



ASHURST TECHNOLOGY LTD. ANNOUNCES 1997 SECOND QUARTER RESULTS

Hamilton, Bermuda, September 29 - Ashurst Technology Ltd. (Toronto: ASH.UN; OTC Bulletin Board: AHRLF; London AIM: AHR) ("the Company"), and Ashurst Technology Canada Inc., announce today their second quarter results for 1997. During this quarter, the Company made important progress in its three key business areas -- the license and sale of scandium alloys and related products, the development of mineral resources in Ukraine and the further development of an advanced US micro powder technology.

During the three months ended July 31, 1997, a loss of \$2,907,373 was incurred, equal to a loss of US \$0.03 per combined share unit versus a loss of \$2,059,783, equal to a loss of US \$0.02 per share for the second quarter of the prior year. Revenue of \$1,149,866 (1996 - \$1,103,452) was earned and expenses of \$4,057,239 (1996 - \$3,163,235) were incurred during the second quarter of 1997. Revenue included sales of iron concentrate of \$916,640 (1996 - \$760,240) from the Company's mining interest in Ukraine, other revenue of \$168,145 (1996 - \$103,443), including sales of alloy and contract income and interest income of \$65,081 (1996 - \$239,769). Expenses included iron concentrate production costs of \$1,018,300 (1996 - \$835,380), research and development costs of \$1,419,077 (1996 - \$1,134,205), administrative, selling and general expenses of \$973,289 (1996 - \$777,742) and other non-cash expenses of \$646,573 (1996 - \$415,908).

As at July 31, 1997, the Company's cash and short-term investments balance was \$5,305,515, compared to \$9,224,911 as at April 30, 1997 and \$17,637,212 as at July 31, 1996. Cash resources were used during the quarter to meet operating requirements, as well as to provide additional financing to the Ukrainian gold project and the development of the US micro powder technology. During the quarter, the Company's investment in affiliates increased by \$1,437,813 to \$3,312,813 as at July 31, 1997. This balance is comprised of \$2,689,362 in relation to the gold project and \$623,451 for development of the micro powder technology through Superior Micro Powders LLC and Nanochem Research LLC. The Company is currently evaluating its financing alternatives, including opportunities for debt and/or equity financing. The necessity, timing and extent of such financing will be determined by several factors, including the timing and amount of future revenue and expenditures.

Throughout the quarter, the Company continued to make progress with each of its scandium development contracts and generated new interest from a variety of new sports, aerospace and automotive companies. In May, Easton's line of "Redline" baseball and softball bats reached stores throughout North America and in June, Redline Little League bats were launched. The bats quickly made their mark, being used by the 1997 College World Series Champion LSU baseball team and for the game-winning hit at the Little League World Series.

In June, the Company signed a license and distribution agreement with Indalco Alloys Inc. for the exclusive right to manufacture and sell scandium weld-wire in North America and Europe. Indalco currently ships over 150 tonnes of wire products monthly and recently signed a two-year agreement with Audi to supply weld-wire for Audi's A8 aluminum automobiles.

In relation to the development of the five gold projects and three exploration prospects situated in the Precambrian aged Ukrainian shield, evaluation work continued throughout the quarter. Licenses for the exploitation of the five gold projects belong to "Resourci Ukraini," a subsidiary of the State Joint Stock Company "Ukrzoloto," the Company's partner in the gold project. Based on a preliminary review of the geological data provided by the Ukrainian government, Kilborn mining consultants and Ashurst specialists have preliminarily prioritized the projects according to stage of development and economic potential.

The current priorities, in the opinion of the consultants, are the Klintsivske and Serhiivske projects. At the Klintsivske site, a rigorous program of check sampling and due diligence drilling is ready to commence in the near future. Independent metallurgical testing of ore samples is currently being carried out by Lakefield Research of Toronto, Canada to confirm reported Ukrainian data concerning gold grades at the project site and to determine the initial extraction process. In conjunction with this testing, Kilborn has designed and will supervise check assay and due diligence programs to attempt to verify the indicated gold grade at the site and help design subsequent delineation exploration. At the Serhiivske site, check samples and due diligence drilling programs have also been designed.

Preliminary evaluations, based on data available, have indicated that one of the projects, Balka Shiroka, may not be economically feasible at this time. Therefore, underground development, including the sinking of a shaft, has been suspended pending a full review of this project, in accordance with the Company's request.

The available geological information for the remaining two projects, Balka Zolota and Yuriivske, is currently being compiled in an effort to design subsequent exploration programs. Geological information for the three regional exploration sites is also expected to be transferred in due course to Resourci Ukraini.

The Technical Audit Report originally scheduled for completion by Kilborn in late July, has been temporarily delayed pending receipt of additional geological data. It is expected that this report will be available in the near future. The Company is also awaiting completion of the corporate organization of the project and the finalization of certain contributions to be made by the Ukrainian government. At the present moment, financing of the gold project in Ukraine has been suspended.

During the quarter, further progress was made by Superior Micro Powders and Nanochem Research, two Albuquerque, New Mexico companies in which the Company holds a 20% interest that have developed a process technology capable of commercial production of micron and sub-micron size powders. The unique, cost-effective powders and related products have been developed for use in the specialty powder market. Targeted products include metallic powders used in microelectronic and multi-layer capacitors, phosphors used in flat panel displays and electroluminescent lamps, battery electrodes, pharmaceutical products and other specialty powders. During the second quarter of 1997, Superior carried out extensive sampling programs with several companies and has set up a production facility in Albuquerque which currently houses the sampling units and the first commercial-scale production system. This production system is scheduled to become fully operational during the third quarter of 1997.

In response to interest in magnesium alloys from the automotive industry, the Company initiated a magnesium alloy development program in late 1996. In 1997, in conjunction with this program, the Company acquired 1.1 million shares of Magnesium Alloy Corporation (formerly Congo Minerals Inc.) for \$209,000. Their objective is to become a producer of magnesium metal through a program inclusive of mining, processing and the development and marketing of novel magnesium alloys. Ashurst intends to continue to assist the Magnesium Alloy Corporation in the development and marketing of these new magnesium alloys.

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