

BRITISH TITANIUM

ANNOUNCEMENT

British Titanium PLC (“BTi”) -v- QinetiQ Limited (“QinetiQ”) and Metalysis Limited (“Metalysis”) - Claim No HC06C00501 (the “Proceedings”)

There have been some important developments relating to the licensing of the FFC Cambridge Process for the extraction of titanium and titanium alloys containing a minimum of 40% of titanium by weight (the “**FFC Process for Titanium**”).

- On 6 December 2000 BTi was granted a sub-licence for the FFC Process for Titanium (the “**BTi Licence**”) by the Secretary of State for Defence acting through the Defence Evaluation & Research Agency (“**DERA**”). The BTi Licence was exclusive for almost all world territories and, in particular, the main PCT contracting states, as more particularly referred to in the BTi Licence (the “**Exclusive Territories**”).
- On or about 13 November 2001 DERA’s rights in the BTi Licence were transferred to QinetiQ. The BTi Licence had been granted by DERA following the grant on 6 December 2000 of a head licence (the “**Head Licence**”) from Cambridge University Technical Services Limited (“**CUTS**”) to DERA in respect of the FFC Process for Titanium. On 5 April 2005 CUTS notified BTi that responsibility for the Head Licence had been transferred from CUTS to Metalysis.
- On 14 December 2005, BTi received notice from QinetiQ purporting to terminate the BTi Licence in respect of the FFC Process for Titanium, indicating that Metalysis had also purported to terminate the Head Licence. These purported terminations occurred entirely without warning to BTi.
- Accordingly, BTi’s solicitors, **Grundberg Mocatta Rakison LLP** of Imperial House, 15-19 Kingsway, London WC2B 6UN (Mr Michael Tackley/Mr Robert Rakison), on 8 February 2006 issued Proceedings in the **High Court of Justice, Chancery Division, Patents Court under Claim No HC06C00501** seeking declarations of the Court that the purported terminations were invalid and other relief (including damages) which is set out in detail in the Particulars of Claim, which form part of the Proceedings so issued (the “**Particulars**”).
- The Particulars themselves run to some 30 pages and have 286 pages of documentation attached in support. These Proceedings were served yesterday on the lawyers acting for both QinetiQ and Metalysis.

James Hamilton, CEO of BTi, says:-

“Metalysis have made it quite clear that they regard the BTi Licence as being at an end. BTi therefore wish to make it clear to all parties within the industry that it does not accept that this is the correct legal interpretation and that BTi shall be seeking to establish that the BTi Licence remains in full force and effect and accordingly, and with the benefit of the legal advice which it has obtained, BTi should make it clear that BTi’s position is that only BTi is contractually entitled to grant licences in BTi’s Exclusive Territories, in respect of the FFC Process for Titanium.”

13 February 2006

British Titanium plc
24 Old Queen Street London SW1H 9HP
Telephone: 020 7222 8882 Facsimile: 020 7222 8885 Email: mail @britishtitanium.co.uk
Registered in England No. 3528214 at 190 Strand, WC2R 1JN.