

8 May 1995

HEADS OF AGREEMENT

1. THE PARTIES

The parties to these Heads of Agreement are:

- 1.1 CORLIS SA
a company incorporated in Lichtenstein
("Corlis")
- 1.2 ASHTON MINING LIMITED
(Australian Company Number 005466964)
a company incorporated in Australia
("Ashton")

(the parties referred to in 1.1 and 1.2 above hereinafter collectively referred to as "the Shareholders")

2. RECORDAL

- 2.1 The parties have agreed to be co-interested in FOURTH INVESTMENTS SA ("the Company"), a company incorporated in the British Virgin Islands.
- 2.2 The main business of the Company will be that of an investment holding company, with the sole asset of the Company being 17% (Seventeen per centum) of the entire issued shares in the capital of AO SEVERALMAZ ("the Shares), a company incorporated in Russia.
- 2.3 The parties wish to enter into an agreement recording their respective obligations as shareholders in the Company.



2.4 Pending the drafting and execution of the agreement(s) necessary to give effect to the provisions hereof ("the Formal Agreement"), the parties have agreed to execute these Heads of Agreement ("the Heads") which Heads record the salient terms of the agreement reached between the parties. The parties undertake to take all reasonable and necessary steps to procure the conclusion of the Formal Agreement recording and regulating the import and intent of these Heads, within 30 (Thirty) days of the date of signature hereof, it being intended by the parties that:

2.4.1 they shall contract and covenant with each other in regard to these presents solely upon the basis and upon the conclusion and signature of the Formal Agreement;

2.4.2 pending the conclusion and signature of the Formal Agreement, these Heads shall be binding on the parties.

2.5 The parties undertake to exercise the utmost good faith towards each other in negotiating the finer details of the Formal Agreement and thereafter to procure the conclusion and signature thereof.

3. ACQUISITION OF THE SHARES

3.1 Corlis and Ashton agree to procure that the Company purchases the Shares for the sum of US\$2 300 000 (Two Million Three Hundred Thousand United States Dollars). US\$1 150 000.00 (One Million One Hundred and Fifty Thousand United States Dollars) shall be paid by Ashton and US\$1 150 000.00 (One Million One Hundred and Fifty Thousand United States Dollars) shall be paid by Corlis.

A handwritten signature in black ink, appearing to be 'Corlis', is located in the bottom right corner of the page.

- 3.2 The Shares will be held by the Company in trust for the Shareholders, it being recorded and agreed that the Company was created for the sole purpose of holding the Shares.
- 3.3 The parties will procure that the Company will issue an equal number of shares in the capital of the Company to the Shareholders and that such shares will carry equal rights.
- 3.4 No resolution of Shareholders shall be passed in respect of any of the matters set forth hereunder unless all of the Shareholders have agreed thereto in writing (and any resolution which is passed in breach hereof shall be of no force or effect) viz:
- 3.4.1 any change in the main business carried on by the Company;
 - 3.4.2 any increase or decrease in the share capital of the Company or any other change of whatsoever nature in regard to the share capital of the Company;
 - 3.4.3 the issue of further shares in the capital of the Company;
 - 3.4.4 the variation of any rights attaching to the shares of the Company;
 - 3.4.5 a disposal of the whole, or substantially the whole, of the undertaking of the Company;
 - 3.4.6 the liquidation or winding up of the Company in any manner or form.
- 3.5 Each party for the benefit of the other represents that no mortgage, charges, pledges, liens, encumbrances or other securities exist and undertakes that it will not create or permit to exist any such



securities over or affecting their shares in the Company and/or the Shares (other than the Fourth Share Pledge).

4. TRANSFER OF SHARES

4.1 Ashton may assign its rights under this Agreement to a wholly owned subsidiary on giving written notice to Corlis.

4.2 Corlis shall be entitled to nominate a third party to hold the shares to be acquired by it in the capital of the Company, or may assign its rights under this Agreement to a wholly owned subsidiary, on giving written notice to Ashton.

4.3 Save as set out above, any Shareholder wishing to sell or transfer all or any shares held by it in the capital of the Company shall be obliged to offer such shares in and a proportionate amount of his loan account (if any) against the Company to the other Shareholder by giving notice in writing thereof to the Company and to the other Shareholder.

4.4 The parties agree that the normal pre-emptive provisions usually incorporated in a shareholders agreement will be incorporated in the Formal Agreement.

5. GOOD FAITH

The parties undertake in the implementation of this Agreement to observe the utmost good faith and they warrant in their dealings with each other that they shall neither do anything nor refrain from doing anything which might prejudice or detract from the rights, assets or interests of any other(s) of them.

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6. CO-OPERATION

Each of the parties hereby undertakes to:

6.1 do, and to procure the doing by other persons, and to refrain and to procure that other persons will refrain from doing, all such acts; and

6.2 pass, and to procure the passing of all such resolutions of the directors or members of any body corporate,

to the extent that same may lie within such party's power and may be required to give effect to the import or intent of this Agreement, or any contract concluded pursuant to the provisions of this Agreement.

7. GENERAL

No amendment shall be made to these Heads unless reduced to writing and signed by the parties hereto.

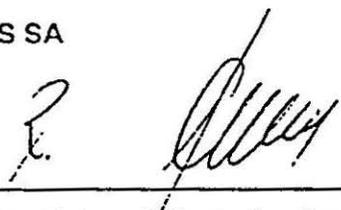
8. APPLICABLE LAW

The validity, construction and performance of this Agreement shall be governed by the laws of England.

ASHTON MINING LIMITED

By: 
Mr D Lambert, duly authorised
hereto

CORLIS SA

By: 
Mr R Von-Palace Kolbatschenko, acting
under a Power of Attorney granted in his
favour by Advocate M Molo, director of
Corlis SA

