposits.

2. Segmental analysis

All activities relate to the exploitation of mineral rights and are based in Canada.

3. Employees

There were no employees of the company during the period and accordingly no staff costs arose.

4. Directors

The directors received no remuneration in the period.

5. Taxation on loss from ordinary activities

	Year ended 30 September 2002 CS$	*Year ended 30 September 2003 CS$*	*Year ended 30 September 2004 CS$*	*Three months ended 31 December 2004 CS$*
Canadian corporation tax in respect of the period	—	—	—	—
Taxation on loss on ordinary activities	—	—	—	—

The tax assessed for the period is different to the standard rate of corporation tax in Canada. The differences are explained below:

	Year ended 30 September 2002 CS$	*Year ended 30 September 2003 CS$*	*Year ended 30 September 2004 CS$*	*Three months ended 31 December 2004 CS$*
Loss on ordinary activities before tax	(101,949)	(133,454)	(107,123)	(4,716)
Loss on ordinary activities at the standard rate of corporation tax in the Canada of 36%	(36,702)	(48,043)	(38,564)	(1,698)
Tax losses carried forward	36,702	48,043	38,564	1,698
Current tax charge for the period	—	—	—	—

Factors that may affect future tax charges

At 31 December 2004, Tri-Sil had Canadian tax losses of CS$208,650 carried forward which will be utilised against future profits. The company has Canadian non-capital losses carried forward which are available to reduce future taxation income of approximately CS$585,767.

6. Intangible assets

	Mining assets CS$
Cost at 30 September 2001	—
Additions	33,200
At 30 September 2002	33,200
Additions	27,900
At 30 September 2003	61,100
Additions	103,192
At 30 September 2004	164,292
Additions	58,527
At 31 December 2004	222,819
Net book value	
At 31 December 2004	222,819
At 30 September 2004	164,292
At 30 September 2003	61,100
At 30 September 2002	33,200

7. Fixed asset investments

	Joint venture CS$
Cost	
On acquisition and at end of each period	4,000

The investment relates to a Guaranteed Investment Certificate which provides security for a reclamation bond covering certain mineral claims.

8. Debtors

	As at 30 September 2002 CS$	*As at 30 September 2003 CS$*	*As at 30 September 2004 CS$*	*As at 31 December 2004 CS$*
Trade debtors	2,324	4,277	10,332	10,976
	2,324	4,277	10,332	10,976

All amounts fall due for payment within one year.

9. Creditors

Amounts falling due within one year

	As at 30 September 2002 CS$	*As at 30 September 2003 CS$*	*As at 30 September 2004 CS$*	*As at 31 December 2004 CS$*
Bank overdraft	—	—	4,766	—
Trade creditors	320,656	420,751	587,996	4,757
Other loans	341,956	396,419	435,520	—
Other creditors	11,500	25,500	25,500	1,114,600
	674,112	842,670	1,053,782	1,119,357

Included within other creditors at 31 December 2004 is an amount of CS$1,089,100 which was assigned to Pan Pacific Aggregates plc post year end (see note 18).

10. Share capital

	Authorised Number	*Allotted, called up and fully paid Number*
Ordinary shares without par value	10,000,000	9,448,220

On 2 March 2005 the authorised share capital of 10,000,000 was consolidated to 1,000,000 common shares, then subsequently divided into 100,000,000 common shares.

11. Reserves

	Share premium account CS$	*Other reserves CS$*	*Profit and loss account CS$*	*Total CS$*
At 30 September 2001	2,496,343	3,000	(3,031,975)	(532,632)
Loss for the period	—	—	(101,949)	(101,949)
At 30 September 2002	2,496,343	3,000	(3,133,924)	(634,581)
Loss for the year	—	—	(133,454)	(133,454)
At 30 September 2003	2,496,343	3,000	(3,267,378)	(768,035)
Loss for the year	—	—	(107,123)	(107,123)
At 30 September 2004	2,496,343	3,000	(3,374,501)	(875,158)
Loss for the period	—	—	(4,716)	(4,716)
At 31 December 2004	2,496,343	3,000	(3,379,217)	(879,874)

12. Reconciliation of movements in shareholders' deficit

	CS$
At 30 September 2001	(532,632)
Loss for the period	(101,949)
At 30 September 2002	(634,581)
Loss for the year	(133,454)
At 30 September 2003	(768,035)
Loss for the year	(107,123)
At 30 September 2004	(875,158)
Loss for the period	(4,716)
At 31 December 2004	(879,874)

13. Capital commitments

There were no capital commitments as at 31 December 2004.

14. Reconciliation of operating loss to net cash flow from operating activities

	Year ended 30 September 2002 CS$	*Year ended 30 September 2003 CS$*	*Year ended 30 September 2004 CS$*	*Three months ended 31 December 2004 CS$*
Operating loss	(101,949)	(133,454)	(107,123)	(4,716)
Increase in debtors	—	(1,953)	(6,055)	(644)
Increase in creditors	101,778	168,558	206,346	70,341
Net cash (outflow)/inflow from operating activities	(171)	33,151	93,168	64,981

15. Reconciliation of net cash flow to movement in net funds/(debt)

	Year ended 30 September 2002 CS$	*Year ended 30 September 2003 CS$*	*Year ended 30 September 2004 CS$*	*Three months ended 31 December 2004 CS$*
Opening net funds/(debt)	178	7	5,258	(4,766)
(Decrease)/increase in cash in the period	(171)	5,251	(10,024)	6,454
Closing net funds/(debt)	7	5,258	(4,766)	1,688

16. Analysis of changes in net funds

	At start of the period CS$	*Cash flow CS$*	*At the end of the period CS$*
30 September 2002	178	(171)	7
30 September 2003	7	5,251	5,258
30 September 2004	5,258	(10,024)	(4,766)
31 December 2004	(4,766)	6,454	1,688

17. Related party transactions

The following balances were outstanding as detailed below:

	30 September 2002 CS$	*30 September 2003 CS$*	*30 September 2004 CS$*	*31 December 2004 CS$*
Due to officers and directors, interest at 7% per annum	341,956	396,419	435,520	—

All balances are disclosed within other loans in note 9.

Included within the profit and loss account are the following amounts paid to directors of officers of the company.

	30 September 2002 CS$	*30 September 2003 CS$*	*30 September 2004 CS$*	*31 December 2004 CS$*
Interest payable	16,932	18,993	17,800	—
Management fees	24,480	35,480	21,301	—

18. Post balance sheet events

On 23 December 2004, an amount of CS$1,089,100 included within other creditors was assigned to Pan Pacific Aggregates plc. Subsequent to 31 December 2004, Pan Pacific Aggregates plc converted this amount to 36,303,352 common shares in Consolidated Tri-Sil Minerals Inc. at CS$0.03 per share.

E – Accountant's report on Global Industrial Services Canada Inc.

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● December 2005

The Directors
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Dear Sirs

Global Industrial Services Canada, Inc. ("GISC")

We report on the financial information set out below. This financial information has been prepared for inclusion in Section F of Part V of the admission document dated ● December 2005 of Pan Pacific Aggregates plc (the "Admission Document"). This report is required by paragraph (a) of Schedule Two of the AIM Rules and is given for the purpose of complying with the AIM Rules and for no other purpose.

Responsibilities

As described in Section F of Part V of the Admission Document, the directors of Pan Pacific Aggregates plc are responsible for preparing the financial information on GISC on the basis of preparation set out in Note 1 to the financial information and in accordance with applicable UK accounting standards.

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

Basis of opinion

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

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

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of GISC as at the date stated and of its result for the period then ended in accordance with the basis of preparation set out in Note 1 and has been prepared in accordance with applicable UK accounting standards.

Declaration

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

Yours faithfully

BDO Stoy Hayward LLP
Chartered Accountants

F – Financial Information on Global Industrial Services Canada Inc.

Responsibility

The directors of Pan Pacific Aggregates plc are responsible for preparing the financial information from the date of incorporation of GISC on 17 June 2003 to 31 December 2004 on the basis of preparation set out in Note 1 to the financial information and in accordance with applicable UK accounting standards.

Profit and loss account

	Period ended 31 December 2004 CS$
Administrative expenses	—
Loss on ordinary activities before and after taxation, reserves carried forward as at 31 December 2004	—

There were no other recognised gains and losses during the period.

Balance sheet

	Notes	*As at 31 December 2004 CS$*
Current assets		
Debtors	4	1
Net current assets		1
Capital and reserves		
Called up share capital	5	—
Share premium account	6	1
Shareholders' funds – equity	7	1

Notes to the financial information

1. Accounting policies

The financial information has been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice "Accounting for oil and gas exploration, development productions and decommissioning activities" and is in accordance with applicable accounting standards. The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial information:

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets are translated into CS$ at the rates of exchange ruling on the balance sheet date. Any group company operations denominated in currencies other than CS$ are considered to be overseas operations. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings and from translating the profit and loss account at an average rate are taken to reserves.

All other differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings, which, to the extent that they are used to finance or provide a hedge against foreign equity investments, are taken directly to reserves to the extent of the exchange difference arising on the net investment in these enterprises. Tax charges or credits that are directly and solely attributable to such exchange differences are also taken to reserves.

Finance costs

Finance costs are charged to the profit and loss account over the term of the debt so that the amount charged is at a constant rate on the carrying amount. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument.

Intangible assets

Development and exploration expenditure is capitalised, using full cost accounting where the Directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases the identifiable expenditure is deferred and amortised over the period during which the company is expected to benefit, being the economic useful life of the asset. Provision is made for impairment, where the directors deem it necessary.

Treatment of exploration rights

Licences for the exploration of natural resources will be amortised over the life of the period of the licence and the estimated life of the commercial ore reserves on a unit of production basis.

Liquid resources

For the purposes of the cash flow statement, liquid resources are defined as current asset investments and short term deposits.

2. Employees

There were no employees of the company during the period.

There were no staff costs or directors' remuneration in the period. Staff costs and directors' remuneration are borne by another group company.

3. Taxation on loss from ordinary activities

	Period ended 31 December 2004 CS$
Canadian corporation tax in respect of the period	—
Taxation on loss on ordinary activities	—

There was no tax for the period as the company did not trade.

4. Debtors

	As at 31 December 2004 CS$
Other debtors	1
	1

All amounts fall due for payment within one year.

5. Share capital

	Authorised Number	*Allotted, called up and fully paid Number*
Ordinary shares without par value	1,000,000	1

6. Reserves

	Share premium account CS$	*Total CS$*
On issue of ordinary shares	1	1
Loss for the period	—	—
At 31 December 2004	1	1

7. Reconciliation of movements in shareholders' funds

	Period ended 31 December 2004 CS$
At the beginning of the period	—
Premium on issue of shares	1
Loss for the period	—
At 31 December 2004	1

8. Capital commitments

GISC is party to a Management Services Agreement with Global Industrial Services, Inc. and Rudy C Riepe ("Riepe") dated 29 September 2003. The agreement requires a monthly payment of CS$5,000 to Riepe for a three year period commencing 1 October 2003. Prior to 1 January 2005, Global Industrial Services, Inc assumed the obligation to Riepe. From 1 January 2005 GISC assumed the obligation and assigned it to an affiliated company.

9. Post balance sheet events

On 29 September 2003, GISC entered into a Purchase and Sale Agreement (the "Agreement") subsequently modified by a series of four amendments, the last of which is dated 14 February 2005. The Agreement is between Rudy C Riepe ("Riepe") and GISC whereby GISC purchased all rights, title and interest of Riepe to a group of mineral claims located on the Sechelt Penninsula, British Columbia. The purchase price includes the following:

- CS$500,000 payable to or on behalf of Riepe;
- a 3 per cent. net smelter return royalty derived from the sale of any ores, concentrates or metals produced from the claims; and
- a royalty equal to:
    - CS$1.00 per dry metric tonne of material sold from the claims, up to CS$3m, payable quarterly from 1 January 2005; and thereafter
    - CS$0.50 per dry metric tonne of material sold at a price greater than CS$12 per tonne; and
    - CS$0.25 per dry metric tonne of material sold at less than CS$12.00 per tonne.

As at 30 June 2005 a total of CS$450,000 is payable pursuant to this Agreement of which CS$120,000 is due within the next twelve months.

An additional condition of the Agreement requires that GISC or its affiliates incur project expenditures of at least CS$1m on or before 31 December 2005.

On 31 March 2005 the share capital of GISC was purchased by Pan Pacific Aggregates plc.

PART VI

Unaudited interim financial information on the Group

Responsibility

The directors of Pan Pacific Aggregates plc are responsible for preparing the unaudited interim financial information on the Group for the six months ended 30 June 2005 set out in this Part VI.

Consolidated profit and loss account

	Notes	*Six months ended 30 June 2005* £
Other operating income		
Foreign exchange gain		85,107
Expenses		
Administrative expenses		(303,055)
Marketing expenses		(22,081)
Operating, technical and quality control expenses		(143,792)
		(468,928)
Loss for the period	2	(383,821)

Consolidated balance sheet

	Notes	*As at 30 June 2005* £
Intangible fixed assets	1	
Mineral rights		521,497
Unevaluated mining properties		1,032,594
		1,554,091
Current Assets		
Stock		13,866
Debtors		124,519
Cash at bank and in hand		120,793
		259,178
Creditors: amounts falling due within one year		
Trade creditors and accruals		(420,946)
Net current liabilities		(161,768)
Total assets less current liabilities		1,392,323
Creditors: amounts falling due after one year		(150,183)
Net assets		1,242,140
Capital and reserves		
Called up share capital	2	56,493
Share premium account	2	1,661,710
Cumulative translation adjustment	2	(78,882)
Retained earnings (deficit)	2	(397,670)
Shareholders' funds		1,241,651
Minority interest		489
		1,242,140

Unaudited summarised cashflow statement

	Notes	*Six months ended 30 June 2005* £
Net cash flow from operating activities	3	(1,238)
Capital expenditure and financial investment		
Expenditure on intangible assets		(1,725,031)
Net cash flow before financing		(1,726,269)
Financing		
Issue of share capital (net of issue costs)		1,668,203
Acquisitions and disposals		
Acquisition of subsidiaries		(25,827)
Decrease in cash		(83,893)
Cash at beginning of period		204,686
Cash at end of period	4	120,793

Notes to the unaudited interim financial information

1. Intangible assets

	Unevaluated mining properties £	*Mineral rights* £	*Total* £
Cost			
On acquisition	96,057	219,100	315,157
Additions in period	936,537	302,397	1,238,934
At 30 June 2005	1,032,594	521,497	1,554,091

On 31 March 2005 the Group acquired Global Industrial Services Canada Inc. for CS$700,000, the assumption of certain indebtedness and future production royalty payments. The goodwill arising on this transaction has been allocated and included within additions in the period for mineral rights. The goodwill is calculated as follows:

	£
Consideration	
(CS$700,000)	306,040
Net assets acquired	
(CS$ 8,424)	(3,643)
Goodwill	302,397

Also on 31 March 2005 the Group acquired Consolidated Tri-Sil Minerals Inc. on the conversion of purchased debt totalling CS$1,089,100. This provided the Company with a 97.31 per cent. interest in the share capital of Consolidated Tri-Sil Minerals Inc. The goodwill arising on this transaction has been allocated and included within unevaluated mining properties. The goodwill is calculated as follows:

	£
Consideration	25,827
Net assets acquired	
(CS$ 50,267)	(17,672)
Goodwill	8,155

2. Shareholders' funds

	Share capital £	*Share premium account* £	*Profit and loss* £	*Total* £
As at 1 January 2005	50,000	—	(13,849)	36,151
Loss for the period	—	—	(383,821)	(383,821)
Cumulative translation adjustment	—	—	(78,882)	(78,882)
Shares issued in period	6,493	1,867,734	—	1,874,227
Issue costs	—	(206,024)	—	(206,024)
As at 30 June 2005	56,493	1,661,710	(476,552)	1,241,651

3. Reconciliation of operating loss to net cash flow from operating activities

	Six months ended 30 June 2005 £
Operating loss on ordinary activities	(383,821)
Movement in debtors	(543,707)
Movement in creditors	912,424
Movement in inventory	13,866
Net cash flow from operating activities	(1,238)

4. Analysis of net funds

	At 1 January 2005 £	*Net cashflows* £	*At 30 June 2005* £
Cash at bank and in hand	204,686	(83,893)	120,793

PART VII

Additional Information

1. Responsibility

The Company and the Directors (whose names appear on page 3) accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

ACA Howe accepts responsibility for the information contained in Part III of this document. To the best of the knowledge of ACA Howe (who have taken all reasonable care to ensure that such is the case) the information contained in Part III of this document is in accordance with the facts and makes no omission likely to affect the import of such information.

Evans & Evans accepts responsibility for the information contained in Part IV of this document. To the best of the knowledge of Evans & Evans (who have taken all reasonable care to ensure that such is the case) the information contained in Part IV of this document in accordance with the facts and makes no omission likely to affect the import of such information.

2. The Group

2.1 The Company was incorporated under the Companies Act and registered in England and Wales on 13 December 2004 with registered number 5311866 as a public limited company with the name of Pan Pacific Aggregates plc. On 30 December 2004 the Company obtained a certificate to commence trading under section 117 of the Companies Act. The liability of the members of the Company is limited.

2.2 The registered office of the Company is 7 Devonshire Square, Cutlers Gardens, London, EC2M 4YH, telephone: 0870 839 1632.

2.4 The Company is the holding company of the following subsidiaries:

Company Name	*% Interest*	*Country of Incorporation*	*Principal activity*
Pan Pacific Aggregates Ltd.	100%	Canada (British Columbia)	Quarrying and mining activities and mineral rights holder
Global Industrial Services Canada Inc.	100%	Canada (British Columbia)	Quarrying and mining activities and mineral rights holder
Consolidated Tri-Sil Minerals Inc.	97.3%	Canada (British Columbia)	Quarrying and mining activities and mineral rights holder

2.5 The principal legislation under which the Company operates is the Companies Act and regulations made thereunder.

3. Share capital of the Company

3.1 The authorised and issued share capital of the Company at the date of this document and as it will be following Admission is as follows:

	Existing		*Following Admission*	
	Number of Ordinary Shares	*Nominal Value £*	*Number of Ordinary Shares*	*Nominal Value £*
Authorised share capital	100,000,000	£0.001	100,000,000	£0.001
Issued and fully paid up share capital	60,386,765	£0.001	63,561,765	£0.001

3.2 On incorporation, the authorised share capital of the Company was £100,000 divided into 100,000,000 Ordinary Shares.

3.3 On 20 December 2004 the subscriber shares were transferred to Donald Nicholson and James Ladner, both Directors.

3.4 On 23 December 2004 49,999,998 Ordinary Shares were allotted fully paid to a number of shareholders.

3.5 On 16 March 2005 1,666,665 Ordinary Shares were allotted fully paid to RAB Special Situations Master (Fund) Limited.

3.6 On 1 April 2005, 1,166,667 Ordinary Shares were allotted fully paid to RAB Special Situations Master (Fund) Limited.

3.7 On 3 May 2005, 1,166,667 Ordinary Shares were allotted fully paid to RAB Special Situations Master (Fund) Limited.

3.8 On 1 June 2005, 1,166,667 Ordinary Shares were allotted fully paid to RAB Special Situations Master (Fund) Limited.

3.9 On 1 July 2005, 1,166,667 Ordinary Shares were allotted fully paid to RAB Special Situations Master (Fund) Limited.

3.10 On 1 August 2005, 1,166,667 Ordinary Shares were allotted fully paid to RAB Special Situations Master (Fund) Limited.

3.11 On 28 July 2005, 1,250,000 Ordinary Shares were allotted fully paid to Pass Construction Co Limited, a company associated with Robert Hasell, which have subsequently been transferred to a third party.

3.12 On 21 June 2005, 936,764 Ordinary Shares were allotted to Summerhill Ventures Limited on conversion of a debt owed to it by the Company. (Details which are set out at paragraph 9(j)).

3.13 On 7 October 2005, 700,000 Ordinary Shares were allotted to RAB Special Situations Master (Fund) Limited pursuant to the exercise of a warrant instrument (details of which are set out at paragraph 9(e)) at a price of 30 pence per Ordinary Share.

3.14 On 1 March 2005, the Shareholders passed shareholders' resolutions of the Company to:

(a) unconditionally authorise the Directors to exercise all or any powers of the Company to allot, grant options over or otherwise deal with or dispose of any relevant securities (as defined in section 80(2) of the Companies Act) in the capital of the Company pursuant to section 80 of the Companies Act, to such persons at such times and on such terms and conditions as the Directors may determine. This authority was conferred in substitution for all previous authorities, for a period of five years unless previously renewed, varied or revoked by the Company in general meeting. The maximum amount of relevant securities which may currently be allotted pursuant to such authority shall be the authorised but as yet unissued share capital of the Company.

The Directors may make an offer or agreement before the expiry of this authority or under any renewal which would or might require relevant securities to be allotted after such expiry.

(b) empower the Directors, for a period of five years, pursuant to the provisions of section 95 of the Companies Act, to allot any equity securities (as defined in section 94(2) of the Companies Act) pursuant to the authority conferred above as if section 89(1) of the Companies Act did not apply to any such allotment.

The Directors may at any time prior to the expiry of the power make any offer or agreement which would or might require equity securities to be allotted after the expiry of such power.

3.15 As at ● December 2005 (the latest practicable date prior to the date of this document), warrants to subscribe Ordinary Shares were outstanding as follows:

Name	*Date of Grant*	*Number of Ordinary Shares Subject to Warrant*	*Exercise price*	*Exercise period*
Insinger de Beaufort	16 March 2005	416,667	30 pence	16 March 2005 until second anniversary of Admission
RAB	16 March 2005	6,800,000	lower of 50% of Placing Price; or 30 pence	16 March 2005 until second anniversary of Admission

3.16 On Admission, the Company will:

(a) issue and allot the Placing Shares; and

(b) enter into the warrants in the terms set out in paragraph 9(g) and (h).

3.17 Save as referred to in this document:

(a) no share or loan capital of the Company or any subsidiary is under option or has been agreed, conditionally or unconditionally, to be put under option;

(b) no persons have preferential subscription rights in respect of any authorised but unissued share or loan capital of the Company or any subsidiary; and

(c) other than pursuant to the Placing or pursuant to the exercise of outstanding warrants and options to subscribe Ordinary Shares there is no present intention to issue any of the authorised but unissued share capital of the Company.

3.18 The existing issued Ordinary Shares are, and the Placing Shares will be, in registered form and may be held in either certificated or uncertificated form. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificates and transferred otherwise than by written instrument. The Articles of Association of the Company permit the holding of Ordinary Shares under the CREST system. Accordingly, it is intended that settlement of transactions in the Ordinary Shares from Admission may take place within the CREST system if the relevant shareholders so wish.

3.19 Other than pursuant to the Placing, none of the Ordinary Shares are available in whole or in part to the public in conjunction with the application for the existing Ordinary Shares and the Placing Shares to be admitted to AIM.

3.20 There are no listed or unlisted securities issued by the Company not representing share capital.

3.21 Other than the current application for Admission, the existing Ordinary Shares and Placing Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made nor are there intended to be any other arrangements for there to be such dealings in the existing Ordinary Shares or Placing Shares.

3.22 The Placing Shares and the Ordinary Shares in issue following Admission will rank *pari passu* in all respects with the existing Ordinary Shares including the right to receive all dividends and other distributions declared, made or paid after Admission on the issued share capital.

4. Memorandum and Articles of Association

A summary of the terms of the Memorandum and Articles of Association of the Company is set out below. The summary below is not a complete copy of the terms of the Memorandum and Articles of Association.

4.1 *Memorandum of Association*

The principal objects of the Company are set out in paragraph 3 of the Company's Memorandum of Association and are to carry on business as a general commercial company.

4.2 *Articles of Association*

New Articles of Association of the Company were adopted on 1 November 2005. The Articles of Association of the Company ("Articles") contain, *inter alia*, provisions to the following effect:

(a) *Share rights*

Subject to the provisions of the Companies Act and (as appropriate) the other relevant legislation, orders and regulations affecting the Company and to any special rights conferred on the holders of any shares or class of shares, shares may be issued with, or have attached, such rights and restrictions as the Company may by ordinary resolution determine from time to time.

(b) *Voting*

Subject to any special rights or restrictions as to voting attached to any share by or in accordance with the Company's Articles of Association, at meetings of members:

(i) on a show of hands every member who is present and entitled to vote in person shall have one vote;

(ii) on a poll every member who is present in person or by proxy and entitled to vote shall have one vote for every share of which he is the holder.

A member is not entitled to vote in respect of shares held by him unless all calls or other sums presently payable by him in respect of those shares have been paid. A member is not entitled to vote in respect of shares held by him in relation to which he or any person appearing to be interested in such shares has been served with a notice given by the Directors in their absolute discretion under the Companies Act (a **"statutory notice"**) requiring him or such person to give details of any interest in any shares in the Company, and he or such person has failed to comply with such notice within the specified period.

(c) *Variation of rights*

Subject to the Act, whenever the share capital of the Company is divided into different classes of shares, rights attached to any class of shares may be varied or abrogated (whether or not the Company is being wound up) with the consent in writing of the holders of three quarters in nominal value of the issued shares of that class, or the authority of an extraordinary resolution passed at a separate general meeting of the holders of those shares. At every such separate meeting (except an adjourned meeting) the quorum shall be two persons holding or representing by proxy at least one third in nominal amount of the issued shares of the class (excluding any shares of that class held as treasury shares) and at a adjourned meeting one holder present in person or by proxy (whatever the number of shares held by him) may constitute a quorum.

(d) *Transfer of shares*

Transfers of certificated shares may be effected by an instrument of transfer in any usual form or in any other form as the Directors may approve. Any written instrument of transfer of a share shall be signed by or on behalf of the transferor (and the transferee in the case of a partly paid share) and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof.

The Directors may in their absolute discretion and without assigning any reason therefore decline to register the transfer of any certificated share in limited circumstances, *inter alia* because it is not a fully paid share.

Any shares in the Company may be held in uncertificated form and such shares may be transferred by means of a relevant system in accordance with The Uncertificated Securities Regulations 2001.

(e) *Return of capital on winding up*

If the Company shall be wound up, the liquidator may, with the authority of an extraordinary resolution of the Company, and any other authority required by the Act: (i) divide amongst the members in specie the whole or any part of the assets of the Company and, for that purpose, value any assets and may determine how the division shall be carried out as between the members or different classes of members; or (ii) vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator shall think fit, but no member shall be compelled to accept any assets upon which there is any liability.

(f) *Redemption and pre-emption*

There are no redemption or pre-emption rights on transfer attaching to the Ordinary Shares.

(g) *Alteration of share capital*

The Company may by ordinary resolution increase, consolidate and divide, or (subject to the Companies Act) sub-divide its share capital or cancel any shares which have not, at the date of the ordinary resolution, been taken or agreed to be taken by any person and diminish the amount of its share capital by the nominal amount of shares so cancelled. The Company may (subject to the Companies Act and to any rights conferred on the holders of any class of shares) by special resolution reduce its share capital or any capital redemption reserve or share premium account in any way.

(h) *Purchase of own shares*

The Company may, subject to the Companies Act and the rights of the holders of any class of shares purchase shares of any class.

(i) *Borrowing powers*

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets and uncalled capital, and, subject to the Companies Act, create and issue debentures and other securities. The Directors shall restrict the borrowings of the Company and exercise all voting and other rights and powers of control exercisable by the Company in relation to its subsidiary undertakings so as to procure (or as regards subsidiary undertakings, only so far as it can procure by such exercise) that the aggregate amount for the time being remaining outstanding of moneys borrowed by the Company and all of its subsidiary undertakings (the "Group") and owing to persons outside the Group and after deducting cash deposited shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to three times the Adjusted Capital and Reserves, as defined.

(j) *Directors*

(i) Each of the Directors (other than executive directors) may be paid fees at such rate as may be determined by the Directors, provided that such fees in aggregate shall not exceed £200,000 per annum (to be increased annually in line with the annual percentage increase in the Retail Prices Index) or such higher amount as may be determined by the Company by ordinary resolution. The Directors shall also be entitled to be paid all reasonable travelling, hotel and other expenses properly incurred by them in connection with their duties as Directors. If, by arrangement with the Directors, any Director performs any special services such Director may be paid such additional reasonable special remuneration therefore as the Directors may from time to time determine.

(ii) At each annual general meeting of the Company one third (or the nearest number to and exceeding one third) of the Directors who are subject to retirement by rotation for the time being shall retire from office and shall be eligible for re-election. The Directors to retire in each year shall be those subject to retirement by rotation who have been longest in office since they were last appointed or re-appointed, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree amongst themselves) be determined by lot.

(iii) Subject to the Act and disclosure of his interests, no Director shall be disqualified by his office from contracting with the Company, holding any other office or place of profit under the Company (except auditor of the Company or any subsidiary), or being interested in any company in which the Company may be interested, or acting by himself or his firm in a professional capacity for the Company (except as auditor) nor shall any such contract, arrangement, transaction or proposal be liable to be avoided, nor shall any such Director be liable to account to the Company for any profit, remuneration or other benefit realised.

(iv) A Director shall not vote or be counted in any quorum at a meeting in relation to any resolution of the Directors or a committee of Directors in respect of any contract, arrangement, transaction or any other proposal in which (together with any interest of any person connected with him) to his knowledge he has a material interest, save that this prohibition shall not apply to:

(A) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or any other person at the request of, or for the benefit of, the Company or any of its subsidiary undertakings;

(B) the giving of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he has himself assumed responsibility in whole or in part (either alone or jointly with others) under a guarantee or indemnity or by the giving of security;

(C) any issue or offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings in respect of which he is or may be entitled to participate in his capacity as a holder of any such securities or as an underwriter or sub-underwriter;

(D) any contract, arrangement, transaction or proposal in which he is interested by virtue of an interest in shares, debentures or other securities of the Company or otherwise in or through the Company;

(E) any contract, arrangement, transaction or proposal, concerning any other company (not being a company in which the Director (or any person connected with him) is knowingly interested in 1 per cent. or more of the equity share capital of any class or the voting rights) in which he is interested, directly or indirectly;

(F) any arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings, which does not accord to the Director any privilege or benefit not generally accorded to the employees to whom the arrangement relates; and/or

(G) the purchase or maintenance of insurance for the benefit of Directors or for the benefit of persons including Directors.

(v) A Director shall not vote or be counted in the quorum in respect of any resolution of the Directors or a committee of the Directors concerning his own appointment (or the terminating of his own appointment) as the holder of any office or place of profit with the Company or any company in which the Company is interested including

fixing or varying the terms of his appointment or the termination thereof. Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) or the termination of the appointment of two or more Directors to offices or places of profit with the Company or any other company in which the Company is interested, a separate resolution may be put in relation to each Director and in such a case each of the Directors concerned shall be entitled to vote (and be counted in the quorum) in respect of each resolution, except that concerning his own appointment or the termination of his own appointment.

(vi) The Directors may exercise all the powers of the Company to pay, provide or procure the grant of pensions or other retirement or superannuation benefits and death, disability or other benefits, allowances or gratuities to any person who is or has been at any time a Director of the Company or in the employment or service of the Company or of any company which is or was a subsidiary of or associated with the Company or of the predecessors in business of the Company or of any such subsidiary or associated company or the relatives or dependants of any such person. For that purpose the Directors may procure the establishment and maintenance of, or participate in, or contribute to, any non-contributory or contributory pension or superannuation fund, scheme or arrangement and pay any insurance premiums.

(vii) The Directors may appoint any one or more of their body to hold any executive office for such period (subject to the Act) and on such terms as the Directors shall think fit.

(viii) The Directors may revoke or terminate any such appointment without prejudice to any claim for damages for breach of contract between the Director and the Company.

(k) *Executive Office*

The Board may from time to time appoint one or more Directors to be the holder of any executive office for such period and on such terms as it decides.

(l) *Indemnity of officers*

Subject to the provisions of, and so far as may be consistent with, the Companies Act, every Director or other officer (other than an auditor) shall be indemnified out of the assets of the Company against all liabilities incurred by him in relation to his duties, powers or office.

(m) *Untraced shareholders*

Subject to various notice requirements, the Company may sell any shares of a member if, during a period of 12 years, at least three cash dividend payments on those shares have become payable and the cheques or warrants have remained uncashed and the Company has received no indication of the existence of such member during such period.

(n) *Dividends*

(i) Out of the profits of the Company available for distribution, the Company may in general meeting declare dividends, but no dividend shall be in excess of the amount recommended by the Directors.

(ii) Except so far as the rights attaching to the shares provide otherwise, all dividends shall be apportioned and paid proportionately to the amounts paid up on the shares (provided that calls have been made for all such payments) during any portion or portions of the period in respect of which the dividend is paid.

(iii) The Company may withhold payment of any dividend or other money which would otherwise be payable (or any shares otherwise distributable in lieu of payment) on any shares which represent 0.25 per cent. or more of the class of share concerned if the holder of such shares has been served with a notice under s.212 of the Act and failed to provide the Company with information required within the specified time period.

(iv) Any dividend which remains unclaimed for a period of 12 years after being declared or becoming due for payment shall be forfeited and shall revert to the Company. No dividend shall bear interest against the Company.

(v) There are no fixed dates on which entitlement to dividend arises.

(o) *Non-United Kingdom shareholders*

Members with addresses outside the United Kingdom are not entitled to receive notices from the Company unless they have given the Company an address within the United Kingdom at which such notices may be served, or an address to which notices and other documents may be sent using electronic communications (as defined in the Electronic Communications Act 2000).

5. Directors' and Other Interests

5.1 The following are the Directors of the Company:

Donald Nicholson *(executive)*
James Ladner *(executive)*
Dr. Anton Schrafl *(non-executive)*
Robert Hasell *(non-executive)*
William Voaden *(non-executive)*

5.2 The following are the directorships and partnerships held by the Directors in the five years prior to the date of this document (excluding subsidiaries of the Company) and the principal activities of the Directors outside the Group (other than subsidiaries as defined under the Act) where these are significant with respect to the Group:

Directorships and Partnerships

Director	*Current*	*Previous*
Robert Hasell	Emil Anderson Construction Co. Ltd. Emil Anderson Construction (EAC) Inc. Emil Anderson Equipment Inc. Emil Anderson Maintenance Co. Ltd Pass Construction Co. Ltd. R & K Holdings Co. Ltd.	None
James Ladner	Alpine Atlantic Asset Management AG Battensperger & Partner AG Kings Kurry Ltd. Providence Capital Ltd. Colombia Gold AG Equator Exploration Ltd. F. van Lanschot Bankiers (Switzerland) Global Nickel plc StrataGold Corporation USI AG	Bank Austria Creditanstalt (Switzerland) Coutts Bank (Switzerland) Energy Capital Investment Company plc Inter Allianz Finanz AG RP&C International Inc. Swiss Corporate Capital at Lloyds Limited Verit Verwaltungs-und Immobilien AG
Donald Nicholson	Colombia Gold AG Colombia Gold Ltd. Mexmin Mining Corporation Plc MTI Holdings Ltd. Ultramar Capital Corporation Plc Sican Petroleum Plc	AGC Americas Gold Corp. Alpine Exploration Inc. American Bullion Minerals Andean American Resources

Director	*Current*	*Previous*
Donald Nicholson *(continued)*		Composite Solutions Inc Consolidated Grand National Resources Consolidated Topper Gold Fossil Bay Resources Kensington Resources Ltd Mosquito Consolidated Resources Pan Asia Mining Corp. Quantum Technology Corp. Texas T Resources Inc. VRB Power Systems Inc.
Dr. Anton Schrafl	Aberdeen Asia-Pacific Income Fund Inc. Aberdeen Asia-Pacific Income Investment Company Ltd. Aberdeen Global Income Fund Inc. Franke Holdings Limited	Cemsuisse Ch. Holcim Ltd. Precious Woods Ch.
William Voaden	VSA Resources Limited Wessex Cottage Holidays Limited	Voaden Sandbrook Limited (in Liquidation)

5.3 The interests of the Directors and the persons connected with them (within the meaning of section 346 of the Act) in the share capital of the Company (which would be required to be notified to the Company pursuant to sections 324 and 328 of the Act or would be required to be disclosed in the register of directors' interests pursuant to section 325 of the Act) as at the date of this document and as expected to be immediately following Admission are as follows:

	As at the date of this document		*Following Admission and the Placing*	
Name	*Number of Ordinary Shares*	*Percentage of issued share capital*	*Number of Ordinary Shares*	*Percentage of Enlarged Issued Share Capital*
Donald Nicholson††	4,900,001	8.11%	4,900,001	7.71%
James Ladner†	760,001	1.26%	760,001	1.20%
Dr. Anton Schrafl	550,000	0.91%	550,000	0.87%
Robert Hasell	—	—	—	—
William Voaden	300,000	0.50%	300,000	0.47%

† 60,000 of these shares are held by Marguerite Ladner, James Ladner's wife, and 450,000 by Providence Capital Limited, a company that James Ladner is a director of.

†† 3,900,000 of these shares are held by Buena Vista Holdings Ltd, a company in which Donald Nicholson is interested.

5.4 The Company has granted unapproved share options pursuant to the Company's Pre-admission Share Option Scheme to the following Directors as set out below. The options are exercisable at any time from the date upon which the option is granted for a period of ten years, subject to an earlier lapse in accordance with the rules of the option scheme (being the exercise period) as follows:

Name	*Number of Ordinary Shares*	*Exercise Price*
Donald Nicholson	800,000	Placing Price
James Ladner	300,000	Placing Price
Dr. Anton Schrafl	200,000	Placing Price
Robert Hasell	200,000	Placing Price
William Voaden	300,000	Placing Price

5.5 The Company is not aware of any person, other than the Directors and their connected persons (whose interests are set out above), who immediately following Admission and the Placing will be interested (within the meaning given to that expression in Part VI of the Act), directly or indirectly, in three per cent. or more of the share capital of the Company or who will directly or indirectly, jointly or severally, exercise or could exercise control over the Company, other than those set out below:

	As at the date of this document		*Following Admission and the Placing*	
Name	*Number of Ordinary Shares*	*Percentage of issued share capital*	*Number of Ordinary Shares*	*Percentage of Enlarged Issued Share Capital*
Deutschekapital Gruppe Limited[1]	13,000,000	21.53%	13,000,000	20.45%
RAB	11,950,000	19.79%	12,950,000	20.37%
Milena Mueller[2]	4,343,332	7.19%	4,343,332	6.83%
Summerhill Ventures Limited[3]	6,187,765	10.25%	6,187,765	9.74%
Beau Terra Minerals Inc.[4]	4,000,000	6.62%	4,000,000	6.29%
Terry Kirby	3,000,000	4.97%	3,000,000	4.72%
Sellars Financial Inc.	3,000,000	4.97%	3,000,000	4.72%
Majedie Asset Management	1,250,000	2.07%	2,500,000	3.93%

Notes

1 Erwin Speckert is also interested in these shares.

2 1,434,998 of these shares are held by St George Capital Inc., a company in which Milena Mueller is interested.

3 Owen Bethel is also interested in these shares.

4 Edison Sumner is also interested in these shares.

5.6 William Voaden is a director of and shareholder in VSA Resources, which has entered into an arrangement with the Company to receive up to £24,000 by way of fees in respect of investor relations services to be provided by VSA Resources in the 12 month period following Admission. VSA Resources will also receive an amount equal to 2 per cent. of the gross proceeds of the Placing by way of commission (payable by a third party other than the Company) in respect of its role as sub-placing agent. VSA Resources has been engaged historically by the Company in relation to advisory services and research for which it has received to date £85,000 in fees.

5.7 Save as set out in this paragraph 5:

(a) neither the Directors nor any person connected with them (within the meaning of section 346 of the Act) has any interest, beneficial or non-beneficial, in the share or loan capital in the Group or in any related financial product (as defined in the AIM Rules) referenced to the Ordinary Shares;

(b) there are no outstanding loans granted or guarantees provided by any member of the Group to or for the benefit of the Directors;

(c) the Directors do not have any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or leased to, any member of the Group;

(d) save as described below the Directors do not have any interest, whether direct or indirect, in any contract or arrangement which is or was unusual in its nature or conditions or significant to the business of the Group taken as a whole, which was effected by any member of the Group since its incorporation and which remains in any respect outstanding or unperformed; and

(e) the Directors are not aware of any person interested in 3 per cent. or more of the issued share capital of the Company nor of any person or persons who either alone or, if connected, jointly following the completion of the Placing will (directly or indirectly) exercise or could exercise control over the Company.

5.8 Under the provisions of the Companies Act (section 198) any person who has an interest in shares of three per cent or above must notify the Company.

6. Directors' Service Agreements and Terms of Appointments

6.1 Details of the service agreements of the executive Directors are set out below:

(a) *Donald Nicholson* has entered into a letter of appointment with the Company relating to his engagement as a director of the Company and a service agreement with PPAL, both dated 20 October 2005, to act as Chief Executive Officer. The service agreement is conditional upon Admission and can be terminated by either side giving to the other not less than 90 days' written notice. In return for his services under the service agreement, Donald Nicholson is paid a salary of CAN$125,500 per annum, plus expenses and a car allowance of CAN$23,000 per annum. In addition, he may be awarded a bonus, at the determination of the Remuneration Committee. The service agreement restricts Donald Nicholson from having any interest in a competitive business. There are also provisions which, in the event of the termination of his employment, restrict the association by Donald Nicholson with a competitor and restrict him from soliciting clients and employees of the Group or from inducing any clients of the Group to reduce their business with it, for a period of 12 months from the date of termination of his employment. The service agreement also contains provisions which, *inter alia*, restrict the disclosure of trade secrets or confidential information and protect the Group's intellectual property rights.

(b) *James Ladner* has entered into a letter of appointment with the Company relating to his engagement as a director of the Company and a service agreement with PPAL, both dated 20 October 2005, to act as Executive Director and Company Secretary. The service agreement is conditional upon Admission and can be terminated by either side giving to the other not less than 90 days' written notice. In return for his services under the service agreement, James Ladner is paid a salary of £20,000 per annum, plus expenses. In addition, he may be awarded a bonus, at the determination of the Remuneration Committee. The service agreement restricts James Ladner from having any interest in a competitive business. There are also provisions which, in the event of the termination of his employment, restrict the association by James Ladner with a competitor and restrict him from soliciting clients and employees of the Group or from inducing any clients of the Group to reduce their business with it, for a period of 12 months from the date of termination of his employment. The service agreement also contains provisions which, *inter alia*, restrict the disclosure of trade secrets or confidential information and protect the Group's intellectual property rights.

6.2 Details of the non-executive Directors' appointment letters are set out below:

(a) The Company has entered into a letter of appointment with *Robert Hasell* setting out the terms of his appointment as a non-executive director on Admission. The terms of his appointment are conditional upon Admission and his appointment is for an initial term of 1 year from Admission and may be terminated at any time by one month's written notice by either party expiring on or after the initial term. Under the letter of appointment, Robert Hassell is entitled to an annual fee of £15,000 and reimbursement of reasonable expenses but no other remuneration.

(b) The Company has entered into a letter of appointment with *William Voaden* setting out the terms of his appointment as a non-executive director on Admission. The terms of his appointment are conditional on Admission and his appointment is for an initial term of 1 year and may be terminated at any time by one month's written notice by either party expiring on or after the initial term. Under the letter of appointment, William Voaden is entitled to an annual fee of £20,000 and reimbursement of reasonable expenses but no other remuneration.

(c) The Company has entered into a letter of appointment with *Dr. Anton Schrafl* setting out the terms of his appointment as a non-executive director on Admission. The terms of his appointment are conditional on Admission and his appointment is for an initial term of 1 year and may be terminated at any time by one month's written notice by either party expiring on or after the initial term. Under the letter of appointment, Anton Schrafl is entitled to an annual fee of £15,000 and reimbursement of reasonable expenses but no other remuneration.

6.3 Save as stated in paragraphs 6.1 – 6.2 above, there are no service agreements existing or letters of appointment or proposed between any Director and any member of the Group.

6.4 The aggregate of the remuneration paid including benefits in kind granted to the Directors for the period ended 31 December 2004 was £3,059. It is estimated that the aggregate remuneration to be paid including benefits in kind to be granted to the Directors in the current financial year under arrangements currently in force will not exceed £75,000.

7. Additional Information on the Directors

7.1 On 11 February 2005, a settlement under the Securities Act, R.S.B.C., 1996, c.418 was reached in relation to Donald Nicholson. Donald Nicholson, as the former director, chief operating officer and chief financial officer of China Diamond Corp. (formerly known as Pan Asia Mining Corp.) was responsible for reviewing the Annual Information Form (the "AIF") required for the Shandong Mining Joint Ventures, a project undertaken by Pan Asia Mining Corp.) The AIF contained certain statements based on information contained within a professional report (the "Cowdery Report"), prepared directly for the technical sections of the AIF. The Cowdery Report contained statements which were not substantiated and were contradicted by independent reports of which Donald Nicholson was aware and qualified to understand. It was found that Donald had acquiesced to the filing of the AIF that omitted information that was necessary to make it not misleading, thus breaching section 168.1(1)(b) of the Securities Act. Donald Nicholson was fined $15,000 by the British Columbian Securities Commission, a sum which has been paid in full. No sanctions were imposed on Mr. Nicholson that would affect his ability to act as an officer or director of a BC corporation.

7.2 William Voaden was a director of Voaden Sandbrook Limited when it entered into a voluntary arrangement with its creditors on 8 September 2004 and when a liquidator was appointed pursuant to a resolution that the company undergo an insolvent creditors' voluntary winding up, on 24 September 2004.

7.3 James Ladner was a director of Energy Capital Investment Company plc when a liquidator was appointed on 14 July 2004 pursuant to a resolution that the company undergo a solvent members' voluntary winding-up.

7.4 On 1 September 2005 PPAL agreed to pay a fee of up to C$36,375.00, payable quarterly in arrears over 60 months, to Donald Nicholson, a director of PPAL and the Company, in consideration of his guaranteeing mortgage obligations of Rudi Riepe in the amount of C$363,750, undertaken by the Group in part satisfaction of the purchase price payable under the terms of the agreement described in paragraph 9(s) of this Part VII. This agreement will terminate upon the outstanding mortgage balance and unpaid fees being paid.

7.5 Save as disclosed in paragraphs 7.1, 7.2 and 7.3 above, none of the Directors has:

(a) any unspent convictions in relation to indictable offences;

(b) any bankruptcy order made against him or entered into any voluntary arrangements;

(c) ever been a director of a company which has been placed in receivership, creditors' voluntary liquidation, compulsory liquidation or administration, or been subject to a 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;

(d) ever been a partner in any partnership which has been placed in compulsory liquidation or 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;

(e) owned, or been a partner in a partnership which owned, any asset which, while he owned that asset, or while he was a partner or within 12 months after his ceasing to be a partner in the partnership which owned that asset, entered into receivership;

(f) been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or

(g) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.

8. Lock-in and orderly market agreements

(a) Under the Placing Agreement each of the Directors has undertaken to the Company and to Insinger de Beaufort not to dispose of any interest he has in the share capital of the Company for a period of 18 months from Admission. Furthermore, they have also each undertaken, with a view to maintaining an orderly market, to the Company and Insinger de Beaufort not to dispose of their Ordinary Shares for a further period of six months following the expiry of the 18 month lock-in period, without the prior written consent of Insinger de Beaufort to any disposal. Any such disposals are to be through Insinger de Beaufort or such other person who may be broker of the Company at that time.

(b) By way of separate lock-in agreements, related parties and applicable employees, as determined in accordance with the AIM Rules, have undertaken to the Company and to Insinger de Beaufort in terms identical to those described in paragraph (a) above in relation to the Directors.

(c) By way of separate lock-in agreements, shareholders holding not less than 300,000 Ordinary Shares, namely Terry Kirby, Firoz Jinnah, Alpine Atlantic Asset Management AG, Bradam Financial Holdings Limited, Max Amstutz and Mineral Hill Industries Ltd. have each undertaken to the Company and to Insinger de Beaufort not to dispose of any interest they have in the share capital of the Company for a period of 24 months following Admission, without the prior written consent of Insinger de Beaufort with a view to maintaining an orderly market. Any such disposals are to be through Insinger de Beaufort. Furthermore, during the first 18 months of such orderly market period, the party acquiring the shares must enter into an equivalent agreement with Insinger de Beaufort and the Company for the remainder of the orderly market period. Insinger de Beaufort has agreed that one such shareholder may dispose of up to 300,000 Ordinary Shares during the first 18 months of the orderly market period, provided that Insinger de Beaufort's prior written consent is obtained and those Ordinary Shares are disposed of through Insinger de Beaufort, and has waived the requirement that the party acquiring such Ordinary Shares enters into an agreement with the Company and Insinger de Beaufort for the remainder of the orderly market period.

(d) RAB has agreed that it will not (save in certain specific circumstances) dispose of, or agree to dispose of, any Ordinary Shares or interests in Ordinary Shares for a period of one year following Admission without the prior written consent of Insinger de Beaufort.

9. Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by members of the Group during the two years immediately preceding the date of this document or, if earlier, are contracts under which any member of the Company or any of its subsidiaries has any obligations or entitlements, which, at the date of this document, are, or may be, material (the contracts are subject to English law unless otherwise stated):

(a) Placing Agreement dated ● December 2005 between (1) Insinger de Beaufort (2) the Company and (3) the Directors pursuant to which, conditional upon, *inter alia*, Admission, Insinger de Beaufort agreed to use all its reasonable endeavours to place the Placing Shares proposed to be issued by the Company at the Placing Price. The Placing Agreement contains customary warranties from the Company and the Directors in favour of Insinger de Beaufort and the placees of the Placing Shares. Claims under such warranties may only be made during the period ending on the second anniversary of Admission and the liability of the warrantors under the warranties is limited. Under the Placing Agreement the Company has agreed to pay to Insinger de Beaufort an aggregate fee of £95,000 and commission of 5 per cent. of the value of the Placing Shares at the Placing Price and of the amount raised under the Subscription. The Company has also agreed to issue a warrant in respect of 381,371 Ordinary Shares as described in paragraph 9(g) below.

(b) Agreement dated ● December 2005 between (1) the Company (2) the Directors and (3) Insinger de Beaufort (the "Nominated Adviser and Broker Agreement") pursuant to which, Insinger de Beaufort has agreed to act as nominated adviser and Broker to the Company in relation to the Company's continuing obligations as required by the AIM Rules. The Nominated Adviser and Broker Agreement contains certain undertakings given by the Company and the Directors and indemnities in respect of, *inter alia*, compliance with all applicable laws and regulations. The Company agreed to pay Insinger de Beaufort a fee of £35,000 per annum. The agreement has an initial term of 12 months from the date of the agreement and thereafter remains in force until terminated by either Insinger de Beaufort or the Company on at least 30 days' written notice.

(c) Engagement letter dated 7 January 2005 between the (1) Company and (2) Insinger de Beaufort (the "Insinger Engagement Letter") pursuant to which the Company appointed Insinger de Beaufort to advise and assist in a private placing of Ordinary Shares. The Company agreed to pay Insinger de Beaufort a fee of £40,000 for its services under the Insinger Engagement Letter and a commission of 5 per cent. of funds raised by Insinger de Beaufort.

(d) Investment Agreement dated 16 March 2005 between (1) the Company (2) RAB and (3) the Directors of the Company pursuant to which RAB agreed to invest an aggregate of two million, two hundred and fifty thousand pounds (£2,250,000) by way of subscription of Ordinary Shares in six tranches. The Investment Agreement requires the Company to apply the subscription funds to the settlement of amounts owed under the terms of the agreement described in paragraph (k) below. RAB is entitled to certain additional subscription rights, including, subject to the availability of distributable reserves/share premium accounts, a bonus issue of shares of 1% of the issued share capital of the Company per month for each calendar month after 30 November 2005 that the Company is not admitted to trading on AIM which right to a bonus issue RAB has subsequently waived. RAB has the benefit of certain warranties given by the Company and the Directors (at the date of the Investment Agreement). These expire on 16 March 2007. The Company's liability under these warranties is limited to the amount paid by RAB under the Investment Agreement. The Investment Agreement contains certain restrictions on the Company's activities by requiring the Company to seek RAB's consent to certain matters. These consent provisions fall away upon Admission. Up until completion of Admission, the matters requiring consent include: variation of the authorised or issued share capital of the Company; the alteration of the articles of association of the Company and the entering into of contracts between the Company and any other group company or Director or person who is a relation to a Director as a connected person. RAB is entitled to appoint a director of the Company and to require the inclusion of such a provision in the Company's articles of association (it has done neither). The Company is under an obligation to provide to RAB such information about the financial position and/or business and general affairs of the Company that RAB reasonably requests. The Company is under an obligation to promptly provide RAB with written details of any offer or proposed offer notified to it.

(e) Agreement with RAB dated 16 March 2005 pursuant to which RAB was granted 7,500,00 warrants which entitle the holder to subscribe for new Ordinary Shares at an exercise price which is the lesser of: £0.30 per share; 50 per cent of the price per share at which the Placing takes place; or, if no placing takes place, the weighted average price for the shares for the first 10 days of trading on AIM after Admission. The warrants are exercisable in whole or part at any time within 2 years of the date of issue.

(f) Agreement with Insinger de Beaufort dated 16 March 2005 pursuant to which Insinger de Beaufort was granted warrants which entitle the holder to subscribe for 416,667 Ordinary Shares at an exercise price of £0.30 per share. The warrants are exercisable in whole or in tranches of not less than £25,000 at any time within 2 years of the date of admission of the issued share capital on a recognised investment exchange.

(g) Agreement with Insinger de Beaufort dated ● December 2005 pursuant to which Insinger de Beaufort was granted warrants that entitle the holder to subscribe for 381,371 Ordinary Shares exercisable at the Placing Price. The warrants are exercisable in whole or in tranches of not less than £25,000 at any time within 2 years of the date of Admission.

(h) Agreement with VSA Resources dated ● December 2005 pursuant to which VSA Resources was granted warrants that entitle the holder to subscribe for 254,247 Ordinary Shares exercisable at the Placing Price. The warrants are exercisable in whole or in tranches of not less than £25,000 at any time within 2 years of the date of Admission.

(i) Tri-Sil debt conversion agreement dated 3 January 2005 between (1) the Company and (2) Tri-Sil ("Tri-Sil Debt Settlement Agreement") pursuant to which, the Company agreed to discharge the debt of one million, eighty nine thousand and ninety nine Canadian dollars and forty cents (CAN$1,089,099.40) owed by Tri-Sil to the Company, in consideration for Tri-Sil issuing thirty six million, three hundred and three thousand, three hundred and thirteen (36,303,313) fully paid and non-assessable common shares in the capital of Tri-Sil to the Company at a price of CAN$0.03 per share. This agreement is governed by the laws of British Columbia.

(j) On 3 January 2005 the Company entered into a convertible loan agreement with Summerhill Ventures Limited pursuant to which Summerhill Ventures Limited agreed to advance, by way of an interest free loan, up to CAN$1,500,000 to the Company. Repayment was to be made on 31 December 2005 or such earlier date as agreed by the parties. Summerhill Ventures Limited had the right to convert all or part of the balance into fully paid Ordinary Shares before the repayment date. Summerhill Ventures Limited advanced CAN$616,367 and exercised the right of conversion into Ordinary Shares at 30 pence per share on 21 June 2005, resulting in the allotment to Summerhill Ventures Limited of 936,764 Ordinary Shares.

(k) Share purchase agreement dated 7 January 2005 pursuant to which the Company acquired the entire issued share capital in GISC (the "Shares") from Global Industrial Services Inc. ("Global"). The consideration for the Shares was CAN$700,000 and a royalty payment of CAN$0.75 per dry metric ton of rock sold from the claims described within that agreement until such time as the aggregate of such royalty payments is equal to CAN$300,000,000 and thereafter the amount of CAN$0.40 per dry metric ton of rock sold from those claims. The Company also purchased the benefit of the indebtedness of Tri-Sil owed to Global in the amount of CAN$239,733.05, in consideration of the assumption of debt of an amount not exceeding CAN$300,000 owing by Global to Terry Kirby, which was settled for CAN$1. This agreement is governed by the laws of British Columbia.

(l) On 17 November 2005 Mineral Hill Industries Ltd ("Mineral Hill"), Tri-Sil, the Company, and PPAL entered into a settlement agreement ("Settlement Agreement") pursuant to which the parties agreed to settle, resolve, release and discharge each other from all matters of controversy between them, including actions S046570 and S052043 in the courts of British Columbia, on the following terms:

(i) an option agreement and joint venture agreement ("JV Agreement") between Tri-Sil and Mineral Hill dated 9 August 1999 will be terminated and be of no further force and effect;

(ii) Mineral Hill will relinquish and quit any claim, right, title or interest it may have to certain disputed mineral claims and any other such properties within a 10 kilometre radius of the disputed claims;

(iii) Tri-Sil has paid CAN$150,000 to Mineral Hill;

(iv) the Company will pay CAN$850,000 to Mineral Hill on the earlier of the date that is: (i) ten (10) days after the date on which it raises over CAN$5 million in additional financing or the date of Admission; and (ii) 15 December 2005;

(v) Tri-Sil will procure the transfer and delivery to Mineral Hill of a share certificate (or certificates) representing one million existing issued Ordinary Shares. The Ordinary Shares are currently held in escrow by a third party shareholder pending registration in the name of Mineral Hill;

(vi) Tri-Sil, the Company and PPAL will release from any claims Mineral Hill, Dieter Peter, Hans Schwabl and Victor Blazevic;

(vii) Global and GISC will release from any claims Mineral Hill, Dieter Peter, Hans Schwabl and Victor Blazevic;

(viii) Mineral Hill will release from any claims Tri-Sil, the Company, PPAL, Global and GISC and their respective officers and directors, except for Rudi Riepe;

(ix) Dieter Peter, Hans Schwable and Victor Blazevic will release from any claims, PPAL, the Company and Tri-Sil and their respective officers and directors, except for Rudy Riepe;

(x) Mineral Hill, Tri-Sil, the Company and PPAL will endorse dismissal orders from the court actions and Tri-Sil, the Company and PPAL will obtain the endorsement from counsel for Global and GISC as will be necessary for the dismissal;

(xi) Mineral Hill will discontinue its counterclaim against Rudy Riepe in action no. S046570;

(xii) Tri-Sil, PPAL and the Company will indemnify Mineral Hill against any claim made by Rudy Riepe in relation to the JV Agreement, the Settlement Agreement or the disputed mineral claims; and

Mineral Hill have confirmed that they have obtained their requisite regulatory approvals to the settlement, which is accordingly only conditional on the Group complying with the matters described in paragraphs (iv) and (v).

if the Company fails to pay the CAN$850,000 (described in paragraph (iv) above or fails to deliver the share certificate(s) described in paragraph (v) above) to Mineral Hill by the due date:

(A) Mineral Hill will return the one million previously issued Ordinary Shares (described in paragraph (v) above) to Tri-Sil;

(B) Tri-Sil will grant Mineral Hill a 50 per cent. interest in the disputed mineral claims (described in paragraph (ii) above); and

(C) Mineral Hill and Tri-Sil will be deemed to be bound by the terms of the JV Agreement on the terms and conditions set out in the Settlement Agreement and Tri-Sil will be the "operator" as defined in the JV Agreement.

This agreement is governed by the laws of British Columbia.

(m) Agreement dated 18 October 2005 between (1) St. George Capital Corp. and (2) the Company under the terms of which the Company will pay to St. George Capital Corp., out of the proceeds of the placing a fee equivalent to one per cent. of the amount of the gross Placing proceeds.

(n) Loan Purchase and Sale Amending Agreement dated 28 December 2004 between (1) Robert Jamieson and (2) the Company (the "Jamieson Amending Agreement") pursuant to which an agreement dated 2 December 2004, whereby the Company agreed to purchase the debts owed to Mr. Jamieson by Tri-Sil in the amount of three hundred and sixty five thousand, eight hundred and twenty three dollars and sixty six cents Canadian funds (CAN$ 365,823.66), was amended. The Company and Mr. Jamieson agreed that the purchase price was payable over a period of up to 6 months in lieu of being payable in full upon closing; and that the Company agreed to provide Mr. Jamieson with a Promissory Note in the sum of thirty seven thousand, seven hundred and seventy three dollars and ninety eight cents Canadian funds (CAN$37,773.98) as security for the due payment of the purchase price. The agreement is governed by the laws of British Columbia and the laws of Canada applicable in British Columbia. The CAN$37,773.98 has to date been paid.

(o) Agreements dated 9 February 2005 between (1) Med-Tech Holdings Limited ("Med-Tech") and (2) The Company ("The Med-Tech Assignments of Debt") pursuant to which the Company purchased certain debts in the amounts of C$362,548.58; C$48,027.98; and C$72,971.30 owed by Tri-Sil to Med-Tech for an aggregate price of thirty five thousand Canadian dollars (CAN$35,000). The Company also agreed to grant to Med-Tech the right and option to subscribe for up to 100,000 shares in the Company at a price of £0.001 per share in the terms set out in the Med-Tech Assignments of Debt, in consideration of one dollar Canadian Funds (CAN$1.00), which subsequently lapsed and was not exercised. These agreements are governed by the laws of British Columbia. The CAN$35,000 has to date been paid.

(p) Purchase and sale agreement dated 29 September 2003 entered into between (1) Rudy Riepe (2) Global and (3) GISC regarding the purchase of certain mineral claims ("Purchase and Sale Agreement") pursuant to which GISC acquired certain mineral claims from Rudy Riepe. The consideration payable was: (1) a payment of CAN$340,000 increasing to CAN$490,000 (subsequently amended, see paragraph (t) below); and (2) 3 per cent. of net smelter returns (defined within the Purchase and Sale Agreement); a royalty of CAN$1 per ton of rock sold until such time as the amounts paid under such royalty arrangement equal CAN$1,500,000 or CAN$3,000,000 (dependent upon closure of a further agreement); and thereafter CAN$0.40 per ton (collectively the "Royalty Payments"). The consideration and Royalty Payments were both subsequently amended (paragraph (t) below).

(q) Amending agreement dated 11 November 2003 entered into between (1) Rudy Riepe (2) Global and (3) GISC pursuant to which the terms of the Purchase and Sale agreement were amended so that the purchase price payable was CAN$750,000 (payable in monthly instalments), and the Royalty Payments were amended to be 3 per cent. of net smelter returns; CAN$1.00 per ton of rock sold until such payments equalled CAN$1,500,000 and thereafter a royalty of CAN$0.40 per ton of rock sold.

(r) Letter agreement dated 17 December 2003 between (1) Rudy Riepe (2) Global and (3) GISC pursuant to which the terms of the Purchase and Sale agreement were amended so that GISC became the recorded holder of certain additional claims thereby removing Rudy Riepe's co-ownership of such claims. Payment of royalties only become due two years after the satisfaction of litigation relating to certain claims.

(s) Amending agreement dated 15 December 2004 entered into between (1) Rudy Riepe (2) Global and (3) GISC pursuant to which the terms of the Purchase and Sale Agreement were further amended so that purchase price payable was CAN$500,000 (payable in monthly instalments), and the Royalty Payments were amended to be 3 per cent. of net smelter

returns; CAN$1.00 per dry metric ton of material sold until the aggregate of such payments plus the payments due to Rudy Riepe under a separate royalty agreement dated 1 October 1988 (and relating to separate claims) amounted to CAN$3,000,000; and thereafter CAN$0.50 per metric ton for material sold from the claims at a price greater than CAN$12.00 and CAN$0.25 per metric ton for material sold at price lower that CAN$12.00 per ton.

(t) Amending agreement dated 14 February 2005 (face of document states incorrectly 2004) entered into between (1) Rudy Riepe (2) Global and (3) GISC pursuant to which, Rudy Riepe confirms that all payments due and payable up until 15 January 2005 have been made in accordance with the terms of the Purchase and Sale Agreement, as amended, subject to payment of CAN$30,000 under the terms of a promissory note issued to Rudy Riepe by Global.

(u) Amending agreement dated 17 January 2005 relating to purchase and sale agreement dated 1 October 1988 and entered into between (1) Rudy Riepe and (2) Tri-Sil under the terms of which Rudy Riepe agrees that the cost of living adjustment relating to the royalty payment of CAN$0.50 will be made and that such requirement for adjustment will commence after the date of commencement of commercial production from the relevant claims.

(v) Subscription agreement between the Company and RAB dated ● December 2005 pursuant to which RAB agreed to subscribe Ordinary Shares with an aggregate subscription price of up to £460,000. The subscription price per Ordinary Share payable under the agreement is the lesser of the Placing Price and the average of the closing mid-market prices of the Ordinary Shares for the five trading days immediately prior to the date on which a notice of subscription is issued by the Company. The Company is entitled to require RAB to subscribe Ordinary Shares by giving notice of subscription at any time on or after 30 April 2006 and before the close of business on 30 September 2006. The aggregate subscription price for the purposes of each subscription notice shall be no less than £100,000. The obligation of RAB to subscribe Ordinary Shares shall be reduced to the extent of any subscription proceeds (after expenses) received by the Company from the issue of Ordinary Shares following Admission.

10. Company's Share Option Schemes

10.1 The Directors believe that equity incentives are and will continue to be a means of retaining, attracting and motivating key employees. The Company has therefore established and granted options under an unapproved share option scheme (the **"Pre-Admission Scheme"**) to certain employees, directors and/or consultants of the Company and its subsidiaries. The Company does not intend to grant any further options under the Pre-Admission Scheme. In addition, the Company has established an unapproved share option scheme which will be appropriate for granting options to employees and directors after Admission (the **"Post-Admission Scheme"**).

10.2 The following options have been granted by the Company under the Pre-Admission Scheme:

Date of Grant	*Name of Optionholder*	*Number of Ordinary Shares subject to the Option*
20 October 2005	Alan Whitehead	500,000
1 November 2005	Dr. Anton Schrafl	200,000
20 October 2005	Bob Hasell	200,000
20 October 2005	Cal Mark	250,000
20 October 2005	Carlos Ruiz	100,000
20 October 2005	Don Nicholson	800,000
20 October 2005	Dr. David Shaw	150,000
20 October 2005	Dr. George Ionides	150,000
20 October 2005	Dr. Kevan Ashworth	150,000
20 October 2005	Dr. Max Amstutz	150,000
20 October 2005	Erwin Speckert	150,000
20 October 2005	Felix Gaehwiler	150,000
20 October 2005	Graeme Hossie	50,000
20 October 2005	James Ladner	300,000
20 October 2005	Jorge Ruiz	25,000
20 October 2005	Mark Chorm	100,000
20 October 2005	Mike Iannacone	425,000
20 October 2005	William Voaden	300,000
Total		4,150,000

The exercise price of the options is the Placing Price. Subject to the terms of the Pre-Admission Scheme (see below), the options will be exercisable as to one third of the total number of shares subject to the option (rounded down to the nearest share) on or after the second anniversary of the date of Admission. The options will be exercisable over the remaining two thirds on or after the third anniversary of the date of Admission.

10.3 The principal terms of the Pre-Admission Scheme are as follows:

(a) *Eligibility*

Any employee or director (including any non-executive director) of a participating company (i.e. the Company or a subsidiary of the Company) or any non-UK based consultant may be selected for participation at the discretion of the Board or the remuneration committee of the Board, provided they are not prevented from being granted options by the Model Code, the AIM Rules or any other relevant code of corporate governance applicable to the Company.

(b) *Grant of options*

Options may only be granted within the period of six weeks beginning with the date on which the Pre-Admission Scheme was adopted by the Board and thereafter:

(i) within the period of six weeks beginning with the dealing day immediately following the date on which the Company announces its final or interim results in any year; or

(ii) within the period of six weeks beginning with the date an employee begins employment with a participating company but only in respect of that employee;

(iii) within the period of six weeks beginning with the dealing day immediately following the date on which any legislation, regulation or other rule or directive preventing the grant of an option is removed or ceases to have effect; and

(iv) at any other time but only if, in the opinion of the Board, the circumstances are exceptional.

However as noted above, the Company has established the Post-Admission Scheme for the grant of options on/after Admission and does not intend making any further grants of options under the Pre-Admission Scheme.

(c) *Exercise price*

The exercise price under an option may be any price determined by the Board, subject to the following conditions:

(i) if at the relevant time the Ordinary Shares are quoted on AIM or the Official List, the price must not be less than the middle-market quotation of an Ordinary Share, as ascertained from AIM or the Daily Official List of the UK Listing Authority (as appropriate), on the last dealing day before the date of grant of the option; and

(ii) where the exercise of the option is to be satisfied by an issue of shares, the price must not in any event be less than the nominal value of an Ordinary Share.

(d) *Vesting*

Options may be made exercisable only to the extent that they have vested in accordance with a vesting schedule. The existing options have been granted subject to a vesting schedule (see paragraph 10.2 above).

(e) *Exercise periods*

Options may normally only be exercised during a specified option period determined at the date of grant and specified in the relevant option agreement and only to the extent that the relevant vesting date(s) have passed. Options may also not be exercised prior to Admission. Options cannot be exercised after the day before the tenth anniversary of the date of grant of the option.

Where the vesting date(s) have passed, options may be exercised following the death in service of the optionholder or where the optionholder's employment/directorship/consultancy ceases because of injury, sickness or disability (in each case evidenced to the satisfaction of the Board), redundancy, retirement or the optionholder's employing company or business being transferred outside the Group. Where the employment/directorship/consultancy is terminated for another reason, options will lapse unless the Board permits the optionholder to exercise them.

In the case of death, options may normally be exercised by the optionholder's personal representatives within the twelve months following death. In other cases of cessation of employment/directorship/consultancy, options may (subject, where appropriate, to the Board's permission) be exercised within six months of the cessation. In all these cases, options will not be exercisable except to the extent that the relevant vesting date(s) (if any) have been passed.

Options may also be exercised in the event of the winding-up or change of control of the Company (see below).

(f) *Taxation of options*

The Board may prescribe that the exercise of an option shall be conditional upon the agreement of the optionholder to put the Company (or other relevant accountable person) in funds to satisfy any liability to tax (including both employer's and employee's national insurance contributions). The Pre-Admission Scheme also prescribes that Ordinary Shares may be sold on behalf of an optionholder to meet any such liabilities.

(g) *Scheme limits*

The maximum number of shares over which options to subscribe may be granted under the Pre-Admission Scheme on any day when aggregated with shares issued or issuable under options granted under any other employee share scheme operated by the Company in the immediately preceding ten years may not exceed 10 per cent of the ordinary share capital in issue at that time.

The maximum number of shares over which options to subscribe may be granted under the Pre-Admission Scheme on any day when aggregated with shares issued or issuable under options granted under any executive share option scheme operated by the Company in the immediately preceding ten years may not exceed 7.5 per cent of the ordinary share capital in issue at that time.

The Board may from time to time specify the maximum number of shares under option that may be granted in any one day subject to the above limits.

(h) *Lapse of options*

Options are personal to optionholders and may not be transferred or otherwise disposed of or charged. Any such dealing shall cause the option to lapse. Options shall also lapse on the expiry of the option period (which shall not exceed the day before the tenth anniversary of the date of grant of the option), the cessation of an optionholder's employment/directorship/consultancy (other than in the circumstances referred to in paragraph 10.3(e) above) and at the end of the relevant periods for exercise as outlined in paragraph 10.3(e) above.

(i) *Changes in control and winding-up*

In the event of a change in control of the Company as a result of a general offer (other than pursuant to a group reorganisation), options may be exercised within six months of the change of control.

If any person becomes bound or entitled to acquire shares in the Company under sections 428-430 of the Companies Act 1985 options may be exercised during the period of such entitlement or while such person remains bound to do so.

In the event of the reconstruction or amalgamation of the Company pursuant to Section 425 of the Companies Act 1985, options may be exercised within six months of the Court sanctioning the reconstruction or amalgamation.

In the event of the voluntary winding-up of the Company, options may be exercised at any time up to the commencement of the winding up.

In the event of a proposed demerger of the Company or any subsidiary, the Board may notify optionholders that their options may be exercised within a specific period (not exceeding 30 days), provided that an independent adviser has first confirmed to the Board that the interests of optionholders would otherwise be substantially prejudiced.

(j) *Variation of capital*

If any alteration of the ordinary share capital of the Company occurs by reason of a capitalisation or rights issue or a sub-division, consolidation or reduction or otherwise, then the Company can make such adjustments as it considers necessary to

the exercise price and to the number of shares under any option provided that (other than in the case of a capitalisation issue) the Board has been independently advised that such adjustments are fair and reasonable.

(k) *Amendment and termination*

The terms of the Pre-Admission Scheme may only be amended to the advantage of current or potential optionholders with the prior authority of the Company in general meeting, except for minor amendments to benefit the administration of the Pre-Admission Scheme, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for optionholders or for the Company or its subsidiaries.

No options may be granted later than ten years after the adoption of the Pre-Admission Scheme.

10.4 The principal terms of the Post-Admission Scheme are identical to those of the Pre-Admission Scheme except that:

(a) only employees and directors (including non-executive directors) of a participating company are eligible to be granted options under the Post-Admission Scheme (references to consultancy in the description of the principal terms should therefore be ignored);

(b) the initial period during which options may be granted under the Post-Admission Scheme is within six weeks of Admission (rather than within six weeks of the adoption of the scheme);

(c) options will be granted under the Post-Admission Scheme subject to and will usually only be exercisable on the attainment of specified performance targets (to be determined prior to grant). It is intended that due consideration will be given to the guidelines issued by the Association of British Insurers. The effect will be that the options will only be exercisable if, in a defined period following grant, the financial performance of the Company so warrants. In certain limited circumstances the Board may vary the performance target to which the exercise of an option is subject (e.g. where the Board reasonably considers that the performance target is no longer a fair measure of the participant's performance (in which case the revised target must be materially no more difficult and no less difficult to satisfy than the target to which the option was originally subject) or where the participant ceases to be an employee or director for a "good leaver" reason before the end of the relevant performance period); and

(d) the scheme limits under the Post-Admission Scheme will be as follows:

(i) the maximum number of shares over which options to subscribe may be granted under the Post-Admission Scheme on any day when aggregated with shares issued or issuable under options granted under any other employee share scheme operated by the Company (excluding any options granted prior to Admission) in the immediately preceding ten years may not exceed 10 per cent. of the ordinary share capital in issue at that time; and

(ii) the maximum number of shares over which options to subscribe may be granted under the Post-Admission Scheme on any day when aggregated with shares issued or issuable under options granted under any executive share option scheme operated by the Company (excluding any options granted prior to Admission) in the immediately preceding ten years may not exceed 5 per cent. of the ordinary share capital in issue at that time.

(e) the Company proposes to grant, following Admission, the following options under the Post Admission Scheme:

Name of Optionholder	*Proposed number of Ordinary Shares to be subject to the Option*
Don Nicholson	800,000
Dr. Anton Schrafl	150,000
Bob Hasell	150,000
James Ladner	250,000
William Voaden	250,000
Alan Whitehead	1,000,000
Carlos Ruiz	75,000
Jorge Ruiz	25,000
	2,700,000

11. Litigation

Save as described in paragraph 9(l) of this Part VII and as set out below, neither the Company nor any other member of the Group is or has been engaged in any legal or arbitration proceedings nor, as far as the Directors are aware, are any legal or arbitration proceedings, active, pending or threatened against, or being brought by, the Company or any other member of the Group, which may have or have had during the 12 months preceding the date of this document, a significant effect on the Group's financial position.

During the summer of 2005, PPAL carried on limited test mining and processing activities on a portion of its mineral tenures located within the Southern Project (the lands covered by Mining Lease 391695) pursuant to mining permit no. Q-7-19. PPAL's activities resulted in some complaints by residents and the SCRD has taken the position that such processing activities were contrary to local zoning rules. To enforce that position, on 28 October 2005, counsel to the SCRD served PPAL with a Writ of Summons and Statement of Claim issued by the SCRD seeking a declaration and order restraining PPAL from (a) using or occupying the lands for the purpose of processing mineral, sand, gravel and soil and (b) using or occupying the lands for the purpose of a temporary storage compound. While not accepting the validity of the SCRD's position in this matter, the Company intends to have discussions with the SCRD regarding the fact that the Group's future operations will be further removed from any residents, with a view to obtaining the requisite zoning for such future operations.

12. Working capital

The Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Group, taking into account the estimated net proceeds of the Placing and the Subscription, will be sufficient for its present requirements, that is for at least twelve months from the date of Admission.

13. Taxation

The following information is based upon tax legislation and HM Revenue and Customs practice currently in force in the United Kingdom. The comments are of a general nature only, are not a full description of all relevant tax considerations and may not apply to persons who do not hold their Ordinary Shares as investments. Any person who is in any doubt as to his tax position should consult a professional adviser concerning his tax position in respect of the acquisition, holding or disposal of Ordinary Shares.

(a) *Dividends – UK resident shareholders*

Under current United Kingdom taxation legislation no withholding tax applies on dividends paid by the Company.

Where the Company pays a dividend, a holder of Ordinary Shares who is an individual resident in the UK (for the purposes of UK taxation law) and who receives that dividend is generally entitled to a tax credit in respect of the dividend received. The tax credit currently equals 10 per cent. of the combined amount of the dividend and tax credit (a "gross dividend"). Such individuals will be liable to income tax on the aggregate of the dividend and tax credit which together will be regarded as the top slice of the individual recipients' income for tax purposes and will be subject to UK income tax at the special rate of tax as described below.

Individual shareholders who are liable to income tax at lower or basic rate will be liable to tax on the gross dividend received at the rate of 10 per cent. This means that the tax credit will satisfy the individual's liability to pay income tax at the lower or basic rate.

The rate of income tax applied to gross dividends received by individual shareholders liable to income tax at the higher rate will be 32.5 per cent. After taking into account the 10 per cent. tax credit a higher rate tax payer will be liable to additional income tax of 22.5 per cent of the gross dividend, equal to 25 per cent. of the net dividend.

Individual shareholders who are not liable to income tax on the dividend income cannot reclaim payment of the tax credit from the Inland Revenue.

A UK resident corporate shareholder will not normally be liable to UK corporate tax on any dividend received from the Company. Most UK residents corporate shareholders and pension funds are not, however, entitled to repayment of any tax credits from the Inland Revenue.

(b) *Dividends – Non UK resident shareholders*

Shareholders resident outside the UK for tax purposes will not generally be entitled to the benefit of any tax credit on dividends received from the Company. Shareholders who are not resident in the UK for tax purposes but who are either Commonwealth citizens or nationals of the European Economic Area and certain other classes of people are normally entitled to a tax credit in respect of a dividend received from the Company which they may off-set against their total UK income tax liability or reclaim to the same extent as if they were resident in the UK. Non UK resident shareholders who do not fall within the above categories may be able to claim a repayment from HM Revenue and Customs in respect of part of the tax credit attaching to the dividends to which they are entitled, depending on the provisions of any relevant double taxation convention or agreement. Shareholders resident in jurisdictions outside the UK should consult their own tax advisors as to entitlement and procedures as well as taxation in their own jurisdiction. The effect of the rate of the tax credit being 10 per cent is generally to reduce or eliminate the amount in respect of the tax credit that may be paid under the terms of a double taxation agreement from that date.

(c) *Stamp Duty and Stamp Duty Reserve*

No liability to stamp duty or stamp duty reserve tax ("SDRT") will arise in the allotment of New Ordinary Shares by the Company pursuant to the Placing.

The conveyance or transfer on sale of Ordinary Shares which are held in certificated form following registration will be subject to stamp duty on the instrument of transfer, at the rate of 0.5 per cent. (rounded up to the nearest multiple of £5) of the amount of the value of the consideration. Where an agreement to transfer such shares is not completed within 2 months of such agreement by a duly stamped instrument of transfer a charge to SDRT (generally at the rate 0.5 per cent.) will arise. Where Ordinary Shares are held in uncertificated form within CREST a liability to SDRT will arise where a change in the legal and/or beneficial ownership of those ordinary shares occurs.

Certain categories of persons may be required to account for stamp duty and SDRT at higher rates than those referred to above.

The above is a summary of certain aspects of current law and practice in the UK. A shareholder who is in any doubt as to his tax position or who is subject to tax in a jurisdiction other than the UK, should consult his or her professional adviser.

14. General

14.1 The gross proceeds of the Placing and Subscription are expected to amount to £3 million. Total costs and expenses payable by the Company in connection with the Admission and Placing (including professional fees, commissions, the costs of printing and the fees payable to the registrars) are estimated to amount to approximately £500,000 (inclusive of VAT).

14.2 In the opinion of the Directors, the minimum amount which must be raised under the Placing to provide the sums required in respect of the following matters is £2.54 million which will be applied as follows:

14.2.1 Purchase price of any property	£nil
14.2.2 Preliminary expenses and commissions	£500,000
14.2.3 Repayment of moneys borrowed	£nil
14.2.4 Working capital	£2,040,000

There are no amounts to be provided in respect of the matters aforesaid otherwise than out of the proceeds of the Placing. The proceeds of the Subscription will be applied for working capital purposes by the Company.

14.3 The Placing Price represents a premium of 79.9 pence over the nominal value of £0.001 per Ordinary Share.

14.4 The Company's principal investments to date have been the acquisitions of the shares in its subsidiaries.

14.5 Information regarding the Company's principal investments that are in progress, and the future investments on which its management bodies have already made firm commitments, are set out in Part I of this document.

14.6 Any statements made within this document regarding the competitive position of the Group are based either on: the report of the Competent Person at Part III of this document; the report of Evans & Evans in Part IV of this document; sources disclosed in the document; or the reasonable belief of the Directors based on their research.

14.7 The number of employees in the Group at the end of the last financial year was nil.

The number of temporary employees in the Group on average during the most recent financial year is nil.

14.8 Information sourced from third parties has been accurately reproduced and, as far as the Company is able to ascertain, no facts have been omitted from the information published by that third party which would render the reproduced information inaccurate or misleading.

14.9 The financial information relating to the Company set out in section B of Part V of this document does not comprise statutory accounts within the meaning of section 240 of the Companies Act. Since the Company was only incorporated on 13 December 2004, it has not completed its first accounting reference period, and has not delivered any audited accounts to Companies House.

14.10 BDO Stoy Hayward LLP has given and not withdrawn its written consent to the inclusion of its accountant's reports in Part V of this document and the references to its name in this document in the form and context in which they appear.

14.11 Insinger de Beaufort and VSA Resources have each given and not withdrawn their written consent to the inclusion in this document of references to their names in the form and context in which they appear.

14.12 ACA Howe has given and has not withdrawn its written consent to the inclusion in this document of its report on the mineral assets of Sechelt, British Columbia, in Part III of this document and to the references to its name in this document in the form and context in which they appear.

14.13 Evans & Evans has given and has not withdrawn its written consent to the inclusion in this document of its report on the market for mineral assets of the Company in Part IV of this document and the references to its name in this document in the form and context in which they appear.

14.14 It is expected that definitive share certificates will be despatched by hand or first class post by ● 2005. In respect of shares in uncertificated form, it is expected that Shareholders' CREST stock accounts will be credited on ● 2005.

14.15 Save as disclosed in this document, there has been no significant change in the trading or financial position of the Group since 30 June 2005, the date to which the interim unaudited consolidated accounts of the Company were prepared.

14.16 Save as set out in this document no person (other than a professional adviser referred to in this document or trade suppliers or customers dealing with members of the Group) has:

(a) received directly or indirectly, from any member of the Group within the 12 months preceding the Company's application for Admission; or

(b) entered into contractual arrangements (not otherwise disclosed in this document) to receive directly or indirectly, from any member of the Group on or after Admission, any of the following:

(i) fees totalling £10,000 or more;

(ii) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or

(iii) any other benefit with a value of £10,000 or more at the date of Admission.

14.17 Save as disclosed in this document, there are no investments in progress of the Group which are or may be significant.

14.18 Save as disclosed in this document, the Directors are unaware of any exceptional factors which have influenced the Group's recent activities.

14.19 Save as disclosed in this document, the Directors are not aware of any patents or other intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes which are or may be of fundamental importance to the Group's business.

15. Availability of Admission Document

Copies of this Admission Document are available free of charge from the offices of Insinger de Beaufort, 131 Finsbury Pavement, London EC2A 1NT during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until at least one month after the date of Admission.

Dated: 7 December 2005