PART II

RISK FACTORS

Investing in the Group is speculative and involves a high degree of risk. You should carefully consider the entire contents of this document, including, but not limited to, the risk factors described below, before you decide to invest in the Group. Ordinary Shares may not be a suitable investment for all recipients of this document. If you are in any doubt about the Ordinary Shares and their suitability for you as an investment, you should consult a person authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

As at the date of this document the Directors consider the following risks to be the material risks of which they are aware and the most significant risks for potential investors. Such risks have not been set out in any order of priority. In addition, you should note that the risks described below are not the only risks faced by the Group. In particular, there may be additional risks that the Directors currently consider not to be material or of which they are not presently aware.

If any of the events described in the following risks actually occur, the Group's business, financial condition, results or future operations could be materially affected. In such circumstances, the price of the Ordinary Shares could decline and investors could lose all or part of their investment. The Group's performance may be affected by changes in legal, regulatory and tax requirements in any of the jurisdictions in which it operates as well as overall global financial conditions.

There can be no certainty that the Group will be able to implement successfully the strategy set out in this document. No representation is or can be made as to the future performance of the Group and there can be no assurance that the Group will achieve its objectives.

1. GENERAL RISKS

An investment in the Group is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which may result. A prospective investor should consider with care whether an investment in the Group is suitable for him in the light of his personal circumstances and the financial resources available to him. Investment in the Group should not be regarded as short-term in nature. There can be no guarantee that any appreciation in the value of the Group's investments will occur or that the investment objectives of the Group will be achieved. Investors may not get back the full or any amount initially invested. The prices of shares and the income derived from them can go down as well as up. Past performance is not necessarily a guide to the future. Changes in economic conditions including, for example, interest rates, currency exchange rates, rates of inflation, industry conditions, competition, political and diplomatic events and trends, tax laws and other factors can substantially and adversely affect equity investments and the Group's prospects.

2. RISKS RELATING TO THE GROUP'S BUSINESS AND FINANCIAL POSITION

(a) ***Mining, Exploration and Development Risks***

There is no certainty that the expenditures to be made in the exploration and development of the Group's properties in which it has an interest will result in profitable commercial operations. Most exploration projects do not result in the discovery of commercially mineable deposits.

The successful exploration and development of mineral properties is speculative and subject to a number of uncertainties and hazards which even a combination of careful evaluation, experience and knowledge may not eliminate. Factors affecting the economics of developing mineral properties and commercial viability of such projects include, but are not limited to, variations in grade, deposit size, density, unusual or unexpected rock formations and other geological problems, structural cave-ins or slides, seismic activity, flooding, fires, explosions, periodic interruptions due to inclement or hazardous weather conditions, environmental hazards, hydrological conditions, delays in installing and commissioning plant and equipment, metallurgical and other processing problems, mechanical equipment performance problems and other technical problems, the unavailability of materials and equipment including fuel, labour force disruptions or shortage of skilled workers, unanticipated interruptions or significant changes in the costs of services and supplies including but not limited to water, transport, fuel and power, and unanticipated regulatory changes, quality of management, quality and availability of geological expertise and such other factors as government regulations (relating to such things as prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection).

In common with all exploration companies, there is uncertainty associated with the Group's operating parameters and costs. Any significant variations could have a material impact on the financial position and prospects of the Group.

(b) ***Prospecting Licences – General***

Exploration, mining and processing activities are dependent upon the grant, renewal or continuance in force of appropriate permits, licences, concessions, leases and regulatory consents, in particular the Prospecting Licences, which may be valid only for a defined time period and subject to limitations or other conditions related to operational activities. As described in Part I of this document, the Group will hold a number of Prospecting Licences and Exploration Permits in Ireland and Sweden. The Directors are confident that the Group will fulfil the necessary conditions to maintain the good standing of these Prospecting Licences and Exploration Permits, in order to exercise its right to continue its feasibility assessment work and be granted corresponding Mining Licences in the future if required. If the Group fails to fulfil the specific terms of any of its Prospecting Licences or if it operates its business or enters into transactions or arrangements in a manner that violate applicable law or regulation, government regulators may impose fines or suspend or terminate the right, concession, licence, permit or other authorisation, any of which could have a material adverse effect on the Group's results of operations, cash flows and financial condition.

(c) ***Risks associated with the Centerra JV Agreement***

Under the terms of the Centerra JV Agreement, Centerra has entered into a binding obligation to pay initial funding of US$500,000 to the Subsidiary to pursue mining opportunities for a period of one year. Following this initial period, ongoing funding is at the discretion of Centerra at US$250,000 per year and terminable on 60 days' notice. Centerra shall be entitled to elect, in relation to a DPA, to fund exploration to the sum of US$1,000,000 over a two year period in return for a 51 per cent. ownership interest in that area. There is a risk that Centerra elects not to further fund exploration of the DPAs. While the Group will retain 100 per cent. ownership of any DPA that Centerra elects not to fund, it may not have the necessary funds available or be able to generate the necessary funds to further develop the licence areas. This could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

(d) ***Risks associated with the expiration of Prospecting Licences in Ireland***

The prospecting licences held were granted to Erris Resources over the course of 2013, for a period of six years. Each prospecting licence carries with it certain conditions that must be fulfilled over the term of the licence in order to allow them to continue in force and/or be renewed upon expiry. The licensor may revoke the licences at any time if there are reasonable grounds for doing so, or if the licensee fails to comply with its various obligations under the terms of the licence agreement. If the Group is unable to comply with its obligations, the resultant loss of these Prospecting Licences would have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

(e) ***Risks associated with the expiration of or failure to obtain Exploration Permits in Sweden***

An exploration permit under the Swedish Minerals Act is valid for three years from the decision date when it is initially granted. Upon application from the permit holder, the Exploration Permit may be extended up to a maximum validity period of fifteen years. The decision to extend is at the discretion of the Swedish Mining Inspectorate. There can be no guarantee that the Group's Exploration Permits will be extended. This could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

When permits are granted in Sweden the Mining Inspectorate informs relevant stakeholders of the grant and they have 21 days from notification in which to appeal the grant of the permit. It is not unusual (as is the case in relation to the Swedish prospecting licences) for some stakeholders to fail to acknowledge the notice. Unless the Mining Inspectorate can demonstrate that the stakeholder has been adequately notified, the objection period remains open. There is therefore the unlikely possibility that a stakeholder may object to the grant of certain permits. Even if this did happen, the prospecting licence would remain valid unless and until the appeal was successful.

Of the 18 licences in Sweden in which Erris Resources is interested, two (Käringberget nr 3 and Käringberget nr 4) have been applied for but not yet granted. There is no guarantee that Käringberget nr 3 and Käringberget nr 4 will be granted.

(f) ***Regulatory***

Mineral exploration and development operations are subject to extensive controls and regulations imposed by various levels of government that may be amended from time to time, such as extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of minerals and other aspects of a mining business. The Group's operations require licences and permits from governmental authorities. There can be no assurance the Group will in the future be able to obtain all necessary licences and permits that may from time to time be required to carry out exploration and development at its projects or that the terms of its existing licences and permits will not be amended or revoked in such a way as to hinder the Group's operations.

(g) ***Political Risks***

The Group's operations are located in Ireland and Sweden and may be exposed to certain political, economic and other risks and uncertainties. Such risks and uncertainties vary and can include, but are not limited to: currency exchange rates; labour unrest; local government or other approval; renegotiation or nullification of existing concessions, licences, permits and contracts; changes in taxation policies; restrictions on foreign exchange; changing political conditions or governing parties; currency controls and governmental regulations that may favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Future political actions and events, including the impact of Brexit cannot be predicted and may adversely affect the Group.

(h) ***Governmental relations may change***

To protect the Group's licences to operate it is important that the Group should maintain strong positive relationships with the Irish and Swedish governments and other authorities. The Group's business principles will govern how it conducts its affairs. Failure to follow these principles could adversely affect the Group's reputation and impact its licences, financing or access to new opportunities. There can be no assurance that the actions of such present or future authorities will not materially adversely affect the business or financial condition of the Group.

(i) ***Infrastructure***

The commercialisation of the Group's projects will depend to a significant degree on the existence of adequate infrastructure. In the course of developing its operations, the Group may need to improve existing infrastructure or construct and support the construction of new infrastructure, which includes permanent water supplies, power, transport and logistics services which affect capital and operating costs. Significant additional funding will be required to develop such infrastructure. Unusual or infrequent weather phenomena, government or other interference in the maintenance or provision of such infrastructure or any failure or unavailability in such infrastructure could materially adversely affect the Group's operations, financial condition and results of operations.

(j) ***Exploration and development risks***

The Group's profitability will depend, in part, on the actual economic returns and the actual costs of exploration and development, which may differ significantly from the Group's current estimates. The development of the Group's projects may be subject to unexpected problems and delays. The Group's decision to explore or develop a mineral property is typically based on the analysis of geological and mineralogical data for that particular property and estimates of the cost to complete further exploration and development work. Actual cash operating costs may differ significantly from those anticipated by such analyses and estimates. There are a number of uncertainties inherent in the exploration and development of any project. These uncertainties include: the timing and cost, which can be considerable, of the exploration and development services; the availability and cost of skilled labour, power, water, consumables, transportation facilities, the need to obtain necessary environmental and other governmental permits and the timing of those permits, and the availability of funds to finance exploration and development activities, as referred to elsewhere in this Part II.

The current and future operations of the Group may also be affected by a range of factors, including, but not limited to:

- geological conditions;
- limitations on activities due to seasonal weather patterns;
- alterations to joint venture programmes and budgets;
- unanticipated operational and technical difficulties encountered in trenching, drilling, development, production and treatment activities;
- mechanical failure of operating plant and equipment;
- adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events;
- unavailability of drilling, mining, processing and other equipment;
- unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment and labour;
- prevention of access by reason of political or civil unrest, outbreak of hostilities, inability to obtain regulatory or landowner consents or approvals;
- terms imposed by government on development of mining projects including conditions such as equity participation, royalty rates and taxes;
- delays in completing feasibility studies and obtaining development approvals; and
- risks of default or non-performance by third parties providing essential services.

No assurance can be given that future exploration will be successful or that a commercial mining operation will eventuate.

The ultimate success and financial viability of the Group depends on the discovery and delineation of economically recoverable ore reserves, design and construction of efficient mining and processing facilities, and competent operational and managerial performance. There is no assurance that exploration and development of the mineral interests held by the Group, or any other projects that may be acquired by the Group in the future, will result in the discovery of an economic deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited by the Group.

Development of a commercial mining operation is also dependent on the Group's ability to obtain necessary titles and governmental and other regulatory approvals on a timely basis.

(k) ***Foreign Currency***

Following Admission, the Group's financial results could be adversely affected by changes in foreign currency exchange rates. The functional currencies of the Group are Sterling and Euros. A majority of the Group's operating costs will be denominated in these two currencies. Fluctuations in exchange rate therefore of Sterling and the Euro against other currencies in which the Group will generate revenue and incur expenses may therefore materially affect the Group's translated results of operations. This may increase or decrease the results of operations and may adversely affect the financial condition as stated in Sterling. Any significant adverse fluctuations in currency rates could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

(l) ***The Group will require additional capital in the medium term to complete its exploration, development and production plans and this capital might not be available at all, on favourable terms, or in sufficient amounts***

If the Group is unable to raise capital when needed or on suitable terms, the Group could be forced to delay, reduce or eliminate its exploration and development efforts. Furthermore, any additional equity fundraising in the capital markets may be limited due to disruption or uncertainty in the markets or may be dilutive for shareholders. Any debt-based funding, should it be obtainable, may bind the Group to restrictive covenants and curb its operating activities and ability to pay potential future dividends even when profitable. Finally, changes in interest rates could have an adverse impact on the Group's business by increasing the cost of capital and may negatively impact the Group's ability to secure financing on favourable terms. Any of these events could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. Notwithstanding the above statements, in the opinion of the Group, the working capital available to the Group following Completion, which includes the net proceeds of the Placing, is sufficient for the Group's present requirements, that is, for at least the 12 months following the date of Admission, and the above statements do not seek to qualify the statements made as to the sufficiency of working capital set out in paragraph 14 of Part VI "Additional Information".

(m) ***The Group will be subject to competition for its skilled personnel and challenges in attracting and retaining key personnel could impair the Group's ability to conduct and grow its operations effectively***

The Group's ability to compete in the competitive resource sector depends upon its ability to retain and attract highly qualified management, geological, technical and industry experienced personnel. Such personnel are expected to play an important role in the development and growth of the Group, in particular by maintaining good business relationships with regulatory and governmental departments and essential partners, contractors and suppliers. The loss of key management and/or technical personnel could delay the development of the Group's assets, and negatively impact the Group's business, financial condition and results of operations as well as its ability to compete in the resource sector. Other resource companies that it competes against for qualified personnel may have greater financial and other resources, different risk profiles or longer track records than the Group. If this competition is very intense, the Group might not be able to attract or retain these key persons on conditions that are economically acceptable. Therefore, the inability of the Group to retain and attract these key persons could prevent it from achieving its objectives overall and thus could have a material adverse effect on its business, financial condition, results of operations and prospects.

(n) ***The Group is subject to environmental laws and regulations, and any violation of, litigation relating to or liabilities under these laws and regulations could have a material adverse effect on the Group***

The Group's operations are subject to various state and foreign environmental laws concerning, among other things, water discharges, air emissions, waste management, toxic use reduction and environmental clean-up. Environmental laws and regulations continue to evolve, and it is likely the environmental laws and standards that regulate the operations will continue to be increasingly stringent in the future, particularly under air quality and water quality laws and standards related to climate change issues, such as reporting of greenhouse gas emissions. The Group is required to comply with environmental laws and the terms and conditions of any environmental permits and the failure to comply with these laws and/or permits, or any other applicable laws or permits, could result in fines and penalties, interruptions of the manufacturing operations or the need to install pollution control equipment that could be costly. It is also possible that the Group may be required to make additional expenditures, which could be significant, relating to environmental matters on an ongoing basis.

(o) ***Reliance on third parties***

The Group will be reliant on third party service providers and suppliers to provide equipment, infrastructure and raw materials required for the Group's business and operations and there can be no assurance that such parties will be able to provide such services in the time scale and at the cost anticipated by the Group.

(p) ***The global financial and commodity markets are experiencing continued volatility and geopolitical issues and tensions continue to arise***

Many Organisation for Economic Co-operation and Development (OECD) countries have continued to experience recession or negligible growth rates, which have had, and may continue to have, an adverse effect on consumer and business confidence. The resulting low consumer and business confidence has led to low levels of demand for many products across a wide variety of industries, including those industries for which commodities in the resources sector are an important raw material. The Group cannot predict the severity or extent of these recessions and/or periods of slow growth. For more information about the effect of general global, regional or national macroeconomic deterioration on the mining sector, see "Risks Relating to the Mining Sector" below.

(q) ***Risks associated with the need to maintain an effective system of internal controls***

The future growth and prospects of the Group will depend on its ability to manage growth and to continue to maintain, expand and improve operational, financial and management information systems on a timely basis, whilst at the same time maintaining effective cost controls. Any damage to, failure of or inability to maintain, expand and upgrade effective operational, financial and management information systems and internal controls in line with the Group's growth could have a material adverse effect on the Group's business, financial condition and results of operations.

(r) ***Stage of Operations***

The Group is at an early stage of operations and yet to commence production in either Ireland or Sweden. There can be no guarantee as to when production will commence. Estimates made in respect in the terms of timing and also the required level of capital and operating expenditure to reach production may be inaccurate. Significant delays or increased costs would have a material adverse effect on the Group's business, financial condition and results of operations.

(s) ***Competition***

There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Group will compete with other exploration and mining companies, many of which have greater financial resources than the Group, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

(t) ***Litigation***

Whilst the Group currently has no outstanding material litigation, there can be no guarantee that the current or future actions of the Group will not result in litigation since the mineral industry, as all industries, is subject to claims, both with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Owing to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material effect on the Group's financial position or results of operations.

(u) ***Potential Acquisitions***

As part of its business strategy, the Group may make acquisitions of, or significant investments in, complementary companies or prospects although no such acquisitions or investments are currently planned. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions including risks associated with operating in foreign jurisdictions.

(v) ***Uninsured risks***

As a participant in exploration activities the Group may become subject to liability for hazards that cannot be insured against or against which it may elect not to be so insured because of high premium costs. In particular, insurance against risks such as environmental pollution or other hazards as a result of mineral exploration and/or development may not be generally available on acceptable terms. Losses from uninsured risks may cause the Group to incur costs that could have a materially adverse effect upon the Group's financial performance.

3. RISKS RELATING TO THE MINING SECTOR

(a) ***Global supply and demand changes due to a potential economic downturn may adversely affect the business, cash flows, results of operations, and financial condition of the Group***

Global supply and demand affects commodity prices. Widespread trading activities by market participants, seeking either to secure access to commodities or to hedge against commercial risks, affects commodity prices as well. Consequently, commodity prices are subject to substantial fluctuations and cannot be accurately predicted. The current global economic environment and the volatility of international markets have caused governments and central banks to undertake unprecedented interventions designed to stabilise global and domestic financial systems, stimulate new lending and support structurally important industries and institutions, such as banks, which are at risk of failing. Many developed economies have experienced recessions over the past several years and growth has slowed in many emerging economies with serious adverse consequences for asset values, employment levels, consumer confidence and levels of economic activity. Numerous governments and central banks have responded to these economic conditions by proposing programmes to make substantial funds and guarantees available to boost liquidity and confidence in their financial systems. It is not known whether these responses will be effective in addressing the economic and market conditions that exist at present. The impact of the reversal or withdrawal of such programmes is also uncertain. Any further deterioration of the global economic environment could have a material adverse effect on the Group's business, results of operations and financial condition, particularly to the extent it impacts upon the price of any of the assets the Group is seeking to exploit.

(b) ***The Group's cash flows and results of operations may be adversely affected by inflation and other cost increases***

Significant inflation or other operational cost increases in the countries in which the Group may operate could increase operational costs without a corresponding increase in the sales price of the commodities the Group may in the future produce. Moreover, an interruption in the reduction of input costs relative to decreasing commodity prices will have a similar negative impact on the Group's operations. Any such elevated costs or postponements in cost reductions may negatively affect the Group's profitability, cash flows and results of operations. Historical trends have shown that, at times of high resource prices, the costs of mining service providers have also typically increased.

(c) ***Natural disasters, including earthquakes, drought, floods, fire, tropical storms and the physical effects of climate change, all of which are outside the Group's control, may adversely affect the Group's operations***

Operating difficulties, such as unexpected geological variations that could result in significant failure, could affect the costs and feasibility of its operations for indeterminate periods. Damage to or breakdown of a physical asset, including as a result of fire, explosion or natural catastrophe, can result in a loss of assets and financial losses. Insurance (if arranged by the Group) may provide protection from some of these risks.

(d) ***Market perception***

Market perception of exploration and extraction companies, as well as all oil and gas companies in general, may change in a way which could impact adversely the value of investors' holdings and the ability of the Company to raise further funds through the issue of further Ordinary Shares or otherwise.

(e) ***Economic risk and world commodity price volatility***

Commodity prices are subject to fluctuations. These fluctuations could adversely affect the Group's operations and financial condition once it commences production.

4. RISKS RELATING TO THE ORDINARY SHARES

(a) ***Suitability***

Investment in the Ordinary Shares may not be suitable for all readers of this document. Readers are accordingly advised to consult a person authorised under FSMA who specializes in investments of this nature before making any investment decisions.

(b) ***Investment in AIM-traded shares***

Investment in shares traded on AIM involves a higher degree of risk, and such shareholdings may be illiquid. The AIM Rules are different and may be less demanding than those rules that govern companies admitted to the Premium Segment of the Official List. It is emphasised that no application is being made for the admission of the Company's securities to the Official List. An investment in the Ordinary Shares may be difficult to realise. Prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may therefore realise less than, or lose all of, their investment.

(c) ***Share price volatility and liquidity***

The share price of quoted companies can be highly volatile and shareholdings can be illiquid. There can be no assurance that an active or liquid trading market for the Ordinary Shares will develop or, if developed, that it will be maintained. The Placing Price may not be indicative of prices that will prevail in the trading market, and investors may not be able to resell the New Ordinary Shares at or above the price they paid for them. The price of the Ordinary Shares may fall in response to market appraisal of the Group's business, financial condition, operating results and prospects, or in response to regulatory changes affecting its operations. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to the Group and its operations and others which may affect quoted companies generally. These factors could include the performance of the Group, large purchases or sales of the Ordinary Shares, currency fluctuations, legislative changes and general economic, political, regulatory or social conditions. Shareholders should therefore be aware that the value of the Ordinary Shares can go down as well as up. The market value of the Ordinary Shares can fluctuate and may not always reflect the underlying net asset value or the prospects of the Group.

(d) ***The market price of the Ordinary Shares could be negatively affected by sales of substantial amounts of such shares in the public markets, including following the expiry of the lock-in period in respect of the Locked-in Persons and Existing Shareholders, or the perception that these sales could occur***

Following Admission, the Locked-in Persons and Existing Shareholders will own, in aggregate, approximately 67.41 per cent. of the Enlarged Ordinary Share Capital. The Locked-in Persons and Existing Shareholders are subject to restrictions on the sale and/or transfer of their respective holdings in the Company's issued share capital as described in paragraph 16 of Part VI. The sale of a substantial number of Ordinary Shares by the Locked-in Persons and Existing Shareholders in the public market after the lock-in restrictions expire (or are waived), or the perception that these sales may occur, may depress the market price of the Ordinary Shares and could impair the Company's ability to raise capital through the sale of additional equity securities.

(e) ***Dilution***

The Company will need to raise further capital in the future to be able to achieve its stated goals which could potentially be through public or private equity financings or by raising debt securities convertible into Ordinary Shares, or rights to acquire these securities. Any such issues may exclude pre-emption rights pertaining to the then outstanding shares. If the Company raises significant amounts of capital by these or other means, it will be likely to cause dilution for the Company's existing Shareholders. Moreover, the further issue of Ordinary Shares could have a negative impact on the trading price and increase the volatility of the market price of the Ordinary Shares. The Company may also issue further Ordinary Shares, or issue Options under the Share Option Plan or any other scheme put in place by the Company, as part of its employee remuneration policy, or issue further Ordinary Shares or warrants over Ordinary Shares to third parties in respect of services provided to the Group, which could in aggregate create a substantial dilution in the value of the Ordinary Shares and the proportion of the Company's share capital in which investors are interested.

(f) ***Dividends***

There can be no assurance as to the level of future dividends, if any. In the near-medium term, the Directors do not intend to pay dividends as the focus will be on investing in the development of its assets. Subject to compliance with the Companies Act and the Articles, the declaration, payment and amount of any future dividends are subject to the discretion of the Directors, and will depend on, *inter alia*, the Group's earnings, financial position, cash requirements, availability of profits and the Group's ability to access, and repatriate within the Group, cash flow and profits generated outside the UK. A dividend may never be paid and, at present, there is no intention to pay a dividend in the short to medium term. In forming their dividend policy, the Directors have taken into account, *inter alia*, the trading outlook for the foreseeable future, recent operating results, budgets for the following financial year and current capital requirements of the Group. Any material change or combination of changes to these factors may require a revision of this policy.

(g) ***Shareholders outside the United Kingdom may not be able to participate in future equity offerings***

The Companies Act provides for pre-emptive rights to be granted to shareholders in the Company, unless such rights are disapplied by a special resolution in accordance with the Articles. However, securities laws of certain jurisdictions may restrict the Company or the Company's ability to allow the participation of Shareholders in future offerings. In particular, Shareholders in the United States may not be entitled to exercise these rights unless either the rights and Ordinary Shares are registered under the US Securities Act, or the rights and Ordinary Shares are offered pursuant to an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act. Any Shareholder who is unable to participate in future equity offerings may suffer dilution.

(h) ***Overseas Shareholders may be subject to exchange rate risks***

The Ordinary Shares are, and any dividends to be paid on them will be, denominated in pounds sterling. An investment in Ordinary Shares by an investor whose principal currency is not pounds sterling exposes the investor to foreign currency exchange rate risk. Any depreciation in the value of pounds sterling in relation to such foreign currency will reduce the value of the investment in the Ordinary Shares or any dividends in relation to such foreign currency.

5. FORWARD LOOKING STATEMENTS

Historical facts, information gained from historical 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 Group'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 Group to be materially different from any future results, performances or achievements expressed or implied by such forward looking statements. It should be noted that the factors listed above are not intended to be exhaustive and do not necessarily comprise all of the risks to which the Group is or may be exposed or all those associated with an investment in the Group. In particular, the Group's performance is likely to be affected by changes in market and/or economic conditions, political, judicial, and administrative factors and in legal, accounting, regulatory and tax requirements in the areas in which it operates and holds its major assets. There may be additional risks and uncertainties that the Directors do not currently consider to be material or of which they are currently unaware which may also have an adverse effect upon the Group. If any of the risks referred to in this Part II crystallise, the Group's business, financial condition, results or future operations could be materially adversely affected. In such case, the price of its Ordinary Shares could decline and investors may lose all or part of their investment.

Although the Directors will seek to minimise the impact of the Risk Factors, investment in the Group should only be made by investors able to sustain a total loss of their investment.

Potential investors are strongly recommended to consult an investment adviser authorized under the Financial Services and Markets Act 2000 who specialises in investments of this nature before making any decision to invest.