OXUS GOLD

Annual Report & Accounts
2007

CONTENTS

Highlights

- Kyrgyz, Romanian and Turkish assets sold to KazakhGold Group Limited for approximately $73 million, plus potential deferred cash consideration of up to $80 million
- Oxus retains rights to its claim in arbitration against the Kyrgyz Republic
- Dividend in specie declared equivalent to 17.98 cents per share
- Oxus reports a loss of $18.91 million for the year attributable to equity shareholders (2006: a profit of $2.11 million). The result includes exceptional charges of $19.70 million offset by a gain arising from the sale of the rights to the Jerooy project and other assets of $8.03 million
- Amantaytau Goldfields ("AGF") reports $3.99 million loss ($1.99 million loss attributable) for the six month period to 30 June 2007 and $6.42 million loss ($3.21 million loss attributable) for the year
- AGF produced 24,138 ounces of gold in the six month period to 30 June 2007 and 59,373 ounces for the year
- AGF sold 37,675 ounces of gold in the six month period to 30 June 2007 and 65,174 ounces for the year
- Silver off-take contract signed in June 2007, enabling AGF to export refined silver
- Refining contract signed with the Almalyk refinery to refine silver doré from Vysokovoltnoye
- AGF sold first silver from AGF's CIP operations on 30 June 2007 equal to 44,038 ounces
- AGF sold first silver from AGF's Vysokovoltnoye silver-gold heap-leach operations in July 2007 equal to 58,502 ounces
- Vysokovoltnoye project produced 13,608 kilograms of doré containing 398,999 ounces of silver and 6,709 ounces of gold by 30 June 2007
- Vysokovoltnoye's stockpiled doré and calcine, at 30 June 2007 sales value, worth $25 million
- Uzbek courts reject $224 million of a total $225 million in tax and customs claims arising from the state audit
- Production commenced at AGF's Asaukak oxide deposit
- Zeromax purchases a 15.6% stake in Oxus and enters into strategic alliance

Chairman's Statement

In my statement of last year, I mentioned that the management of Oxus fully expected to experience a challenging year ahead and that the issues then being faced would not be quickly resolved. This indeed was the case and the year to 30 June 2007 proved more difficult than anticipated.

At the operating level, Amantaytau Goldfields (AGF) was faced with a reduction in grade and quality of ore in the Phase I oxides project. Additionally, AGF also faced an Uzbek State complex tax audit, as summarised in more detail in the Operating and Financial Review, which led directly to AGF being unable to operate at maximum efficiency. In June 2006 AGF also lost certain tax privileges. Gold production for the year was 59,373 ounces compared with 146,937 ounces in the previous year, leading to a loss attributable to Oxus of $3.2 million compared with an attributable profit of $10.2 million in the previous year. The tax audit is now behind us and almost all the claims levelled against AGF were rejected by the Uzbek courts. The oxides project is now returning to profitability and will continue to operate mainly as a heap-leach operation for many more years as the various satellite deposits are mined. Furthermore significant quantities of silver are now being produced, in addition to gold.

As previously announced, the declining production from the Phase I project is to be complemented by the Phase 2 underground sulphides project and good progress is now being made in seeking the formal approval of the Uzbek Government to proceed with this next stage of development. To date, AGF together with the support of Oxus is expecting to obtain all necessary ministry approvals at the Uzbek Government level and will continue to obtain final authorisation to proceed with Phase 2 sulphides from the Cabinet of Ministers before the end of 2007. As I have previously stated on numerous occasions, the sulphides project is a significantly larger project than the oxides project and is the reason why Oxus invested in AGF in the first place.

Continuing at the operating level, I am pleased to report the sale of the Jerooy gold project to KazakhGold Group Limited and as a result the Group's exposure to the commercial and legal difficulties in Kyrgyzstan is largely resolved. This asset, together with the Group's investments in Romania and Turkey, were sold for a total consideration of approximately $73 million resulting in a profit of approximately $8 million which helped to alleviate the downturn in attributable income from AGF. It also enabled the Company to distribute a dividend in specie of almost 18 cents per share.

The sale arrangements with KazakhGold also provide for the payment by KazakhGold of up to $80 million in cash should the mining licence rights to Jerooy be recovered by KazakhGold or a nominee. In addition, Oxus has retained the rights to its claim in arbitration against the Kyrgyz Republic.

At the corporate level, the Group has incurred exceptional charges of $19.7 million, the details of which are fully explained in the Operating and Financial Review and the Annual Accounts. Dealing with the specific issues that have given rise to these charges has taken up significant management time as well as financial resources.

On a positive note, and I believe importantly for the future of Oxus, I am pleased to welcome Zeromax GmbH, Uzbekistan's largest private sector company, as a major investor in your Company and also as a strategic alliance partner. Coupled with the expected formal approval from the Uzbek Government to proceed with AGF's Phase 2 underground sulphides project, and having substantially resolved most of the issues giving rise to the exceptional charges incurred during the year, your Board and management can now concentrate on the future development of the Group.

DOUGLAS SUTHERLAND
Acting Chairman
19 October 2007

Operating and Financial Review

FINANCIAL RESULTS

The Group reports a reduction in gross revenue, excluding attributable joint venture income, to $2.39 million (2006: $3.38 million), resulting primarily from the loss of anticipated fee income following the sale of the Jerooy project. The AGF joint venture contributed an attributable loss of $3.21 million for the year (2006: $10.17 million attributable profit). Total group earnings for the year showed a loss after taxation and minority interest of $18.91 million (6.25 cents per share loss) against a profit of $2.11 million (0.73 cents per share profit) in the comparable year to 30 June 2006.

The result includes exceptional charges of $19.7 million offset by a gain arising from the sale of the rights to the Jerooy project and other assets of $8.0 million. The Group has not recognised any future gain attributable to "deferred cash consideration" of up to $80 million payable by KazakhGold Group Limited ("Kazakhgold") in the event that KazakhGold or a nominee acquires, or acquires the benefit of, a licence to enable it to continue with the development of the Jerooy gold project in Kyrgyzstan. If such additional consideration is received the Company will withdraw its arbitration proceedings against the Kyrgyz Republic.

The Company has declared a dividend equivalent to $65.69 million (2006: nil). The dividend was paid in specie by the distribution of the majority of the KazakhGold Global Depositary Receipts (GDRs) received as consideration for the sale of the Jerooy project and certain other assets. The dividend was equal to 17.98 cents per share.

The Group has written down the value of its holdings in Eurogold Limited by $5.7 million to the market value as at 30 June 2007 as it now considers that the fall in value is long-term. The Group has also written down the carrying value of the 3,541,666 KazakhGold GDRs, initially to the quoted value on the London Stock Exchange on 22 June 2007, the record date of the dividend in specie, and in respect of the retained holding of 220,322 GDRs, to the quoted value on 30 June 2007. The total amount provided against the GDRs was $2.9 million.

The exceptional charges included further costs arising as a consequence of the abortive 2002 project financing and related litigation of $7.3 million, costs of $2.8 million incurred in the arbitration proceedings against the Kyrgyz Republic, impairment costs on investments of $8.6 million (including the Kazakhgold GDRs) and legal costs of $1.0 million.

Total assets increased to $186.29 million (2006: $176.37 million), including cash and cash equivalents of $10.88 million (2006: $13.71 million). During the year the Company issued 67,278,975 shares, comprising 57,000,000 to Zeromax GmbH upon acquisition of a strategic stake in the Company, 10,000,000 to JNR Limited for consultancy services, 206,667 stock options were exercised, and 72,308 shares were issued to directors in place of remuneration. The total number of shares in issue at 30 June 2007 was 365,399,173.

At 30 June 2007 the Group's loan facility from Nedbank had reduced to $13.75 million.

The accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), The 2006 comparatives have been restated to reflect the writing back of goodwill arising on the acquisition of further shares in Marakand Minerals Limited, previously accounted as a deduction from the capital reserve, and the classification of warrants returned to the Company by the Court in respect of the abortive 2002 financing and subsequent litigation as a financial asset. There was no impact on last year's earnings.

UZBEK STATE TAX AUDIT

During July and August 2006 AGF underwent a State "complex" tax, customs and compliance audit as part of the established regulatory procedure. As a result of the audit, the State tax and customs authorities initially claimed approximately $225 million in taxes, customs duties, fines and penalties for alleged breaches of the Uzbek tax law. Subsequently the Navoi Regional Economic Court and the Tashkent Supreme Economic Court rejected $224 million of these claims. Oxus made provision within its annual accounts to 30 June 2006 to cover its 50% share of the outstanding liability of $1 million.

The State audit materially disrupted the ongoing operations of AGF due to various restrictions imposed on assets and bank accounts whilst the tax and customs claims were passing through the Uzbek legal process. There are some residual issues still being negotiated with the Uzbek tax authorities within the framework of ongoing constructive discussions which AGF expects to resolve shortly.

During the period AGF also paid approximately $6.2 million in taxes that it had previously been exempted from by virtue of tax privileges granted to AGF by decrees of the Uzbek Government. Following constructive discussions, for a period of 18 months with effect from 1 May 2007 AGF has been granted a deferral of payment of withholding tax, property tax and customs duties on imported goods. These deferred taxes and duties, of which $1.03 million was accrued at the year end, will become payable in six monthly instalments commencing 1 November 2008, and will be financed as part of the capital cost of the Phase 2 sulphides underground project.

Operating and Financial Review
continued

Had AGF not suffered the loss of its tax privileges, the loss for the year attributable to Oxus would have been $100,000, as opposed to $3.21million.

LEGAL ISSUES

On 4 August 2003 the Company cancelled 5,000,000 warrants for shares exercisable at 15.25 pence per share, which had been issued in relation to the abortive 2002 project financing and related litigation. The grantee disputed this cancellation, and following litigation the court ordered that the warrants should be reinstated and offered the grantee a choice of receiving the warrants or cash. The grantee opted to receive cash and the warrants were returned to the Company. The grantee also asserted an entitlement, under an adjustment provision in the original warrant deed, to an additional 3,313,380 warrants. In this respect the court ruled in favour of the Company and no additional warrants were awarded. During the year the Company incurred expenses of $7.35 million (2006: $4.62 million) arising in respect of this litigation, including damages, legal costs and interest. The warrants are now held as a financial asset by the Company pending resale and are valued at $2.23 million. The Company intends to sell these warrants or to place the underlying shares for cash, when it is anticipated that the transaction will recover a surplus to the present carrying value.

During the year the Company continued its claim in arbitration against the Kyrgyz Republic under the United Kingdom–Kyrgyz Republic Bilateral Investment Treaty. Oxus is seeking to recover its loss of profits arising from the cancellation of the mining licence for the Jerooy gold project, less the amount it received in mitigation from the transaction with KazakhGold. The Kyrgyz Republic is challenging the jurisdiction of the arbitral tribunal and a decision from the tribunal at a hearing held recently on jurisdiction is expected in the next few weeks. The Company continues to own all rights arising from this arbitration subject to the withdrawal of this claim upon receipt of the "deferred cash consideration" from KazakhGold. During the year the Company incurred expenses of $2.79 million in respect of the arbitration.

OPERATIONS

The disruptions caused by the State audit inevitably consumed significant management time and represented a major distraction from efforts to ensure efficient and economic operation of the AGF oxide plant, the Vysokovoltnoye silver-gold heap-leach project and the further development of the underground sulphides.

Although operations were able to continue, albeit at a reduced level, AGF was unable to run the mining operation at maximum efficiency, resulting in the depletion of oxide ore stockpiles and strategic consumable stocks. As a result of this, the expected reduction in grade and quality of ore, and an increased tax base arising from the loss of privileges, it was not possible to maintain plant production at economic levels. In addition, the financial disruption and impact on working capital led to shortages of diesel, lime and steel balls, and resultant interruptions to mining and processing operations. Gold production for the year was therefore substantially below target, although AGF did export its first silver bullion from the oxide plant on 30 June 2007 when a total of 44,038 ounces was shipped to London.

Nevertheless, during the period, mining at Amantaytau Centralny continued until the oxide ores were exhausted. Mining continued into the higher grade "refractory transition/sulphidic" oxide ores until this was curtailed due to increasingly low gold recoveries in the plant. After the planned commencement of mining at the lower grade Asaukak deposit and haulage of ore to the CIP plant gold recoveries improved considerably, and during May and June averaged over 90% (even though the recovery for the six months to the 30 June 2007 averaged only 56%).

At Vysokovoltnoye irrigation of the stacked ore and the operation of the Merrill Crowe plant continued throughout the period, as did production of concentrate. As at 30 June 2007 a total of 13,608 kilograms of doré containing 398,999 ounces of silver and 6,709 ounces of gold were produced. Of this 5,759 kilograms had been stockpiled and 7,849 kilograms were awaiting refining at the Almalyk Mining and Metallurgical Combinat ("Almalyk"). In June, the Uzbek Government approved the silver off-take agreement, enabling AGF to export 44,038 ounces of refined silver from its CIP operations on 30 June and its first silver from Vysokovoltnoye, 58,502 ounces, in July. Since the year end doré production has increased to 8,200 kilograms per month, although silver sales are expected to average 5 tonnes per month until the refining capacity at Almalyk can be increased, or a contract to export silver doré to international refineries is concluded and registered with the Uzbek authorities.

The value of precious metal in the doré and silver calcine concentrate at Vysokovoltnoye at 30 June 2007, taken at current sales value less refining cost, and where applicable, smelting costs, was approximately $25 million. The development costs of the Vysokovoltnoye project, including plant and machinery, mine infrastructure and stacking incurred to date are $21.79 million, which will be expensed over the revenue producing life of the project.

AMANTAYTAU GOLDFIELDS PHASE 1 OXIDES PROJECT

The following table summarises AGF's operating results:

	SIX MONTHS TO 30 JUNE 2007	SIX MONTHS TO 31 DECEMBER 2006	YEAR TO 30 JUNE 2007	YEAR TO 30 JUNE 2006
Ore mined, tonnes	**708,902**	454,198	**1,163,100**	1,517,574
Ore processed, tonnes	**315,542**	561,135	**876,677**	1,609,726
Average grade (g/t)	**4.2**	2.4	**3.1**	3.9
Average gold recovery (%)	**56.0**	80.6	**68.4**	73.6
Gold produced, ounces	**24,138**	35,235	**59,373**	146,937
Gold sales, ounces	**37,675**	27,499	**65,174**	154,038
Hedge ounces	**0**	0	**0**	76,699
Spot ounces	**37,675**	27,499	**65,174**	77,339
Average gold price $ per ounce	**651**	608	**633**	451
Average cash cost $ per ounce	**576**	536	**559**	250
Average total cost $ per ounce	**666**	623	**642**	302
Net profit (loss) after tax and debt service $m	**(3,986)**	(2,440)	**(6,426)**	20.337

UNDERGROUND SULPHIDES PROJECT

A feasibility study into the mining and processing of the substantial AGF primary sulphide mineral resource was completed by Wardell Armstrong in September 2005. In addition, in order to comply with Uzbek regulations, it was necessary to restate the feasibility study in accordance with Uzbek standards for approval by the authorities. Both of these studies were based on underground mining and a new biological oxidation plant. The Uzbek approval process was also delayed whilst the claims arising from the State audit were passing through the Uzbek legal process. However, AGF and the Uzbek authorities are now cooperating fully and the formal approval from the Uzbek Government for the sulphides project is expected towards the end of the year.

The Phase 2 sulphides project is designed to mine the deeper primary sulphide extensions to the oxide ore bodies that have been mined-out by open pit methods at Amantaytau Centralny and also to mine the adjacent Amantaytau Severny sulphide ores. Combined they contain underground Ore Reserves of 9.71 million tonnes at an average grade of 7.71 grammes per tonne (g/t) containing 2.41 million ounces of gold. This Ore Reserve is within a combined Measured and Indicated Resource above a 3.5 g/t cut-off of 10.32 million tonnes at an average grade of 9.0 g/t gold containing 2.97 million ounces of gold. There is an additional Inferred Resource of 2.05 million tonnes at an average grade of 7.6 g/t, containing a further 0.5 million ounces of gold. The ore body is open at depth and at Amantaytau Severny Soviet drilling at 500 metres below the currently explored ore bodies encountered 51.6 g/t gold over 8 metres. These Resources and Reserves are JORC compliant.

Whilst the delay in implementing the sulphides project has affected AGF negatively in the short term it has allowed time for optimisation studies to be carried out which offer significant benefits over the original design. Instead of building a new standalone plant, the existing oxide CIP plant will be modified to accept sulphide ore. This will mean that the existing crushing, milling, thickening and reagent systems will be re-used along with individual items such as the interstage carbon screens. Since the plant modifications are mainly adding additional processing sections, subject to successful financing, the new plant can be constructed and commissioned without significantly affecting the existing plant production.

Re-using the existing plant will not only optimise capital but will also reduce lead times associated with the procurement of major equipment such as mills. It is therefore planned to start feeding sulphidic ore to the plant in the second quarter of 2009. In addition, since existing plant capacity is higher than that allowed for in the feasibility study, it is planned to increase the sulphide plant throughput from the original design tonnage of 750,000 tonnes per annum in 2009 to 1,200,000 tonnes per annum by 2012 as the underground ore production is expanded.

Operating and Financial Review
continued

In order to provide sulphidic ore to feed the plant in 2009 initially it will be necessary to mine the sulphides from surface by expanding the existing Amantaytau Centralny open pits, since significant quantities of ore from underground will only become available in 2010. Deepening the existing pits will not only allow the sulphide plant to be brought on stream earlier but will also provide an access point for the underground mine portal. By starting the portal in the pit, the length of the required decline will be reduced and the necessity to excavate a large box cut through the poor surface rock will be avoided which will save on both capital and time.

Although testwork undertaken in the last 12 months has led to encouraging results by using ultra-fine grinding and flotation technology, negotiations are now well under way to utilise biological oxidation technology. This technology is already being used at a nearby project in Uzbekistan and is considered to be the preferred and more reliable alternative.

A new economic model for the sulphides project has also been prepared, which will now form the base case for future financial projections.

OTHER HEAP-LEACH PROJECTS

In addition to the development of the sulphides, which will become the main priority for AGF during 2008, AGF also intends to construct and commission a 1 million tonnes per annum heap-leach facility close to the Asaukak pit. For the initial 12 months this facility will be fed from low grade ore stockpiles situated at Asaukak. This will significantly reduce operating costs and allow for the plant to pay for itself within a year. Approximately 29,000 ounces of gold is expected to be produced from this facility in 2009.

The initial cost of creating the low grade ore stockpile of approximately 251,000 tonnes, at an average contained gold grade of 0.7 grammes per tonne, has been fully expensed to date.

Heap-leaching of the Asaukak low grade stockpiles will require the completion of exploration drilling, then development followed by shallow open-pit mining of other deposits within the Asaukak area (Aksai, North Asaukak, Sreddiny, Aksai North, Daugystau North and Karasai West) and then other satellite oxide deposits. Alongside production from the higher grade sulphides, heap-leaching will provide an ongoing recovery of gold from the lower grade oxide deposits, thus contributing to AGF's future profitability and increasing the overall production from 170,000 ounces gold equivalent in 2009 to over 300,000 ounces from 2010.

EXPLORATION

Exploration activities were severely cut back during the period due to financial disruptions. Fortunately grade control drilling of the upper benches of the Asaukak Pit was completed before the disruption resulting from the State Audit. Grade control has therefore continued without further Reverse Circulation ("RC") drilling, and at both Asaukak and Vysokovoltnoye increased trench/rip-line sampling has been carried out.

Commencement of the programme of further trenching and RC drilling of deposits for heap-leaching in the Asaukak area was delayed, but is now scheduled to proceed following a refurbishment of the RC drilling rig.

Core drilling using AGF's CS14 drill rig has been carried out on a single shift basis during much of the period to assist in further engineering and metallurgical development work. An additional benefit of these programmes was the training of AGF's Uzbek drillers on operating the rig.

The separate programmes were:

- Geotechnical drilling (seven holes totalling 645 metres – in addition to that reported last year) to determine rock conditions along the line of the proposed access declines for the Amantaytau Severny underground mine. The drilling was directed at identifying how the rock conditions varied with depth, and to confirm the positions of predicted faults and dykes beneath the Mesozoic cover rocks.
- Drilling to obtain core (five holes totalling 297 metres) for metallurgical samples in the "graphitic/transition/oxidised sulphidic ores" and primary ores below the mined out oxides in the Amantaytau Centralny pits. The drill core was logged and classified into separate "mineralogical/metallurgical" sub-types for further testwork, in order to more specifically determine metallurgical characteristics as part of the open-pit sulphide engineering programme.
- Four holes totalling 210 metres were drilled at Vysokovoltnoye to intersect the transition zone from oxides to sulphides, around the base of the designed open-pit, and provide drill core for detailed geological logging, analysis and metallurgical testwork. This programme will be continued, so as to determine in more detail the relationship between specific rock units and heap-leach recoveries of silver and gold, in advance of pit development and grade control work.
- At the western end of the Asaukak open-pit, eight holes totalling 400 metres have been drilled to test a potential extension of mineralisation between the existing pit and a fault zone. This is not expected to be of particularly high grade, but could potentially provide additional feed for heap-leaching.

AGF's strategy in terms of exploration and development going forward will focus on the specific projects and the recruitment of additional staff and contractors required to manage geological and engineering aspects. Of priority are:

- Geostatistical remodeling of the Amantaytau Centralny sulphides at a lower cut-off grade for open pit mining, followed by pit optimisation and detailed design. This work has commenced subsequent to the year end, and resource and open pit reserves are to be revised accordingly.
- Preparation for Amantaytau Severny underground access development, further underground exploration and stope definition drilling.
- Further trenching, and following RC rig refurbishment, drilling of deposits for heap-leaching in the Asaukak area (Aksai, North Asaukak, Sredinny, Aksai North, Daugystau North and Karasai West), followed by modeling, pit design and engineering.
- Ongoing exploration around Vysokovoltnoye to further optimise and extend the life of the Vysokovoltnoye heap-leach operation.

AGF has 4.8 million ounces of gold and 38 million ounces of silver contained within its Measured and Indicated Resources, plus a further 2.4 million ounces of gold and 16 million ounces of silver in the Inferred Category, as well as significant exploration potential. These Resources are JORC compliant.

Within the Resource Base, AGF has Proven and Probable Reserves as of 1 July 2007 totalling 2.8 million ounces of gold and 6.7 million ounces of silver, by far the greatest value being in the Amantaytau Severny and Centralny sulphide project. Oxus has a 50% share in AGF's resources and reserves.

JEROOY

In June 2007 the Group completed the sale of all its interests in the Jerooy gold project in Kyrgyzstan to KazakhGold. These interests were held by the Company's 100% subsidiary, Norox Mining Company Limited, which in turn owns 66.67% of Talas Gold Mining Company. The sale also included the Company's 50% interest in the Romaltyn joint venture in Romania and certain exploration assets in Turkey previously owned by the Group's 84% owned subsidiary, Marakand Minerals Limited.

The Group had spent approximately $63 million on the Jerooy gold project, including the construction of a processing plant which was approximately 80% complete before construction was suspended in February 2006, and approximately $3.8 million on the Romaltyn joint venture, in which KazakhGold already owned a 50% interest. Romaltyn owns a gold processing plant in Baia Mare and certain exploration licences.

The consideration for this transaction was 3,541,666 new ordinary shares in KazakhGold valued at the time at approximately $73 million, plus the potential "deferred cash consideration" of up to $80 million payable in the event that KazakhGold or a nominee acquires, or acquires the benefit of, a licence to enable it to continue with the development of the Jerooy gold project.

The transaction generated a gain on sale of $8.0 million. No value has been attributed to the "deferred cash consideration" or to the claim in arbitration as at 30 June 2007.

OTHER ACTIVITY

ZEROMAX STRATEGIC INVESTMENT

In November 2006 the Company announced that it had signed a subscription agreement with Zeromax GmbH, Uzbekistan's largest private-sector company, to bring Zeromax into Oxus as a strategic investor and alliance partner. Pursuant to that agreement Zeromax purchased 57,000,000 new ordinary shares in the Company at 21.5 pence per share, and currently owns 15.6% of Oxus.

Zeromax is owned by Miradil S. Djalalov, a Tashkent entrepreneur who founded the company in 2000. It operates in Uzbekistan through a series of joint ventures and investments in the oil and gas, mining, agriculture and textile sectors and has forged strong working relationships with the Uzbek Government.

As a result of the alliance, Harry Eustace has joined the Company from Zeromax as Vice President – Corporate Development. In addition Mr Djalalov has agreed to join the Oxus board as a non-executive director in due course. The Company continues to work very closely with Zeromax and is optimistic that the alliance will enhance the development of AGF as well as leading to the acquisition of new projects in Uzbekistan.

Operating and Financial Review
CONTINUED

EUROGOLD

In 2005 Oxus agreed to acquire certain assets of, and subsidiary company shares in, Eurogold Limited, a company listed on the Australian Stock Exchange and on the AIM market of the London Stock Exchange. The Company subsequently withdrew this offer and in April 2006 entered instead into an asset purchase agreement to acquire certain assets owned by Eurogold. In June 2006 Oxus terminated this agreement when it became apparent that the approved reserves were significantly less than the 578,000 ounces that Oxus had been led to believe. Eurogold disputed this termination, and commenced legal proceedings in the Australian Federal Court, claiming damages. Oxus has counterclaimed for the sums advanced under a loan agreement with the Eurogold group and damages in relation to shares purchased in Eurogold. No date has yet been set for trial. During the year the Company incurred expenses of $618,000 in respect of this litigation.

MARAKAND MINERALS LIMITED

Marakand Minerals is an 84.04% owned subsidiary of Oxus.

Marakand is a mining exploration and development company which has focused on base metals and silver. Its principal asset is its interest in the Khandiza polymetallic deposit in South East Uzbekistan, and the surrounding exploration areas. Until recently, the Company had also been pursuing a strategy to acquire exploration assets in Turkey.

Marakand's involvement in the development of the Khandiza polymetallic deposit in Uzbekistan, which was to be by way of a joint venture with the State Committee of Geology of the Republic of Uzbekistan ("Goscomgeology"), continues to be uncertain. The Uzbek Government transferred the Khandiza mineral reserves from Goscomgeology to the state owned Almalyk Mining and Metallurgical Combinat, resulting in the proposed joint venture with Goscomgeology falling away. With the further passage of time it now appears increasingly unlikely that Marakand will be involved in the future development of the Khandiza deposit. In October 2004, Marakand completed and submitted a feasibility study to the Uzbek Government and in 2005 completed an Environmental and Social Impact Assessment on the project. Marakand has evaluated the surrounding South East Uzbekistan region and identified a number of priority exploration targets. Marakand, together with Oxus, owns the rights to the results of this work, including the feasibility study.

Marakand's right to an option relating to the Karakilise copper deposit licence in Turkey was transferred to KazakhGold as part of the KazakhGold asset sale transaction. Marakand's 25% interest in Hatay Madencilik SA and related copper/gold exploration licence is also subject to sale to KazakhGold, pending the resolution of outstanding legal and regulatory issues. Oxus paid Marakand $950,000 in cash to acquire these assets prior to their onward sale. This amount has been offset against the Company's loan account with Marakand, and was consistent with a fair market valuation undertaken by independent mineral industry consultants.

Since the longer term future of Marakand remains in doubt, the directors of Oxus believe it to be in the interests of the Group as a whole to acquire the 15.96% minority not already owned by Oxus. Consideration will be in the form of new ordinary shares in Oxus. The Group will continue to push for the recognition of its rights with regard to the Khandiza deposit, and in the event that compensation is received or the Group does become involved in the development of the project, the minority shareholders of Marakand will continue to benefit by virtue of being shareholders in Oxus.

DIRECTORS

Darryl Norton stepped down as a director of Oxus on 12 March 2007, in order to join the board of KazakhGold as part of the asset sale transaction with KazakhGold. Mr Norton served as an alternate director from 1 December 2005 and joined the Board on 8 January 2007. The Company wishes to thank Mr Norton for the time that he served both as an alternate and as an executive director and wishes him every success with KazakhGold.

DIVIDEND IN SPECIE

The Company received 3,541,666 new ordinary shares in KazakhGold as consideration for the sale of Norox Mining Company Limited and other assets to KazakhGold. These shares were converted into KazakhGold GDRs which trade on the London Stock Exchange on the basis of one share being equal to one GDR.

Following an Extraordinary General Meeting of the Company on 20 June 2007 the shareholders approved a dividend in specie equivalent to one GDR for every 110 Oxus shares held on the record date, 22 June 2007. On 2 July 2007 a total of 3,321,344 GDRs were allocated to the dividend in specie, representing a value of $65.69 million, or 17.98 cents per share.

These GDRs can only be held electronically and 98.56% of them have already been distributed to shareholders. A cash alternative, valid until close of business on 31 October 2007, has now been offered to those shareholders who have not received their GDRs. Any GDRs not cashed will continue to be held by the Company until the relevant shareholder provides the Company's registrars with the appropriate electronic CREST account details.

OUTLOOK

The year ended June 2007 was one of the most challenging periods in the Group's history. Beset with financial and legal challenges in Uzbekistan, Kyrgyzstan and the United Kingdom, the Group was forced to spend a significant amount of management time and substantial financial resources in order to resolve these issues. However, despite these distractions, two major transactions, which are of significant benefit to the shareholders, were completed during the year. The sale of the Kyrgyz, Romanian and Turkish assets to Kazakgold created direct value in the form of dividends and the strategic investment by Zeromax has created a stronger foundation and made Oxus better equipped to meet the demands of operating in Uzbekistan, putting Oxus on a positive footing for a promising future. With the strong resource and reserve base at AGF to underpin ongoing production of gold and silver the Group remains committed to expanding its production output from its current levels and to accelerating the development of the underground sulphides project at AGF.

Therefore despite various setbacks, the year ended 30 June 2007 has ended on a positive note and has allowed Oxus to consolidate its operations in Uzbekistan, forge stronger relationships, and look to the future with confidence.

Directors' Report

The directors present their report together with the audited financial statements for the year ended 30 June 2007.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The principal activities of the Company and its subsidiary companies ("the Group") were the continued development of its core operations in Uzbekistan at the Amantaytau Goldfields Phase 1 Oxides project where 59,373 ounces of gold were produced; development of the Amantaytau Goldfields Vysokovoltnoye silver/gold heap-leach project; the completion of a feasibility study on the Amantaytau Goldfields Phase 2 Sulphides project which has been submitted to the Uzbek authorities, and continued efforts to resolve license issues in respect of the Group's investment in the Khandiza polymetallic project.

During the year the Group sold its operations in Kyrgyzstan, comprising the Jerooy gold project, together with its 50% share of the Romaltyn Limited joint venture operation in Romania and certain assets and interests in Turkey. Further details are set out in the Operating and Financial Review and in note 7 to the financial statements.

The Company's shares are listed on the Alternative Investment Market ("AIM") of the London Stock Exchange.

Reviews of operations, business developments and current projects are included in the Chairman's Statement and the Operating and Financial Review.

RESULTS AND DIVIDEND

The results for the year are set out in the Consolidated Income Statement on page 15 and in the Company Income Statement on page 16.

In June 2007 the Company declared a dividend equivalent to 17.98 cents per share to be satisfied by the distribution in specie of KazakhGold Group Limited global depositary receipts received as consideration for the sale of the Group's interests in Kyrgyzstan and certain other assets. Further details are set out in notes 7 and 43.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year from 1 July 2006 were:

William J Trew	Chief Executive Officer
Jonathan A Kipps	Executive, Finance Director
Richard V L Wilkins	Executive, Company Secretary
Oliver Prior	Non-executive
Douglas M Sutherland	Non-executive and acting Chairman
Gordon Wylie	Non-executive
Darryl Norton	Executive (appointed 8 January 2007, resigned 12 March 2007) Alternate Director until 8 January 2007

On 19 October 2007 the directors' interests in the equity share capital of the Company were:

	ORDINARY SHARES NUMBER	OPTIONS OVER ORDINARY SHARES NUMBER
William J Trew	16,123,763	3,000,000
Jonathan A Kipps	3,166,889	1,950,000
Richard V L Wilkins	4,163,776	1,950,000
Oliver Prior	106,622	375,000
Douglas M Sutherland	220,698	375,000
Gordon Wylie	–	250,000

In accordance with the Company's Articles of Association at least one third of the directors must retire by rotation at each Annual General Meeting, and they may stand for re-appointment at the Meeting. Additionally, a director appointed during the year must stand for re-appointment at the first Annual General Meeting after such appointment. Accordingly the directors retiring by rotation are Richard Wilkins and Oliver Prior. Both, being eligible, offer themselves for re-appointment.

Of the retiring directors, Richard Wilkins has a service contract with an unexpired term of more than one year, which commenced on 12 June 2003 and has been extended to 31 July 2009.

SHARE CAPITAL

Details of the Company's share capital are disclosed in note 37 of the financial statements.

On 19 October 2007, the Company was aware of the following holdings of 3% or more in the Company's issued share capital:

	NUMBER OF SHARES	APPROXIMATE PERCENTAGE OF THE COMPANY'S ISSUED SHARE CAPITAL
RAB Special Situations (Master) Fund Limited	99,439,071	27.21%
Zeromax GmbH	57,000,000	15.60%
Flamborough Property Limited	25,372,074	6.94%
TNS Investments Limited	25,360,717	6.94%
L-R Managers LLC	23,217,431	6.35%
The Capital Group Companies Inc	17,235,000	4.72%
Morgan Stanley Securities Limited	11,402,804	3.12%

TNS Investments Limited acts as custodian for part of William Trew's shareholding.

CORPORATE GOVERNANCE

The directors seek, as far as is considered appropriate having regard to the size and nature of activities of the Company, to comply with the Combined Code on Corporate Governance applicable to listed companies. The board is assisted in this regard by a number of committees with delegated authority:

AUDIT COMMITTEE

The Company has an audit committee which currently comprises Douglas Sutherland, Oliver Prior and Gordon Wylie. The committee meets at least twice a year and at any other time when it is appropriate to discuss audit, accounting or control issues. The committee will meet the external auditors, without the executive board members being present, to review accounting and internal control matters. The committee's principal objectives are to review annual and interim financial statements; to review accounting policies; to review with management and the Company's external auditors the effectiveness of internal controls; to oversee the publication of reserve and resource statements to ensure compliance with best practice under the new AIM rules; and to review with the Company's external auditors the scope and results of their audit. Douglas Sutherland chairs the audit committee.

REMUNERATION AND NOMINATIONS COMMITTEE

The remuneration and nominations committee's members are Douglas Sutherland, Oliver Prior and Gordon Wylie who review the performance of the executive directors and set the scale and structure of their remuneration and the basis of their service agreements. In determining remuneration, the committee seeks to enable the Company to attract and retain executives of the highest calibre. The committee also makes recommendations to the board concerning allocation of share options to employees. No directors participate in discussions or decisions concerning their own remuneration. This committee is also responsible for nominating candidates, for the approval of the board, to fill either executive or non-executive vacancies or additional appointments to the board. Oliver Prior chairs the remuneration and nominations committee.

Details of the directors' remuneration is shown in note 14.

Directors' Report
CONTINUED

INDEPENDENT COMMITTEE
The independent committee currently consists of Douglas Sutherland, Oliver Prior and Gordon Wylie. Douglas Sutherland acts as the senior independent director. The committee is responsible for overseeing related party transactions.

PAYMENTS TO CREDITORS
The Company's policy is to settle the terms of payment with its suppliers when agreeing the terms of each transaction, either by accepting the suppliers' terms or by making the suppliers aware of alternative terms, and to abide by the agreed terms. Trade creditors of the Company at 30 June 2007 represented 58 days of annual purchases.

GOING CONCERN
Based on a review of the Company's budgets and cash flow plans, the directors are satisfied that the Company has sufficient resources to continue its operations and to meet its commitments for the foreseeable future.

AUDITORS
A resolution to re-appoint the auditors of the Company, BDO Isle of Man, will be proposed at the forthcoming Annual General Meeting. BDO Isle of Man have expressed their willingness to continue as auditors of the Company. All of the current directors have taken all steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors.

POST BALANCE SHEET EVENTS
Details of post balance sheet events are provided in note 50 to the financial statements.

WILLIAM TREW
Chief Executive Officer

RICHARD WILKINS
Director/Company Secretary

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable company law and International Financial Reporting Standards. Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgments and estimates that are reasonable and prudent.
- State whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

On behalf of the board

RICHARD WILKINS
Director/Company Secretary

Independent Auditors' Report to the Shareholders of Oxus Gold plc

We have audited the Group and Parent Company financial statements (the "financial statements") of Oxus Gold plc for the year ended 30 June 2007 which comprise the Group and Parent Company Income Statements, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statement of Changes in Shareholders' Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985, and as regards the Group financial statements, Article 4 of the IAS regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information required by law regarding directors' and other transactions is not disclosed.

We read other information contained in the Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Highlights, Chairman's Statement and the Operating and Financial Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit 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 statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the Group's affairs as at 30 June 2007 and of its loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with the Companies Act 1985;
- the parent company financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the parent company's affairs as at 30 June 2007 and of its loss for the year then ended;
- the parent company financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with that in the financial statements.

BDO Isle of Man

BDO Isle of Man
Chartered Accountants & Registered Auditors
Douglas, Isle of Man
19 October 2007

Consolidated Income Statement

	NOTE	YEAR ENDED 30 JUNE 2007 US$000	YEAR ENDED 30 JUNE 2007 US$000	YEAR ENDED 30 JUNE 2006 US$000
Revenue	5		2,387	3,383
Direct expenses				
Exploration and evaluation expenditure			–	(1,224)
Gross profit			2,387	2,159
Administrative expenses			(6,985)	(5,749)
Share-based payments	38		(218)	(1,393)
Foreign exchange loss			(223)	(158)
Gain on sale of Norox Mining Company Limited and other assets	7	8,034		–
Gain on sale of investments	8	92		–
Total gain from the sale of investments			8,126	–
Legal and other costs arising from abortive 2002 financing	6	(7,347)		(4,617)
Jerooy arbitration costs	49	(2,792)		–
Other legal costs		(963)		–
Impairment losses recognised on investments held	9	(8,602)		–
Total exceptional costs			(19,704)	
Operating loss	10		(16,617)	(9,758)
Share of (loss)/profit from joint ventures	19		(3,213)	10,169
Financial income	15		2,457	2,261
Financial expense	17		(1,538)	(289)
Net financial income			919	1,972
(Loss)/profit before tax			(18,911)	2,383
Taxation	20		(55)	15
(Loss)/profit for the year			(18,966)	2,398
Attributable to:				
Equity shareholders of the Company			(18,908)	2,110
Minority interests			(58)	288
			(18,966)	2,398
Basic (loss)/earnings per share – US cents	22		(6.25)	0.73
Diluted earnings per share – US cents	22		(6.25)	0.71

All amounts relate to continuing operations.

Company Income Statement

	NOTE	YEAR ENDED 30 JUNE 2007 US$000	YEAR ENDED 30 JUNE 2006 US$000
Revenue		**308**	806
Administrative expenses		**(5,517)**	(3,890)
Share-based payments	38	**(179)**	(1,187)
Foreign exchange loss		**(201)**	(128)
Legal and other costs arising from abortive 2002 financing	6	**(7,347)**	(4,617)
Other legal costs		**(588)**	–
Gain on sale of investments	8	**92**	–
Operating loss	11	**(13,432)**	(9,016)
Financial income	16	**3,269**	3,071
Financial expense	18	**(1,577)**	(257)
Net financial income		**1,692**	2,814
Loss before tax		**(11,740)**	(6,202)
Taxation	21	**–**	–
Loss for the year		**(11,740)**	(6,202)

Consolidated Balance Sheet

	NOTE	2007 US$000	2006 US$000 RESTATED
Non-current assets			
Intangible assets	23	**3,068**	3,068
Property, plant and equipment	24	**608**	5,227
Exploration and mining development properties	26	**40,445**	90,643
Investment in joint venture	27	**42,527**	47,075
Available-for-sale investments at market value	29	**5,171**	3,348
Available-for-sale investments at cost	30	**895**	895
		92,714	150,256
Current assets			
Trade and other receivables	31	**14,772**	10,172
Available-for-sale investments	33	**65,696**	–
Derivative financial instruments	34	**2,228**	2,228
Cash and cash equivalents	35	**10,881**	13,717
		93,577	26,117
Total assets		**186,291**	176,373
Equity and liabilities			
Equity attributable to ordinary shareholders			
Share capital	37	**6,104**	4,774
Share premium		**105,341**	77,407
Capital reserve		**22,799**	22,614
Revaluation reserve		**–**	(3,907)
Merger reserve		**34,929**	34,929
Retained earnings		**(84,278)**	326
Total equity attributable to ordinary shareholders		**84,895**	136,143
Minority interests		**4,431**	4,020
Total equity		**89,326**	140,163
Non-current liabilities			
Interest-bearing loans and borrowings	39	**8,750**	13,750
AGF Phase 2 Project Development Fund	40	**–**	6,209
		8,750	19,959
Current liabilities			
Interest-bearing loans and borrowings	39	**5,000**	5,000
AGF Phase 2 Project Development Fund	40	**10,866**	4,657
Trade and other payables	41	**6,653**	6,594
Proposed dividend	43	**65,696**	–
		88,215	16,251
Total equity and liabilities		**186,291**	176,373

These financial statements were approved and authorised for issue by the board on 19 October 2007.

WILLIAM TREW
Chief Executive Officer

JONATHAN KIPPS
Finance Director

Company Balance Sheet

	NOTE	2007 US$000	2006 US$000 RESTATED
Non-current assets			
Property, plant and equipment	25	**28**	60
Investment in subsidiaries	28	**445,129**	445,129
Investment in joint venture	27	**11,693**	8,447
		456,850	453,636
Current assets			
Amounts due from Group undertakings	32	**37,038**	60,316
Trade and other receivables	32	**3,956**	4,319
Available-for-sale investments	33	**65,696**	–
Derivative financial instruments	34	**2,228**	2,228
Cash and cash equivalents	36	**10,081**	10,677
		118,999	77,540
Total assets		**575,849**	531,176
Equity and liabilities			
Equity attributable to ordinary shareholders			
Share capital	37	**6,104**	4,774
Share premium		**105,341**	77,407
Capital reserve		**1,366**	1,187
Revaluation reserve		**(29,176)**	(29,176)
Retained earnings		**331,172**	408,608
Total equity		**414,807**	462,800
Non-current liabilities			
Interest-bearing loans and borrowings	39	**8,750**	13,750
AGF Phase 2 Project Development Fund	40	**–**	6,209
		8,750	19,959
Current liabilities			
Interest-bearing loans and borrowings	39	**5,000**	5,000
AGF Phase 2 Project Development Fund	40	**10,866**	4,657
Amounts due to Group undertakings		**65,687**	33,247
Trade and other payables	42	**5,043**	5,513
Proposed dividend	43	**65,696**	–
		152,292	48,417
Total equity and liabilities		**575,849**	531,176

These financial statements were approved and authorised for issue by the board on 19 October 2007.

WILLIAM TREW
Chief Executive Officer

JONATHAN KIPPS
Finance Director

Consolidated Cash Flow Statement

	NOTE	YEAR ENDED 30 JUNE 2007 US$000	YEAR ENDED 30 JUNE 2006 US$000 RESTATED
Cash flows from operating activities			
Loss/profit before tax for the year		(18,911)	2,383
Adjustments for:			
Depreciation, depletion and amortisation		2,405	136
Interest paid		1,538	289
Equity-settled share-based payment expenses		185	1,364
Income attributable to joint venture		3,213	(10,169)
Non-cash movements in minority interests		469	(259)
Salaries and bonuses converted to shares		50	43
Other reserve movements		(2,620)	–
Cash flows from operating activities before changes in working capital and provisions		(13,671)	(6,213)
Increase in amounts due from joint venture		(2,809)	(6,464)
(Increase)/decrease in trade and other receivables		(1,790)	1,688
Increase in AGF Phase 2 Project Development Fund		–	3,323
Increase in trade and other payables		3	5,409
Cash absorbed by operating activities		(18,267)	(2,257)
Cash flows from investing activities			
Investment in plant and equipment		–	(5,262)
Investment in exploration and mining development properties		(8,864)	(30,516)
Investment loans		–	(416)
Acquisition of warrants		–	(2,228)
Net return of investment from joint venture		1,335	–
Other investments		–	(895)
Sale of investments		285	–
Dividend received from joint venture		–	1,250
Net cash from investing activities		(7,244)	(38,067)
Cash flows from financing activities			
Proceeds from the issue of share capital		29,213	746
Proceeds from bank borrowings		–	20,000
Repayment of bank borrowings		(5,000)	(1,250)
Interest paid		(1,538)	(289)
Net cash from financing activities		22,675	19,207
Net decrease in cash and cash equivalents		(2,836)	(21,117)
Cash and cash equivalents at 1 July		13,717	34,834
Cash and cash equivalents at 30 June	35	10,881	13,717

Company Cash Flow Statement

	NOTE	YEAR ENDED 30 JUNE 2007 US$000	YEAR ENDED 30 JUNE 2006 US$000 RESTATED
Cash flows from operating activities			
Loss before tax for the year		(11,740)	(6,202)
Adjustments for:			
Depreciation		32	32
Interest paid		1,577	257
Equity-settled share-based payment expenses		179	1,187
Debt for services converted to shares		–	504
Salaries and bonuses converted to shares		50	42
Cash flow from operating activities before changes in working capital and provisions		(9,902)	(4,180)
Decrease/(increase) in amounts due from subsidiary undertakings		23,278	(14,831)
Decrease/(increase) in amounts due from joint venture		607	(340)
(Increase)/decrease in trade and other debtors		(244)	2
Decrease in amounts due to subsidiary undertakings		(33,257)	(175)
Increase in AGF Phase 2 Project Development Fund		–	3,323
(Decrease)/increase in trade and other payables		(468)	3,364
Cash absorbed by operating activities		(19,986)	(12,837)
Cash flows from investing activities			
Investment in subsidiary undertakings		–	(8,249)
Acquisition of warrants		–	(2,228)
Investment in joint venture		(3,246)	(4,699)
Net cash from investing activities		(3,246)	(15,176)
Cash flows from financing activities			
Proceeds from the issue of share capital		29,213	11,515
Proceeds from bank borrowings		–	20,000
Repayment of bank borrowings		(5,000)	(1,250)
Interest paid		(1,577)	(257)
Net cash from financing activities		22,636	30,008
Net increase in cash and cash equivalents		(596)	1,995
Cash and cash equivalents at 1 July		10,677	8,682
Cash and cash equivalents at 30 June	36	10,081	10,677

Statement of Changes in Shareholders' Equity – Group

For the year ended 30 June 2007

	CAPITAL US$000	SHARE PREMIUM US$000	CAPITAL RESERVE US$000 RESTATED	REVALUATION RESERVE US$000	MERGER RESERVE US$000	RETAINED EARNINGS US$000	TOTAL SHAREHOLDERS' EQUITY US$000 RESTATED	MINORITY INTERESTS US$000	TOTAL EQUITY US$000 RESTATED
Balance at 1 July 2005	4,581	65,540	19,660	(1,117)	34,929	(857)	122,736	12,858	135,594
Profit after tax for the year	–	–	–	–	–	2,398	2,398	(288)	2,110
On consolidation of minority interests	–	–	–	–	–	(1,215)	(1,215)	–	(1,215)
Total recognised in income and expense for the year	–	–	–	–	–	1,183	1,183	(288)	895
Shares issued to acquire Marakand shares	167	11,105	(9,595)	–	–	–	1,677	–	1,677
Goodwill arising on purchase of Marakand shares (note 3)	–	–	3,068	–	–	–	3,068	–	3,068
Arising on revaluation of exploration rights in Marakand	–	–	8,117	–	–	–	8,117	–	8,117
Arising on revaluation of investments	–	–	–	(2,790)	–	–	(2,790)	–	(2,790)
Arising on consolidation of minority interests	–	–	–	–	–	–	–	(8,579)	(8,579)
Warrants and options exercised	15	228	–	–	–	–	243	–	243
Equity-settled share-based payments	10	493	1,364	–	–	–	1,867	29	1,896
Conversion of directors' remuneration to shares	1	41	–	–	–	–	42	–	42
Balance at 30 June 2006 (restated)	4,774	77,407	22,614	(3,907)	34,929	326	136,143	4,020	140,163
Balance at 1 July 2006	4,774	77,407	22,614	(3,907)	34,929	326	136,143	4,020	140,163
Losses after tax for the year	–	–	–	–	–	(18,908)	(18,908)	(58)	(18,966)
Total recognised in income and expense for the year	–	–	–	–	–	(18,908)	(18,908)	(58)	(18,966)
Shares issued in the year	1,125	23,066	–	–	–	–	24,191	439	24,630
Warrants and options exercised	5	58	–	–	–	–	63	30	93
Equity-settled share-based payments	198	4,760	185	–	–	–	5,143	–	5,143
Conversion of directors' remuneration to shares	2	50	–	–	–	–	52	–	52
Transfer to income statement	–	–	–	3,907	–	–	3,907	–	3,907
Dividend (note 43)	–	–	–	–	–	(65,696)	(65,696)	–	(65,696)
Balance at 30 June 2007	6,104	105,341	22,799	–	34,929	(84,278)	84,895	4,431	89,326

Statement of Changes in Shareholders' Equity – Group
continued

Share capital is the amount subscribed for shares at nominal value.

Share premium represents the excess of the amount subscribed for share capital over the nominal value of these shares net of share issue expenses.

Capital reserve represents the credit to equity in respect of share-based payments together with reserves arising from the acquisition of minority interests and historic adjustments arising from corporate reconstructions prior to the adoption of international accounting standards. The capital reserve has been restated (note 3).

The revaluation reserve comprises amounts held in equity in respect of the revaluation or devaluation of available-for-sale investments.

The merger reserve comprises gains arising from a Group corporate reconstruction in 2001.

Retained earnings represent the cumulative profits of the Group attributable to equity shareholders.

Statement of Changes in Shareholders' Equity – Company

For the year ended 30 June 2007

	SHARE CAPITAL US$000	SHARE PREMIUM US$000	CAPITAL RESERVE US$000 RESTATED	REVALUATION RESERVE US$000	RETAINED EARNINGS US$000	TOTAL US$000 RESTATED
Balance at 1 July 2005	4,581	65,540	–	(29,176)	414,810	455,755
Losses after tax for the year	–	–	–	–	(6,202)	(6,202)
Total recognised in income and expense for the year	–	–	–	–	(6,202)	(6,202)
Shares issued to acquire Marakand shares	167	11,105	–	–	–	11,272
Warrants and options exercised	15	228	–	–	–	243
Equity-settled share-based payments	10	493	1,187	–	–	1,690
Conversion of directors' remuneration to shares	1	41	–	–	–	42
Balance at 30 June 2006 (restated)	4,774	77,407	1,187	(29,176)	408,608	462,800
Balance at 1 July 2006	4,774	77,407	1,187	(29,176)	408,608	462,800
Losses after tax for the year	–	–	–	–	(11,740)	(11,740)
Total recognised in income and expense for the year	–	–	–	–	(11,740)	(11,740)
Shares issued in the year	1,125	23,066	–	–	–	24,191
Warrants and options exercised	5	58	–	–	–	63
Equity-settled share-based payments	198	4,760	179	–	–	5,137
Conversion of directors' remuneration to shares	2	50	–	–	–	52
Dividend (note 43)	–	–	–	–	(65,696)	(65,696)
Balance at 30 June 2007	6,104	105,341	1,366	(29,176)	331,172	414,807

Share capital is the amount subscribed for shares at nominal value.

Share premium represents the excess of the amount subscribed for share capital over the nominal value of these shares net of share issue expenses.

Capital reserve represents the credit to equity in respect of share-based payments together with reserves arising from the acquisition of minority interests and historic adjustments arising from corporate reconstructions prior to the adoption of international accounting standards. The capital reserve has been restated (note 3).

The revaluation reserve comprises amounts held in equity in respect of the revaluation or devaluation of available-for-sale investments.

Retained earnings represent the cumulative profits of the Company attributable to equity shareholders.

Notes Forming Part of the Financial Statements

1 CORPORATE INFORMATION

Oxus Gold plc (the "Company") is a company incorporated in England.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about the Group.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS and IFRIC interpretations) as adopted by the European Union and also in accordance with the Companies Act 1985.

The accounting policies set out below have, unless otherwise stated, been applied consistently in these financial statements.

Judgments made by the directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 4.

A. AMENDMENTS TO PUBLISHED STANDARDS AND INTERPRETATIONS OF EXISTING STANDARDS EFFECTIVE IN 2007 AND WHICH HAVE BEEN ADOPTED BY THE GROUP

– IFRIC 4, Determining whether an arrangement contains a lease (effective from 1 January 2006). IFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets ("the asset"); and (b) the arrangement conveys a right to use the asset. Management assessed the impact of IFRIC 4 on the Group's operations by reviewing all the existing arrangements. There was no impact of the adoption of IFRIC 4 on the results or net assets of the Group.

– IFRIC 11, IFRS 2, Group and Treasury Share Transactions (effective for periods beginning on or after 1 March 2007). The amendment requires that all share-based payment transactions in which an entity receives services as consideration for equity instruments shall be accounted for as equity-settled. This applies regardless of whether the equity instruments have to be acquired from a third party ("treasury shares"). This amendment affects certain of the Company's subsidiary companies which are required to purchase the Company's equity instruments to settle contracted share-based payment transactions. The Group has adopted this amendment. The policy is consistent with past practice of the Group and the amendment has no impact on the results or net assets of the Group.

– IAS 39 (Amendment), The Fair Value Option (effective from 1 January 2006). The amendment changes the identification of financial instruments classified at fair value through the profit and loss account and restricts the ability to designate financial instruments as part of this category. The Group believes that this amendment should not have a significant impact on the classification of the financial instruments, as the Group should be able to comply with the amended criteria for the designation of financial instruments at fair value through profit and loss. The Group applied this amendment from 1 January 2006, which has no impact on the results or net assets of the Group.

– IAS 21 (Amendment), Net Investment in a Foreign Operation (effective 1 January 2006). This amendment requires exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation to be recognised initially in a separate component of equity in the consolidated financial statements. In particular, it relates to treatment of such monetary items that are denominated in a currency other than the functional currency of either the reporting entity or the foreign operation. This requirement applies irrespective of the currency of the monetary item and of whether the monetary item results from a transaction with the reporting entity or any of its subsidiaries. The Group applied this amendment from 1 January 2006, which has no impact on the results or net assets of the Group.

– IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts (effective from 1 January 2006). This amendment requires issued financial guarantees, other than those previously asserted by the entity to be insurance contracts, to be initially recognised at their fair value and subsequently measured at the higher of: (a) the unamortised balance of the related fees received and deferred; and (b) the expenditure required to settle the commitment at the balance sheet date.

B. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2006 AND 2007 BUT NOT RELEVANT TO THE GROUP

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 July 2006 but are currently not relevant to the Group's operations:

– IAS 19 (Amendment), Employee Benefits (effective from 1 January 2006). This amendment introduces the option of an alternative recognition approach for actuarial gains and losses arising from defined benefit pension schemes. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. This amendment is not relevant to the Group's operations, as the Group does not have any defined benefit pension schemes as of 30 June 2007, 30 June 2006 or 30 June 2005.

– IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intra-group Transactions (effective from 1 January 2006). This amendment allows the foreign currency risk of a highly probable forecast intra-group transaction to qualify as a hedged item in the consolidated financial statements, provided that: (a) the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction; and (b) the foreign currency risk will affect consolidated profit or loss. This amendment is not relevant to the Group's operations, as the Group does not have any intra-group transactions that would qualify as a hedged item in the consolidated financial statements as of 30 June 2007, 30 June 2006 or 30 June 2005.

– IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards and IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources (effective from 1 January 2006). The first of these amendments is not relevant to the Group's operations as the Group is not a first-time adopter of IFRS. The Group is in compliance with the requirements of the amendment to IFRS 6.

– IFRIC 5, Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (effective from 1 January 2006). IFRIC 5 is not relevant to the Group's current operations.

– IFRIC 6, Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment (effective from 1 December 2005). IFRIC 6 is not relevant to the Group's operations.

C. STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED STANDARDS WHICH HAVE NOT BEEN ENDORSED BY THE EU AND ARE NOT YET EFFECTIVE

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 July 2006 or later periods but the Group has decided not to adopt early. These are:

– IAS 23, Borrowing costs – amendment: The amendment to IAS 23 applies to borrowing costs relating to qualifying assets for which the commencement date for capitalisation of interest is on or after 1 January 2009. The Group will apply this amended standard from 1 July 2009 and the application will not result in any impact on the results or net assets of the Group.

– IFRS 7, Financial Instruments: disclosures and a complementary amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures (effective from 1 January 2007). IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions and the disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation. It is applicable to all entities that report under IFRS.

The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Group has assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of IAS 1. The Group will apply IFRS 7 and the amendment to IAS 1 to the accounts for the year beginning on 1 July 2007. This amendment will not result in any impact on the results or net assets of the Group.

Notes Forming Part of the Financial Statements
CONTINUED

C. STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED STANDARDS WHICH HAVE NOT BEEN ENDORSED BY THE EU AND ARE NOT YET EFFECTIVE CONTINUED

– IFRS 8, Operating Segments (effective from 1 January 2009). This standard sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. It replaces IAS 14, Segmental Reporting. The Group will apply this standard in the accounting period beginning on 1 January 2009 and the application will not result in any impact on the results or net assets of the Group.

– IFRIC 7, Applying the restatement approach under IAS 29, Financial Reporting in Hyperinflationary Economies (effective for accounting periods beginning on or after 1 March 2006). IFRIC 7 provides guidance on the application of IAS 29 requirements in a reporting period in which the entity identifies the existence of hyperinflation in the economy of its functional currency, when the currency was not hyperinflationary in the prior period. IFRIC 7 is not relevant to the Group as none of the Group companies has a currency of a hyperinflationary economy as its functional currency.

– IFRIC 8, Scope of IFRS 2 (effective for accounting periods beginning on or after 1 May 2006). IFRIC 8 requires consideration of transactions involving issuance of equity instruments to establish whether or not they fall within the scope of IFRS 2. It applies to the situations where the identifiable consideration received is less than the fair value of the equity instruments issued. The effect of this interpretation has been assessed by management and the application will not result in any impact on the results or net assets of the Group.

– IFRIC 9, Reassessment of embedded derivatives (effective for accounting periods beginning on or after 1 June 2006). IFRIC 9 requires the entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when an entity becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The effect of this interpretation has been assessed by management and the application will not result in any impact on the results or net assets of the Group.

– IFRIC 10, Interim Financial Reporting and Impairment (effective for accounting periods beginning on or after 1 November 2006). IFRIC 10 prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group will apply IFRIC 10 from 1 July 2007 but it is not expected to have any impact on the Group's financial statements.

– IFRIC 12, Service Concession Arrangements (effective for accounting periods beginning on or after 1 January 2008). IFRIC 12 gives guidance on the accounting by operators for public-to-private service concession arrangements. IFRIC 12 is not relevant to the Group's operations due to the absence of such arrangements.

D. BASIS OF CONSOLIDATION

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Inter-company transactions and balances between group companies are therefore eliminated in full. Details of the Company's subsidiaries are set out in note 28.

E. BUSINESS COMBINATIONS

The consolidated financial statements incorporate the results of business combinations using the purchase method. The acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. Where the fair value of consideration paid exceeds the fair value of the identifiable assets, liabilities and contingent liabilities acquired the resulting difference is classified as goodwill and presented as a non-current intangible asset. Where the fair value of consideration paid is lower than the fair value of identifiable assets, liabilities and contingent liabilities acquired the difference is classified as "negative goodwill". Goodwill arising from business combinations is assessed for impairment (policy "n", page 9). This policy has been retroactively applied to the 2006 financial statements which have been restated. Refer to note 3.

The results of acquired operations are included in the Consolidated Income Statement from the date on which control is obtained. Where the value of a business combination increases as a result of the purchase of all or part of a minority interest in an existing subsidiary or of an investment in an associated company which as a result of the increase in investment by the Group becomes classified as a subsidiary in the year of the increase, the purchase method as set out above is applied proportionately to the increase in investment as set out above. The relevant proportion of the results of the acquired operations is included in the Consolidated Income Statement from the date of the relevant acquisition.

F. JOINT VENTURES

Jointly controlled entities are included in the financial statements using equity accounting. Any premium paid for an interest in a jointly controlled entity above the fair value of the Group's share of identifiable assets, liabilities and contingent liabilities is treated as goodwill.

Profits and losses arising on transactions between the Group and jointly controlled entities are recognised only to the extent of unrelated investors' interests in the entity. The investor's share in the jointly controlled entity's profits and losses resulting from these transactions is eliminated against the asset or liability of the joint venture arising on the transaction.

G. REVENUE

The Group enters into contracts for the provision of management services to associated companies, joint ventures and third parties. Revenue is recognised as billed according to the terms of the individual agreements. All current agreements are for monthly billings without retention. There are no "stage of completion" arrangements within these agreements.

H. FOREIGN CURRENCY

In accordance with IAS 21, transactions entered into by group entities in a currency other than the currency of the primary economic environment in which it operates (the functional currency) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are similarly recognised immediately in the income statement. The presentational currency for the Group Consolidated Financial Statements is the US dollar. This is also the functional and presentational currency of the Company and is considered by the Board also to be appropriate for the purposes of preparing the Group financial statements.

On consolidation, the results of overseas operations which are not reporting in US dollars are translated into US dollars, the presentational currency of the Group, at rates approximating to those ruling when the transaction took place. All assets and liabilities of overseas operations are translated at the rate ruling at the balance sheet date. Goodwill and fair value adjustments arising on the acquisition of an overseas entity are treated as assets and liabilities of the overseas entity and translated at the rate ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at the opening rate and the results of overseas operations at the actual rate are recognised directly in equity.

I. CLASSIFICATION OF FINANCIAL INSTRUMENTS ISSUED BY THE GROUP

In accordance with IAS 32, financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

Notes Forming Part of the Financial Statements
CONTINUED

J. TRADE AND OTHER RECEIVABLES
These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision by the Group of goods and services to customers (trade debtors), advances made to joint ventures and amounts advanced by the Company to its subsidiary companies. They also include other types of contractual monetary assets. These assets are initially recognised at fair value and are subsequently measured at amortised cost less any provision for impairment.

K. PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment are stated at cost less any subsequent accumulated depreciation and impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

Depreciation is charged to the income statement within cost of sales and administrative expenses on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

– Mining machinery and equipment	5–20 years
– Office furniture	5 years
– Computer equipment	5 years

Expenses incurred in respect of the maintenance and repair of property, plant and equipment are charged against income when incurred. Refurbishment and improvement expenditure, where the benefit is expected to be long lasting, is capitalised as part of the appropriate asset.

L. FINANCIAL ASSETS – AVAILABLE-FOR-SALE INVESTMENTS
Investments held for long-term benefit, which are not subsidiaries or joint ventures, are included in non-current assets at market value, where an active market exists, or at cost less any provision for impairment where there is no active market in the particular financial assets held and the current value is difficult to determine.

M. EXPLORATION AND MINING DEVELOPMENT PROPERTIES
Where the Group has incurred expenditure in respect of acquisition and development of exploration and mining development properties that have not reached the stage of commercial production the expenditure incurred is treated as a tangible asset with the cost being deferred until commercial production commences. Costs incurred prior to the first time adoption of international accounting standards include amounts carried at a valuation which has been adopted as a "deemed value" and treated as historic cost.

Once a decision is made to proceed with the development of a mining project, further expenditure on exploration and mining development properties, other than that on buildings, machinery and equipment which are capitalised under "property, plant and equipment", is capitalised under non-current assets as mining properties, together with any amount transferred from exploration and mining development properties. Mining properties are amortised over the estimated life of the reserves on a "unit of production" basis. Where the projects are determined not to be commercially viable the related costs are written off to the income statement.

N. IMPAIRMENT OF NON-CURRENT ASSETS

The carrying amount of the non-current assets of the Group, including "goodwill", "exploration and mining development properties" and "mining properties", is compared to the recoverable amount of the assets whenever events or changes in circumstances indicate that the net book value may not be recoverable. The recoverable amount is the higher of value in use and the fair value less cost to sell. In assessing the value in use, the expected future cash flows from the assets is determined by applying a pre-tax discount rate to the anticipated pre-tax future cash flows. Impairment is recognised in the income statement to the extent that the carrying amount exceeds the assets' recoverable amount. The revised carrying amounts are amortised in line with Group accounting policies. A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally resulted in the impairment. This reversal is recognised in the income statement and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in prior years. Assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units) for purposes of assessing impairment. The estimates of future discounted cash flows are subject to risks and uncertainties including the future gold price. It is therefore reasonably possible that changes could occur which may affect the recoverability of assets.

O. INTANGIBLE ASSETS

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Amortisation of intangible assets is charged to cost of sales over the following periods:

Mining and other licences – Lower of the period of the licence or commercial life of the project

P. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits with major banking institutions realisable within 90 days. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Q. OTHER FINANCIAL LIABILITIES

Trade payables and other short-term monetary items are recognised at amortised cost.

R. INTEREST-BEARING LOANS AND BORROWINGS

Bank borrowings are initially recognised at the amount advanced less any transaction costs directly attributable to the borrowings. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. Interest expense in this context includes initial transaction costs and premiums payable on redemption as well as any interest or coupon payable while the liability is outstanding.

S. PENSIONS

The Group does not enter into any pension scheme arrangements. The Group does make payments in lieu of pensions for certain individuals; these costs are expensed as incurred.

T. EMPLOYEE BONUS

Employee costs include bonus payments made to certain directors and employees based upon predetermined performance targets set by the Group. Any such bonus payments attributable to the exploration and mining development properties or the mining properties are capitalised against the carrying values of such assets until commercial production commences where such costs are amortised on the same basis as the exploration and mining development properties. Bonus payments made to employees in respect of the sale of the Jerooy assets have been offset against the profit on sale arising from this disposal. All other bonus payments are expensed in the income statement as incurred.

Notes Forming Part of the Financial Statements
continued

U. SHARE-BASED PAYMENT TRANSACTIONS
The Company awards share options to certain Company directors and Group employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a binomial option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest only where vesting is dependent upon the satisfaction of service and non-market vesting conditions or where the vesting periods themselves are amended by the introduction of new schemes and the absorption of earlier schemes by agreement between the Company and the relevant employees. Where options granted are cancelled all future charges arising in respect of the grant are charged to the income statement on the date of cancellation.

The Company incurred certain services in 2006 and 2007 which were settled by the issue of equity shares in the Company or warrants convertible into equity shares of the Company. The value of the equity shares issued was determined by the fair value of the services provided.

V. PROVISIONS
A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

W. FINANCE LEASE PAYMENTS
Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

X. OPERATING LEASES
Operating lease payments are charged to the income statement on a straight-line basis over the term of the lease.

Y. FINANCING COSTS
Financing costs comprise interest payable on bank loans and finance leases. Interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Z. TAXATION
Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date together with any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

3 RESTATEMENT

In 2006 the Group accounted for the goodwill arising from the higher of the fair value of consideration paid and the fair value of the assets acquired in respect of the purchase of a proportion of the minority interest in Marakand Minerals Limited by offsetting the amount against the capital reserve. This treatment was not in accordance with that required by IFRS 3 Business Combinations which required that the goodwill arising from this acquisition be treated as goodwill and retained on the balance sheet, subject to an annual review for impairment.

Also in 2006 the Company accounted for the return to the Company by the court of Company warrants as part of the proceedings in respect of the aborted 2002 project financing as a reduction in trade and other payables. This treatment has been revised to reflect the requirement under IFRS to account for the value of the warrants returned as a derivative financial instrument within current financial assets.

The effect of this restatement on those financial statements is summarised below:

	US$000
Goodwill	
Increase in non-current assets: goodwill (note 23)	3,068
Increase in equity (capital reserve)	(3,068)
	–
Financial asset	
Recognition of financial asset (note 34)	2,228
Increase in trade and other payables	(2,228)
Net effect on equity	–

4 ACCOUNTING ESTIMATES AND JUDGMENTS

The Group makes estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may deviate from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

CAPITALISED MINING COSTS AND MINING RESOURCES

The recovery of the value of the Group's exploration and development mining properties is reviewed in the light of future production estimates based upon ongoing geological studies. Over the longer term the actual mineable resources achieved may vary significantly from the current estimates. The Group periodically updates estimates of resources in respect of its exploration and mining development properties and assesses those for indicators of impairment relating to its capitalised costs.

BASE OF MINING OPERATIONS

The Group's primary base of mining operations is in Uzbekistan. The laws relating to commercial operations, taxation and future dividend payments are still under development and there may be unforeseen changes to the operating and fiscal environment. The financial statements have been prepared on the assumption that no significant adverse changes to the economic, regulatory and fiscal environment will arise.

CARRYING VALUES OF PROPERTY, PLANT AND EQUIPMENT.

The Group monitors internal and external indicators of impairment relating to its property, plant and equipment. Management has considered whether any indicators of impairment have arisen over certain assets. After assessing these, management has concluded that no impairment has arisen in respect of these assets during the year and subsequently.

Notes Forming Part of the Financial Statements CONTINUED

4 ACCOUNTING ESTIMATES AND JUDGMENTS CONTINUED

USEFUL LIVES OF INTANGIBLE ASSETS, EXPLORATION AND DEVELOPMENT MINING PROPERTIES, MINING PROPERTIES, AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets, mining properties and property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Due to the long lives of certain assets, changes to the estimates used can result in significant variations in the carrying value.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group determines the fair value of financial instruments that are not quoted, based on estimates using present values or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Where market prices are not readily available, fair value is based on estimates obtained from independent experts or quoted market prices of comparable instruments where available. Where the derived fair value estimates cannot be substantiated the investment is held at cost less any charges for impairment.

INCOME TAXES AND WITHHOLDING TAXES

The Group, through its Amantaytau Goldfields joint venture, is subject to income tax and withholding tax in Uzbekistan and significant judgment is required in determining the provision for these taxes. During the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when, despite the Group's belief that its tax return positions are supportable, the Group believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. The Group believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made. See also note 45.

LEGAL PROCEEDINGS AND CONTRACTUAL DISPUTES

In accordance with IFRS the Group only recognises a provision where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be estimated reliably. In instances where the criteria are not met, a contingent liability may be disclosed in the notes to the financial statements. Realisation of any contingent liabilities not currently recognised or disclosed in the financial statements could have a material effect on the Group's financial position. Additionally the recoverable value of the Group's investments in exploration and development mining properties and joint ventures may be impacted by the result of these proceedings. Application of these accounting principles to legal cases requires the Group's management to make determinations about various factual and legal matters beyond its control. The Group reviews outstanding legal cases following developments in the legal proceedings and at each balance sheet date, in order to assess the need for provisions or impairment in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim, dispute or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Group's management as to how it will respond to the litigation, claim, dispute or assessment.

SHARE-BASED PAYMENTS

In order to calculate the charge for share-based payments as required by IFRS 2, the Group makes estimates principally relating to assumptions used in its option-pricing model as set out in note 38.

5 SEGMENTAL ANALYSIS

A segment is a distinguishable component of the Group that is engaged in providing products or services in a particular business sector (business segment) or in providing products or services in a particular economic environment (geographic segment), which is subject to risks and rewards that are different to those other segments. The Group operated in the year in one segment, the mining and production of gold and other precious metals, and in two principal geographic areas: Uzbekistan and Kyrgyzstan. No significant operating activities took place in Kyrgyzstan, Romania or Turkey in the year or in Romania or Turkey in the previous year. During the year the Group sold its operations in Kyrgyzstan, Turkey and Romania. The Company only operated in the United Kingdom and all activities are in respect of mining operations.

Segmental analysis by principal geographic area of operation

	UZBEKISTAN GROUP 2007 US$000	KYRGYZSTAN GROUP 2007 US$000	NOT ALLOCATED GROUP 2007 US$000	TOTAL GROUP 2007 US$000
Turnover	2,387	–	–	2,387
Segmental result	(1,035)	5,272	(20,854)	(16,617)
Interest receivable	–	–	2,457	2,457
Interest payable and similar charges	–	–	(1,538)	(1,538)
Share of loss from joint ventures	(3,213)	–	–	(3,213)
Income taxes	(3)	–	(52)	(55)
(Loss)/profit for the year attributable to minority interests	58	–	–	58
(Loss)/profit attributable to equity shareholders	(4,193)	5,272	(19,987)	(18,908)
Segmental assets	96,394	–	89,897	186,291
Segmental liabilities	(15,355)	–	(86,099)	(101,454)
Net assets	81,039	–	3,798	84,837
Expenditure on exploration and mining development properties	–	8,864	–	8,864
Depreciation of plant and equipment	–	174	32	206
Impairment charges	–	–	8,602	8,602

	UZBEKISTAN GROUP 2006 US$000	KYRGYZSTAN GROUP 2006 US$000	NOT ALLOCATED GROUP 2006 US$000	TOTAL GROUP 2006 US$000
Turnover	3,383	–	–	3,383
Segmental result	(3,211)	–	(6,547)	(9,758)
Interest receivable	–	–	2,261	2,261
Interest payable and similar charges	–	–	(289)	(289)
Share of profit from joint ventures	10,169	–	–	10,169
Income taxes	1	–	14	15
(Loss)/profit for the year attributable to minority interests	(288)	–	–	(288)
(Loss)/profit attributable to equity shareholders	6,671	–	(4,561)	2,110
Segmental assets	97,333	53,697	25,343	176,373
Segmental liabilities	(14,886)	–	(25,344)	(40,230)
Net assets	82,447	53,697	(1)	136,143
Expenditure on exploration and mining development properties	4,547	27,193	–	31,740
Depreciation of plant and equipment	–	104	32	136
Impairment charges	1,224	–	–	1,224

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
CONTINUED

6 LEGAL AND OTHER COSTS ARISING FROM ABORTIVE 2002 FINANCING

The litigation in respect of the abortive financing exercise in 2002 has now been concluded. Additional High Court and other legal costs were incurred during the year to finally bring to a close this matter. The Group and Company have recognised the Warrants returned by the High Court as a financial asset (note 34).

7 GAIN ON SALE OF NOROX MINING COMPANY LIMITED AND OTHER ASSETS

On 11 May 2007 the Group completed the sale of Norox Mining Company Limited and other assets to KazakhGold Group Limited, a company incorporated in Jersey. The assets sold were 100% of Norox Mining Company Limited, the Group's 50% share in the Romaltyn Limited joint venture, the right to an option related to the Karakalise copper deposit licence in Turkey and the Group's 25% holding in Hatay Madencilik SA subject to completion of certain legal and regulatory issues. If the Hatay holdings are not transferred there will be no adjustment to the consideration paid by KazakhGold Group Limited.

Norox Mining Company Limited owned 66.67% of the Talas Gold Mining Company ("TGMC") in Kyrgyzstan. TGMC owned the Group's interests in the Jerooy gold mining project in Kyrgyzstan. All of the Group's interests in the Jerooy project, including its rights arising from licence agreements and related arrangements with the Kyrgyz authorities have been included in the sale and the Group retains no interest in or liability from the Jerooy project with the exception of the rights to the international arbitration concerning the disputes with the Kyrgyz Republic. These rights have been retained by the Group where sums in excess of US$500 million, less amounts already received, have been claimed by the Group. No value has been attributed to these rights in these financial statements. If the Group is subsequently awarded compensation the full amount will be recovered by the Group. The consideration paid by KazakhGold Group Limited will not be adjusted if such a recovery is made by the Group.

Romaltyn Limited successfully bid for a licence to exploit certain Romanian gold mining assets in late 2006 but did not commence any significant development of these assets prior to the sale.

The results of the trading and the exploration and mining development expenditure in respect of the sale assets are included within the Group financial statements up to the date of sale.

The consideration received for the sale assets was 3,541,666 new ordinary shares in KazakhGold Group Limited. These were subsequently converted to KazakhGold Group Limited global depositary receipts (GDRs) which are listed on the London Stock Exchange. See also note 29. The Group realised a gain of $8,034,000 on this sale comprising:

	GROUP 2006 US$000
Gain on exploration and mining development property	6,835
Net gain on other assets	1,342
Net loss on sale of Turkish interests	(143)
	8,034

KazakhGold Group Limited will pay additional consideration of up to $80 million conditional upon KazakhGold Group Limited or a nominee acquiring a licence to mine or acquiring a company or entity that has the benefit of a licence to mine the Jerooy deposit and commencing development or production at the project. On the achievement of this benefit and upon receipt of the additional consideration the Group will withdraw its arbitration proceedings.

No amounts have been recognised in these financial statements for either of these contingent assets. See also note 49.

8 GAIN ON SALE OF INVESTMENTS

Gain arising from the sale of the Group's entire holding in Ovoca Gold plc.

9 IMPAIRMENT LOSSES RECOGNISED ON INVESTMENTS HELD

	YEAR ENDED 30 JUNE 2007 GROUP US$000	YEAR ENDED 30 JUNE 2006 GROUP US$000
Eurogold Limited	5,709	–
KazakhGold Group Limited GDRs	2,893	–
	8,602	–

The fall in value of the Eurogold Limited shares, which are listed on both the London Alternative Investment Market and the Australian Stock Exchange, is now considered to be long term and the Group's investments have been written down to market value as at 30 June 2007. The amount provided includes advances made to Eurogold Limited and amounts previously held in the Revaluation Reserve of $3,907,000.

The KazakhGold Group Limited GDRs have been marked to market value as at 22 June 2007 when the majority of the GDRs were allocated to the Company's dividend in specie resulting in a charge of $2,611,000. See note 43. The remaining holding held by the Company of 220,322 GDRs has also been adjusted to market value as at 30 June 2007 resulting in a charge of $282,000. See also note 29.

10 OPERATING LOSS (2006: PROFIT) – GROUP

	YEAR ENDED 30 JUNE 2007 GROUP US$000	YEAR ENDED 30 JUNE 2006 GROUP US$000
Operating loss is stated after charging:		
Depreciation of plant and equipment	206	136
Impairment of investments	8,602	–
Legal and other exceptional costs	7,347	4,617
Foreign exchange loss	223	158
Equity-settled share-based payments expense	218	1,393
Operating leases – property	287	296
Operating leases – plant and equipment	16	14
Auditors' remuneration – audit services	108	65
Auditors' remuneration – other services	2	196

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
CONTINUED

11 OPERATING LOSS – COMPANY

	YEAR ENDED 30 JUNE 2007 COMPANY US$000	YEAR ENDED 30 JUNE 2006 COMPANY US$000
Operating loss is stated after charging:		
Depreciation of plant and equipment	32	32
Legal and other exceptional costs	3,603	4,617
Equity-settled share-based payments expense	146	1,187
Foreign exchange loss	201	128
Operating leases – property	272	283
Operating leases – plant and equipment	16	14
Auditors' remuneration – audit services	80	65
Auditors' remuneration – other services	2	196

12 STAFF NUMBERS AND COSTS – GROUP

	YEAR ENDED 30 JUNE 2007 GROUP NUMBER	YEAR ENDED 30 JUNE 2006 GROUP NUMBER
The average number of employees in the year were:		
Support, operations and technical	17	18
Administration	12	17
	29	35

	US$000	US$000
The aggregate payroll costs were:		
Wages and salaries (including directors' emoluments)	3,041	1,564
Social security and medical	101	202
Payments in lieu of pension	317	267
Other benefits	51	–
Share-based payment expense	218	1,126
	3,728	3,159

13 STAFF NUMBERS AND COSTS – COMPANY

	YEAR ENDED 30 JUNE 2007 GROUP NUMBER	YEAR ENDED 30 JUNE 2006 GROUP NUMBER
The average number of employees in the year were:		
Administration	**12**	10
	US$000	US$000
The aggregate payroll costs were:		
The aggregate payroll costs for these persons were:		
Wages and salaries (including directors' emoluments)	**1,283**	720
Social security and medical	**151**	171
Payments in lieu of pension	**93**	52
Other benefits	**39**	–
Share-based payment expense	**146**	1,187
	1,712	2,130

14 DIRECTORS' REMUNERATION

	YEAR ENDED 30 JUNE 2007 GROUP AND COMPANY US$000	YEAR ENDED 30 JUNE 2006 GROUP AND COMPANY US$000
Wages and salaries (including bonus)	**2,414**	1,349
Social security and medical	**66**	37
Payments in lieu of pension	**317**	267
Share-based payment expense	**159**	371
	2,956	2,024
The emoluments of the acting Chairman were:	**89**	30
The emoluments of the highest paid director were:	**777**	402

Key management personnel consist of only the directors. The details of share options and interests in the Company's shares of each director is shown in the Directors' Report on page 10. Directors' remuneration is shown on page 38.

Notes Forming Part of the Financial Statements continued

14 Directors' Remuneration continued

	YEAR	SALARY US$000	OTHER COMPENSATION US$000	BONUS US$000	TOTAL US$000
William J Trew	**2007**	**403**	**94**	**280**	**777**
	2006	400	2	–	402
Jonathan A Kipps	**2007**	**342**	**79**	**234**	**655**
	2006	334	1	–	335
Richard V L Wilkins	**2007**	**332**	**80**	**234**	**646**
	2006	334	1	–	335
Oliver Prior	**2007**	**60**	**–**	**21**	**81**
	2006	25	–	–	25
Douglas M Sutherland	**2007**	**58**	**–**	**31**	**89**
	2006	30	–	–	30
Gordon Wylie	**2007**	**54**	**–**	**54**	**108**
	2006	11	95	–	106
Darryl Norton	**2007**	**310**	**65**	**–**	**375**
	2006	115	1	–	116

Oliver Prior was appointed as a non-executive director of Marakand Minerals Limited on 11 January 2007 and he receives additional remuneration of £1,200 per annum paid by that company.

15 Financial Income – Group

	YEAR ENDED 30 JUNE 2007 GROUP US$000	YEAR ENDED 30 JUNE 2006 GROUP US$000
Interest receivable from Joint Venture	**2,228**	1,969
Interest receivable – other	**229**	292
	2,457	2,261

16 Financial Income – Company

	YEAR ENDED 30 JUNE 2007 COMPANY US$000	YEAR ENDED 30 JUNE 2006 COMPANY US$000
Interest receivable from Joint Venture	**1,486**	42
Interest receivable from subsidiary undertakings	**1,590**	2,800
Interest receivable – other	**193**	229
	3,269	3,071

17 FINANCIAL EXPENSES – GROUP

	YEAR ENDED 30 JUNE 2007 GROUP US$000	YEAR ENDED 30 JUNE 2006 GROUP US$000
Interest payable	1,538	289

18 FINANCIAL EXPENSES – COMPANY

	YEAR ENDED 30 JUNE 2007 COMPANY US$000	YEAR ENDED 30 JUNE 2006 COMPANY US$000
Interest payable – external	1,491	257
Interest payable to Group subsidiary undertakings	86	–
	1,577	257

19 SHARE OF (LOSS)/PROFIT FROM JOINT VENTURES

The Group's joint venture operations are conducted through Amantaytau Goldfields AO ("AGF"). The information disclosed below shows the amounts attributable to the Group and has been extracted from the latest audited financial statements for AGF dated 31 December 2006 together with the management accounts of AGF dated 30 June 2007. See note 27 and the Operating and Financial Review for further information.

	YEAR ENDED 30 JUNE 2007 GROUP US$000	YEAR ENDED 30 JUNE 2006 GROUP US$000
Revenue	18,885	32,661
(Loss)/profit before tax	(3,213)	10,169
Taxation	–	–
(Loss)/profit after tax	(3,213)	10,169
Dividend paid	–	(1,250)
Net earnings retained (note 27)	(3,213)	8,919

Revenue comprises the Group's share of the proceeds that AGF received for the sale of gold and precious minerals. AGF sold 65,174 ounces of gold in the year (2006: 154,038 ounces). Further details of the production, sales and achieved prices are included in the Operating and Financial Review. All known taxation liabilities for the year have been included above. See also note 45.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
CONTINUED

20 TAXATION – GROUP

	YEAR ENDED 30 JUNE 2007 GROUP US$000	YEAR ENDED 30 JUNE 2006 GROUP US$000
Recognised in the income statement		
Current tax expense	(55)	15
Deferred tax expense	–	–
Total tax charge/credit	(55)	15
Reconciliation of effective tax rates		
(Loss)/profit before tax	(18,911)	2,383
Tax using the domestic rate of corporation tax of 30%	(5,673)	715
Effect of:		
Expenses not deductible for tax purposes	11,430	1,770
Accelerated capital allowances in excess of depreciation and other timing differences	5	(2)
Other adjustments	(5,817)	(2,468)
Total tax charge for the year	(55)	15

The Group has trading losses available for offset against future income of approximately $7.7 million, $2.3 million at the Company's corporation tax rate of 30% (2006: $8.6million and $2.6 million respectively).

21 TAXATION – COMPANY

	YEAR ENDED 30 JUNE 2007 COMPANY US$000	YEAR ENDED 30 JUNE 2006 COMPANY US$000
Recognised in the income statement		
Current tax expense/credit	–	(12)
Group relief	–	12
Total tax charge	–	–
Reconciliation of effective tax rates		
(Loss)/profit before tax	(11,740)	(6,202)
Tax using the domestic rate of corporation tax of 30%	(3,522)	(1,860)
Effect of:		
Expenses not deductible for tax purposes	3,072	1,745
Accelerated capital allowances in excess of depreciation and other timing differences	5	(2)
Other adjustments	445	105
Total tax charge/(credit) for the year	–	(12)

The Company has trading losses available for offset against future income of approximately $4.9 million, $1.9 million at the Company's corporation tax rate of 30% (2006: $5.2million and $1.6 million respectively).

22 (LOSS)/EARNINGS PER SHARE

The calculation of the basic loss per share is based upon the net loss after tax and minority interests attributable to ordinary shareholders of US$18,908,000 (2006: a profit of US$2,110,000) and a weighted average number of shares in issue for the year of 302,578,528 (2006: 290,744,132).

	YEAR ENDED 30 JUNE 2007 GROUP	YEAR ENDED 30 JUNE 2006 GROUP
Basic (loss)/earnings per share (cents)	**(6.25)**	0.73
(Loss)/profit attributable to equity shareholders	**($18,908,000)**	$2,110,000
	NUMBER	NUMBER
Weighted average number of shares in issue	**302,578,528**	290,744,132

DILUTED EARNINGS PER SHARE

The 2007 diluted loss per share is the same as the basic loss per share as the loss for the year has an anti-dilutive effect. For 2006 the diluted earnings per share was based upon a net profit after tax and minority interests attributable to ordinary shareholders of $2,110,000 and a weighted average number of shares in issue of 289,041,958.

	YEAR ENDED 30 JUNE 2007 GROUP	YEAR ENDED 30 JUNE 2006 GROUP
Basic (loss)/earnings per share (cents)	**(6.25)**	0.73
(Loss)/profit attributable to ordinary shareholders	**($18,908,000)**	$2,110,000
	NUMBER	NUMBER
Weighted average number of shares in issue	**302,578,528**	289,041,958

23 INTANGIBLE ASSETS

	2007 GOODWILL GROUP US$000	2006 GOODWILL GROUP US$000 RESTATED
Balance at 1 July	**3,068**	–
Arising on the acquisition of Marakand minority interest	**–**	3,068
Balance at 30 June	**3,068**	3,068

The carrying value of the goodwill has been reviewed for potential impairment. No changes to the carrying value have been deemed necessary. Accounting policy 2(n).

Notes Forming Part of the Financial Statements
CONTINUED

24 PLANT AND EQUIPMENT – GROUP

	MINING EQUIPMENT US$000	OFFICE FURNITURE AND EQUIPMENT US$000	TOTAL US$000
Cost			
At 1 July 2005	–	165	165
Additions	5,262	–	5,262
Disposals	–	–	–
At 30 June 2006	5,262	165	5,427
At 1 July 2006	5,262	165	5,427
Additions	–	–	–
Disposals	(4,413)	–	(4,413)
At 30 June 2007	849	165	1,014
Depreciation			
At 1 July 2005	–	64	64
Charge for the year	99	37	136
Disposals	–	–	–
At 30 June 2006	99	101	200
At 1 July 2006	99	101	200
Charge for the year	170	36	206
Disposals	–	–	–
At 30 June 2007	269	137	406
Net book value			
At 30 June 2007	580	28	608
At 30 June 2006	5,163	64	5,227

There are no assets held under finance leases. No assets have been revalued.

On 11 May 2007 the Group sold all mining equipment allocated to the Jerooy project to KazakhGold Group Limited. See also note 7.

25 PLANT AND EQUIPMENT – COMPANY

	OFFICE FURNITURE AND EQUIPMENT US$000
Cost	
At 1 July 2005	151
Additions	–
Disposals	–
At 30 June 2006	–
At 1 July 2006	151
Additions	–
Disposals	–
At 30 June 2007	151
Depreciation	
At 1 July 2005	59
Charge for the year	32
Disposals	–
At 30 June 2006	91
At 1 July 2006	91
Charge for the year	32
Disposals	–
At 30 June 2007	123
Net book value	
At 30 June 2007	28
At 30 June 2006	60

There are no assets held under finance leases. No assets have been revalued.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

26 EXPLORATION AND MINING DEVELOPMENT PROPERTIES

	KYRGYZSTAN JEROOY GROUP US$000	UZBEKISTAN AMANTAYTAU GROUP US$000	UZBEKISTAN ARISTANTAU AND BALPANTAU GROUP US$000	UZBEKISTAN KHANDIZA GROUP US$000	TOTAL GROUP US$000
Cost					
At 1 July 2005	23,005	7,979	687	28,456	60,127
Additions	27,193	3,323	–	–	30,516
Disposals	–	–	–	–	–
At 30 June 2006	50,198	11,302	687	28,456	90,643
At 1 July 2006	50,198	11,302	687	28,456	90,643
Additions	8,864	–	–	–	8,864
Disposals	(59,062)	–	–	–	(59,062)
At 30 June 2007	–	11,302	687	28,456	40,445

The Group's exploration and development properties are not amortised until production commences. Refer to accounting policy 2(m). The Group's investments in exploration and mining development properties are reviewed for impairment. Refer to accounting policy 2(n).

On 11 May 2007 the Group sold all of its interests in the Jerooy project to KazakhGold Group Limited. See also note 7.

The Group's investment in the Amantaytau project is held primarily through its joint venture company. Refer to notes 19 and 27. The amounts included above have been expended by the Group on the project but have not yet been transferred to the joint venture. Refer also to note 27 for further details of the Group's investment in the joint venture.

Licences for development at Aristantau and Balpantau have not yet been obtained. Discussions are continuing.

The amounts included above in respect of the exploration and mining development property held at Khandiza are stated at the value of $28,456,000 being the valuation of the project based upon a report by Wardell Armstrong International on 28 November 2003. For further details in respect of this project refer to the Operating and Financial Review. The Group's interests in Khandiza are held through its subsidiary Marakand Minerals Limited. On 10 August 2006 a decree was issued instructing Marakand's partner, Goscomgeology, to transfer local responsibility for Khandiza from Goscomgeology to OAO Almalyk GMK a state owned base metal mining and smelter company. The decree also cancelled an earlier decree which had authorised Marakand to proceed with the project on a concession basis or product sharing agreement. With the further passage of time, and difficulties in engaging with the Uzbek Government, it appears increasingly unlikely that Marakand will be involved in the future development of the Khandiza deposit. The Group will continue to push for the recognition of its rights with regard to the Khandiza deposit, and in the event that compensation is received or the Group does become involved in the development of the project, the minority shareholders of Marakand will continue to benefit by virtue of being shareholders in Oxus. See note 50.

27 INTERESTS IN JOINT VENTURE – GROUP

	INVESTMENT GROUP US$000	LOANS GROUP US$000	TOTAL GROUP US$000
Cost			
At 1 July 2005	14,294	23,290	37,584
Group's share of profits (note 19)	10,169	–	10,169
Dividends received	(1,250)	–	(1,250)
Amounts advanced	–	6,626	6,626
Amounts repaid	–	(6,054)	(6,054)
At 30 June 2006	23,213	23,862	47,075
At 1 July 2006	23,213	23,862	47,075
Group's share of losses (note 19)	(3,213)	–	(3,213)
Dividends received	–	–	–
Amounts advanced	–	6,330	6,330
Amounts repaid	–	(7,665)	(7,665)
At 30 June 2007	20,000	22,527	42,527

The interest in joint venture is the Group's 50% attributable interest in Amantaytau Goldfields AO ("AGF"). The Group has recognised in retained earnings cumulative profit after tax of $14,578,000 (2006: $17,791,000) in respect of the joint venture.

INVESTMENT

	COUNTRY OF INCORPORATION	TYPE OF SHARES HELD	% HELD 2007	% HELD 2006	ACCOUNTING REFERENCE DATE
Amantaytau Goldfields AO	Uzbekistan	Ordinary	50%	50%	31 December

NOTES FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

27 INTERESTS IN JOINT VENTURE – GROUP CONTINUED

Further information in respect of AGF:

	YEAR ENDED 30 JUNE 2007 GROUP US$000	YEAR ENDED 30 JUNE 2006 GROUP US$000
Non-current assets		
Exploration and mining development properties	**7,275**	7,089
Mining properties	**32,620**	32,197
Current assets	**5,020**	5,679
Total assets	**44,915**	44,965
Non-current liabilities	**(12,425)**	(12,150)
Current liabilities	**(12,490)**	(9,602)
Total liabilities	**(24,915)**	(21,752)
Net assets	**20,000**	23,213
Amounts charged to AGF:		
Fees for management and technical services	**2,287**	3,383
Interest	**2,228**	1,969
	4,515	5,352
Amounts due from AGF:		
Investment loan account	**22,527**	23,862
Trade and other debtors (note 31)	**12,232**	9,422
	34,759	33,284

AGF had no capital commitments at 30 June 2007.

AGF had no contingent liabilities at 30 June 2007. The general risks of operating in Uzbekistan are discussed in note 45.

INTERESTS IN JOINT VENTURE – COMPANY

Further information in respect of AGF:

	LOANS COMPANY US$000
Cost	
At 1 July 2005	3,748
Amounts advanced	4,699
Amounts repaid	–
At 30 June 2006	8,447
At 1 July 2006	8,447
Amounts advanced	3,246
Amounts repaid	–
At 30 June 2007	11,693

	YEAR ENDED 30 JUNE 2007 COMPANY US$000	YEAR ENDED 30 JUNE 2006 COMPANY US$000
Amounts charged to AGF:		
Interest	**1,486**	42
Amounts due from AGF:		
Investment loan account	**11,693**	8,447
Trade and other debtors (note 32)	**2,981**	3,588
	14,674	12,035

AGF had no capital commitments at 30 June 2007.

AGF had no contingent liabilities at 30 June 2007. The general risks of operating in Uzbekistan are discussed in note 45.

Notes Forming Part of the Financial Statements
CONTINUED

28 INVESTMENT IN SUBSIDIARIES

	2007 COMPANY US$000	2006 COMPANY US$000
At 1 July and 30 June	**445,129**	445,129

The following subsidiary undertakings have been consolidated within the financial statements:

SUBSIDIARY	REGISTERED	HOLDING
Oxus Holdings (Malta) Limited	Malta	100%
Marakand Minerals Limited	Guernsey	84.04%
The following companies are or were subsidiary undertakings of Oxus Holdings (Malta) Limited:		
Oxus Resources Corporation	British Virgin Islands	100%
Oxus Mining Supplies Limited	Isle of Man	100%
Norox Mining Company Limited (to 11 May 2007, note 7)	Cayman Islands	100%
The following company is a subsidiary undertaking of Oxus Resources Corporation:		
Oxus Services Limited	England	100%
The following company is a subsidiary undertaking of Oxus Mining Supplies Limited:		
Oxus Delaware LLC	Delaware, USA	100%
The following companies were subsidiary undertakings of Norox Mining Company Limited (to 11 May 2007, note 7):		
Norox Operating Company Limited	Kyrgyzstan	100%
Talas Gold Mining Company	Kyrgyzstan	66.67%
The following company is a subsidiary undertaking of Marakand Minerals Limited:		
Khandiza Services Limited	Uzbekistan	100%

29 AVAILABLE-FOR-SALE INVESTMENTS AT MARKET VALUE

	2007 GROUP US$000	2006 GROUP US$000
At 1 July	3,348	5,722
Additions	4,307	416
Disposals	(285)	–
Adjustment to market fair value	(2,199)	(2,790)
At 30 June	5,171	3,348
Analysis of investments held:		
Eurogold Limited	864	3,063
Ovoca Gold Plc	–	285
KazakhGold Group global depositary receipts	4,307	–
	5,171	3,348

Eurogold Limited is listed on both the London Alternative Investment Market and on the Australian Stock Exchange. The company conducts gold mining operations in the Ukraine.

The KazakhGold Group Limited global depositary receipts (GDRs), each of which grants the holder the right to one ordinary share in KazakhGold Group Limited, are listed on the London Stock Exchange. The company conducts gold mining operations primarily in Kazakhstan. The Group holds 220,322 GDRs from its initial allocation of 3,541,666 received from the sale of Norox Mining Company Limited and certain other assets (note 7). The balance of 3,321,344 GDRs have been allocated to a dividend in specie by the Company (see notes 33 and 43).

30 AVAILABLE-FOR-SALE INVESTMENTS AT COST

	2007 GROUP US$000	2006 GROUP US$000
At 1 July	895	–
Additions	–	895
At 30 June	895	895
Analysis of investments held:		
Rosehill Energy Limited	895	895

Rosehill Energy Limited is unlisted and incorporated in the Isle of Man. The Group holds 12.5 million ordinary shares representing 11.24% of the total capital of the company. The shares of this company are not listed on any market and the current value is difficult to determine. Accordingly, the investment is stated at cost.

Notes Forming Part of the Financial Statements
CONTINUED

31 TRADE AND OTHER RECEIVABLES – GROUP

	2007 GROUP US$000	2006 GROUP US$000
Trade debtors	674	–
Amounts due from joint venture (note 27)	12,232	9,422
Other debtors	1,857	670
Prepayments	9	80
	14,772	10,172

32 TRADE AND OTHER RECEIVABLES – COMPANY

	2007 COMPANY US$000	2006 COMPANY US$000
Trade debtors	281	–
Amounts due from Group undertakings	37,038	60,316
Amounts due from joint venture (note 27)	2,981	3,588
Other debtors	694	659
Prepayments	–	72
	40,994	64,635

33 CURRENT ASSETS – AVAILABLE-FOR-SALE INVESTMENTS

	2007 GROUP AND COMPANY US$000	2006 GROUP AND COMPANY US$000
At 1 July	–	–
Additions at fair value	68,353	–
Adjustment to market value on 22 June 2007	(2,657)	–
At 30 June	65,696	–

The investment comprises 3,321,344 KazakhGold Group GDRs received as consideration for the sale of Norox Mining Company Limited and certain assets to KazakhGold Group Limited. These GDRs have been allocated to the payment of a dividend in specie to the shareholders of the Company. The GDRs have been valued at the market price of these securities on 22 June 2007, the record date for the dividend. See also notes 7, 29 and 43.

34 CURRENT ASSETS – DERIVATIVE FINANCIAL INSTRUMENTS

	2007 GROUP AND COMPANY US$000	2006 GROUP AND COMPANY US$000 RESTATED
At 1 July	**2,228**	–
Additions	**–**	2,228
At 30 June	**2,228**	2,228

The investment comprises 5,000,000 warrants in the Company acquired as a result of the litigation relating to the abortive 2002 project financing. The court required that the Company reinstate these warrants, which had been cancelled, offering the plaintiff a choice of receiving the warrants or cash. The plaintiff opted to receive cash and the warrants were returned to the Company. Notes 3 and 6. The warrants have been valued using a derived market value based upon the quoted share price for the Company's ordinary shares on 30 June 2007 and adjusted for the estimated discount should these warrants be placed in the market. It is the Company's intention to sell these warrants. See also note 37.

35 CASH AND CASH EQUIVALENTS – GROUP

	2007 GROUP US$000	2006 GROUP US$000
Cash at bank	**800**	3,003
Bank deposits	**10,081**	10,714
	10,881	13,717

Cash at bank and bank deposits consist of cash. There is no material foreign exchange movement in respect of cash and cash equivalents.

36 CASH AND CASH EQUIVALENTS – COMPANY

	2007 COMPANY US$000	2006 COMPANY US$000
Cash at bank	**–**	–
Bank deposits	**10,081**	10,677
	10,081	10,677

Cash at bank and bank deposits consist of cash. There is no material foreign exchange exposure in respect of cash and cash equivalents.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
CONTINUED

37a AUTHORISED SHARE CAPITAL

	GROUP AND COMPANY NUMBER 2007	GROUP AND COMPANY NUMBER 2006	GROUP AND COMPANY US$000 2007	GROUP AND COMPANY US$000 2006
Ordinary shares of £0.01	**400,000,000**	400,000,000	**8,000**	8,000

37b ISSUED SHARE CAPITAL

	GROUP AND COMPANY NUMBER 2007	GROUP AND COMPANY NUMBER 2006	GROUP AND COMPANY US$000 2007	GROUP AND COMPANY US$000 2006
At 1 July	**298,120,198**	287,017,343	**4,774**	4,581
Stock options exercised	**206,667**	126,667	**5**	2
Warrants exercised[3]	**10,000,000**	750,000	**198**	13
Share-based payments[1]	**–**	572,000	**–**	10
Other shares issued	**57,000,000**	–	**1,125**	–
Marakand Minerals Limited[2]	**–**	9,614,016	**–**	167
Conversion of directors' remuneration to shares	**72,308**	40,172	**2**	1
At 30 June	**365,399,173**	298,120,198	**6,104**	4,774

1. Services received by the Company and settled by the issue of equity shares in the Company. The value of the equity issued was the fair value of the services received.
2. During 2006, 9,614,016 shares were issued in exchange for an additional 28,842,066 ordinary shares in Marakand Minerals Limited. These were valued at $11,272,000 representing £0.25 per share. See note 3.
3. During 2007, 10,000,000 warrants were issued to JNR Limited in payment for services. The value of the warrants issued was equal to the fair value of the services provided. The warrants contained the right to be converted to equity shares of the Company at £0.25 per share. These were converted during 2007.

At 30 June 2007 the Company has 5,000,000 warrants outstanding, being those returned to the Company by the court. These warrants are due to expire on 8 February 2008 and may be further extended by the Company. They are exercisable at £0.1525 per share and are classified as a financial asset. See note 34.

38 SHARE OPTIONS

	2007 NUMBER OF OPTIONS	2007 EXERCISE PRICE GBP	2006 NUMBER OF OPTIONS	2006 EXERCISE PRICE GBP
At 1 July	**12,599,333**	**–**	6,180,000	0.12–0.7875
Granted in year	**100,000**	**0.54**	6,271,000	0.54
Granted in year	**–**	**–**	250,000	0.62
Exercised in year	**(140,000)**	**0.12**	(10,000)	0.12
Exercised in year	**(66,667)**	**0.225**	(66,667)	0.235
Lapsed in year	**(40,000)**	**0.54**	(25,000)	0.54
Cancelled in year	**(2,705,000)**	**0.54**	–	–
At 30 June	**9,747,666**		12,599,333	

All the options granted are defined under IFRS 2 as being equity-settled. The fair values for the options granted after 7 November 2005 (which had not vested as at 1 July 2005) have been measured at grant date using an actuarial binomial model. The inputs to that model as at the grant date are set out in the tables below. At 30 June 2007 the number of options which were exercisable was 6,500,999.

Oxus Gold plc share options

OPTION PRICE (GBP)	AVERAGE GRANT DATE SHARE PRICE (GBP)	AVERAGE EXPECTED VOLATILITY (% PA)	AVERAGE RISK-FREE INTEREST RATE (% PA)	AVERAGE DIVIDEND YIELD (% PA)	AVERAGE IMPLIED OPTION LIFE (YEARS)	AVERAGE FAIR VALUE PER OPTION (GBP)	AMOUNT EXPENSED IN THE 2007 ACCOUNTS ($000)
0.22	0.231	67	3.4	1.7	3.0	0.117	**4**
0.225	0.221	67	3.5	1.7	3.1	0.110	**3**
0.235	0.231	67	3.5	1.7	3.0	0.114	**2**
0.54	0.562	46	4.2	5.0	1.4	0.096	**67**
0.5575	0.547	60	4.2	1.7	2.9	0.237	**34**
0.62	0.610	45	4.3	5.0	2.5	0.177	**44**
0.7875	0.773	55	4.7	5.0	2.8	0.338	**7**
Adjustment for changes in assumptions in respect of vesting conditions							**18**
Total charge for the year (2006: $1,186,000)							**179**

Marakand Minerals Limited share options

OPTION PRICE (GBP)	AVERAGE GRANT DATE SHARE PRICE (GBP)	AVERAGE EXPECTED VOLATILITY (% PA)	AVERAGE RISK-FREE INTEREST RATE (% PA)	AVERAGE DIVIDEND YIELD (% PA)	AVERAGE IMPLIED OPTION LIFE (YEARS)	AVERAGE FAIR VALUE PER OPTION (GBP)	AMOUNT EXPENSED IN THE 2007 ACCOUNTS ($'000S)
0.40	0.20	55	4.75	0.0	3.0	0.055	39

Total charge for Marakand in 2006 was: $207,000.

Expected volatility has been based on the historical volatility of share price returns over the three years to date of grant of the options and with reference to the volatility of the share prices of other comparable listed mining companies over similar periods. To allow for the effects of early exercise, it was assumed that employees would exercise their options after vesting when the share price was 150% of the exercise price. The impact of the early exercise assumptions, non-transferability and exercise restrictions is reflected in the implied option life quoted above for each option.

	AMOUNT EXPENSED IN THE 2007 ACCOUNTS $000	AMOUNT EXPENSED IN THE 2006 ACCOUNTS $000
Total charge for Oxus Gold plc and Marakand Minerals Limited schemes	218	1,393

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
CONTINUED

39a INTEREST-BEARING LOANS AND BORROWINGS

	CURRENT GROUP AND COMPANY US$000 2007	CURRENT GROUP AND COMPANY US$000 2006	NON-CURRENT GROUP AND COMPANY US$000 2007	NON-CURRENT GROUP AND COMPANY US$000 2006
Nedbank Corporate Loan Facility	**5,000**	5,000	**8,750**	13,750

The Company has a $20 million corporate loan facility with Nedbank Limited. The loan is being repaid over four years from drawdown and has an interest rate of 2.75% above three month LIBOR. The loan is secured on the Group's shares in, and loans to, Amantaytau Goldfields, and other subsidiary company shares and loans. The facility has been used to refinance the original AGF syndicated project finance loan, the capital expenditure on the Vysokovoltnoye project at AGF and to provide working capital. The amount outstanding on the Nedbank loan on 19 October 2007 was $12.5 million.

39b EFFECTIVE INTEREST RATES AND REPRICING ANALYSIS

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature or, if earlier, are repriced.

	EFFECTIVE INTEREST RATE	GROUP TOTAL US$000 2007	GROUP CURRENT US$000 2007	GROUP 1-2 YEARS US$000 2007	GROUP 2-5 YEARS US$000 2007
Cash at bank and other deposits	4.5%	**10,881**	**10,881**	**–**	**–**
Nedbank Corporate Loan Facility	8.2%	**13,750**	**5,000**	**5,000**	**3,750**

Cash at bank and other deposits are $10,081,000 in the Company. The Nedbank Corporate Loan Facility is held in the Company.

40 AGF PHASE 2 PROJECT DEVELOPMENT FUND

	CURRENT GROUP AND COMPANY US$000 2007	CURRENT GROUP AND COMPANY US$000 2006	NON-CURRENT GROUP AND COMPANY US$000 2007	NON-CURRENT GROUP AND COMPANY US$000 2006
AGF Phase 2 Project Development Fund	**10,866**	4,657	**–**	6,209

At 30 June 2007 the Phase 2 Development Fund was $10,866,379 (2006: $10,866,379). This fund represents the Uzbek Government's 50% share of the positive difference between the actual world price of gold on the date of sale and the hedged gold price pursuant to a hedged Gold Off-take Agreement signed with various lending banks in April 2003. The Company has committed to transfer the monies to the Fund over the period to 31 October 2008. The Group no longer enters into any form of hedging arrangement in respect of gold prices.

41 TRADE AND OTHER PAYABLES – GROUP

	2007 GROUP US$000	2006 GROUP US$000
Trade creditors	2,804	1,637
Other creditors	3,781	4,851
Accruals	68	106
	6,653	6,594

42 TRADE AND OTHER PAYABLES – COMPANY

	2007 COMPANY US$000	2006 COMPANY US$000
Trade creditors	2,299	1,177
Other creditors	2,672	4,256
Accruals	72	80
	5,043	5,513

43 PROPOSED DIVIDEND

	2007 GROUP AND COMPANY US$000	2006 COMPANY US$000
Dividend in specie (see note 33)	65,696	–

The record date for the dividend was 22 June 2007. The ex-dividend date, as set by the London Stock Exchange, was 2 July 2007. The payment was authorised by the Company's ordinary shareholders at an Extraordinary General Meeting held on 20 June 2007.

44 RISK AND SENSITIVITY ANALYSIS

The Group and Company ("the Group") are exposed through its operations to one or more of the following financial risks:

Foreign currency risk, fair value risk, liquidity risk, market price risk and credit risk. The policy for managing these risks is set by the board and all such risks are managed at a Group level within the organisation. The policies for these risks are described further below:

FOREIGN CURRENCY RISK

Foreign exchange risk arises due to the Group's primary revenues being in US dollars whilst the principal operating costs incurred by its joint venture operations in Uzbekistan and Kyrgyzstan are denominated in their local currencies which are the principal functional currencies of these operations.

The Group has a general policy of not hedging against foreign currency risks. Over the longer term permanent changes in foreign exchange rates could have an impact on consolidated earnings.

The primary currency for the sale of gold and silver on the world markets is the United States dollar. This is also the functional and presentational currency of both the Group and the Company.

Notes Forming Part of the Financial Statements
CONTINUED

44 RISK AND SENSITIVITY ANALYSIS CONTINUED

LIQUIDITY RISK

The liquidity risk of the Group is managed centrally. New borrowings are taken on where additional funds are required. Surplus funds not allocated to future investment and working capital requirements are used to repay existing loans and borrowings or are held on deposit. The Group intends to maintain a balance of funding designed to reduce liquidity risks whilst also seeking to minimise the costs of borrowing. Where appropriate the board will seek additional funds from the issue of share capital and warrants.

MARKET OPERATIONAL RISKS

The Group operated primarily in Uzbekistan and Kyrgyzstan (see note 5). The nature of the Group's investments requires the commitment of significant funding to finance the mining projects in each of these countries. It is the nature of mining operations that each project is long term. It may be many years before the exploration and mining development properties held either directly by the Group or through investment in joint venture operations prove to be viable and progress to reach commercial production. To control these risks the board arranges for the provision of technical support, directly or through appointed agents, to these mining development operations and also commissions technical research and feasibility studies both prior to entering into these commitments and subsequently in the life of these projects.

MARKET PRICE RISK

As an "unhedged gold producer", the Group is exposed to market price risk through its investments. The Group manages this risk centrally with reference to annual budgets and periodic forecasts including sensitivity analyses of projected production rates and gold market prices. This risk will be closely monitored by the board in future periods.

CREDIT RISK

The Group is exposed to credit risk arising from the credit sales by its joint ventures of gold and precious metals product to customers. The Group's joint venture (AGF) sells to only one customer, Standard Bank London Limited. It is the board's policy to ensure that each joint venture operation assesses the credit risk of all new customers before entering into contracts and also, where possible, to trade only with established entities.

The Group is exposed to credit risk in respect of management fees for services and interest on loans charged to AGF as well as credit risks arising from the outstanding indebtedness of AGF to the Group.

FAIR VALUE AND CASH FLOW INTEREST RATE RISK

The Group utilises or intends to utilise fixed and variable rate loans. The Group does not currently have any fixed rate borrowings. The board sets a policy for each material borrowing dependent upon the prevailing market conditions and the terms available in respect of each particular financial instrument and the interest rates attaching thereto. The board seeks to achieve an appropriate balance of exposure to these risks. An analysis of the effect of interest rate movements in respect of the Group and Company borrowings is set out below:

INTEREST RATE TABLE

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's loss before tax (through the impact on floating rate borrowings).

	CHANGE IN RATE	EFFECT US$000
United States dollars	+0.5%	(69)
	+1.0%	(138)
	+1.5%	(206)
United States dollars	–0.5%	69
	–1.0%	138
	–1.5%	206

45 COMMITMENTS AND CONTINGENCIES

A. UZBEKISTAN AND KYRGYZSTAN TAXATION CONTINGENCIES

(i) Inherent uncertainties in interpreting tax legislation
The Group, through its joint venture operations, is subject to uncertainties relating to the determination of its tax liabilities.

The tax system and tax legislation in both Uzbekistan and Kyrgyzstan have been in force for only a relatively short time and are subject to frequent changes and varying interpretations. Management"s interpretations of such legislation in applying it to business transactions of the Group may be challenged by the relevant tax authorities and, as a result, the Group may be assessed on additional tax payments including fines, penalties and interest charges, which could have a material adverse effect on the Group's financial position and results of operations.

(ii) Possible additional tax liabilities
The directors believe that the Group's operations in Uzbekistan are in substantial compliance with tax legislation and any contractual terms entered into that relate to tax which affect its operations and that, consequently, no additional tax liabilities will arise. However, due to the reasons set out above, the risk remains that the relevant Government authorities may take a different position with regard to the interpretation of contractual provisions or tax legislation. The resulting effect is that significant additional tax liabilities may arise. However, due to the range of uncertainties described above in assessing any potential additional tax liabilities, it is not practicable for the directors to estimate the financial effect in terms of the amount of additional tax liabilities, if any, together with any associated penalties and charges for which the Group may be liable.

B. INSURANCE

The insurance industry in Uzbekistan is in a developing state and many forms of insurance protection required by international project financiers are not yet available in an acceptable form. AGF, with the Group as a named joint insured, has in place the following insurances currently arranged with international insurers outside Uzbekistan:

(i) All Risks Physical Loss or Damage on plant and equipment including loss consequent upon such damage.

(ii) All Risks on gold, silver and other precious metals in whatever form whilst in transit or storage in Uzbekistan and during shipment to the final purchaser overseas.

(iii) Public and Employers' Liability in respect of operations in Uzbekistan and ex-patriate and local employees.

AGF intends to involve the local insurance market in these insurances at the earliest possible opportunity.

In addition AGF arranges certain statuory insurance, such as Motor Liability, Workmen's Compensation etc. with Uzbek insurers.

C. ENVIRONMENTAL CONTINGENCIES

Environmental regulations in Uzbekistan are continually evolving. The outcome of the environmental regulations under proposed or future environmental legislation cannot be estimated at present. As obligations are determined, they will be provided for in accordance with the Group's accounting policies. The directors believe that there are no significant liabilities under current legislation not accrued for in the Group's consolidated financial statements.

Notes Forming Part of the Financial Statements
CONTINUED

46 OPERATING LEASES
Non-cancellable operating lease liabilities are as follows – Group:

	2007 GROUP US$000	2006 GROUP US$000
Less than one year	306	302
Between one to two years	298	306
Between three and five years	744	902
Over five years	–	149
	1,348	1,659

OPERATING LEASES
Non-cancellable operating lease liabilities are as follows – Company:

	2007 COMPANY US$000	2006 COMPANY US$000
Less than one year	306	287
Between one to two years	298	306
Between three and five years	744	902
Over five years	–	149
	1,348	1,644

47 CAPITAL COMMITMENTS
The Group and the Company had no capital commitments outstanding at 30 June 2007.

48 GUARANTEES MADE ON BEHALF OF THE AGF JOINT VENTURE
On 4 July 2005 the Company guaranteed $643,000 to Atlas Copco Customer Finance AB for hire purchase payments on two drill rigs acquired by AGF over a five-year period to November 2010. The current fair value of this guarantee is $494,281.

49 CONTINGENT ASSETS AND LIABILITIES
JEROOY ARBITRATION CLAIM
Oxus continues to pursue its claim against the Kyrgyz Republic under the United Kingdom–Kyrgyz Republic Bilateral Investment Treaty in arbitration. Oxus is seeking to recover its loss of profits less the amount it received in mitigation from the KazakhGold transaction (note 7).

The Kyrgyz Republic challenged the jurisdiction of the arbitral tribunal at a hearing held on 6 October 2007, with a decision from the tribunal expected in due course.

The Group has not recognised any benefit potentially receivable in respect of this arbitration. The arbitration expenses in 2006 amounted to $833,000 which were added to the deferred expenditure in respect of the Jerooy project and are included within the cost of assets sold for the purposes of calculating the net gain on the disposal of the Jerooy assets to KazakhGold Group Limited. Arbitration expenses of $2,792,000 have been written off in 2007.

The Group has committed to pay MAED Limited $1,000,000 in respect of plant design work undertaken at the Jerooy site in Kyrgyzstan if this plant is subsequently dismantled and relocated elsewhere. The Group's interests at this site were sold to KazakhGold Group Limited on 11 May 2007. See note 7.

William Trew has an interest in MAED Limited and this contingent liability is also a potential related party transaction.

50 POST-BALANCE SHEET EVENTS

MARAKAND MINERALS LIMITED

On 22 October 2007 the Company announced that it is making an offer to the minority shareholders of Marakand Minerals Limited ("MML"), which is listed on the London Alternative Investment Market, to acquire the 15.96% of the ordinary share capital of MML that it does not currently own.

The terms of the offer are 0.135 new Oxus ordinary shares for each MML share held on the date of acquisition. On 19 October 2007 the closing price of Oxus ordinary shares was £0.5275 which values the offer at £0.0712 for each MML share. The market price of the MML shares on 18 October 2007 was £0.0588 per share. The provisional details of the fair values on 19 October 2007 of the proportion of identifiable net assets and liabilities acquired are as follows:

	2007 GROUP US$000 BOOK VALUE	2007 GROUP US$000 FAIR VALUE ADJUSTMENT	2007 GROUP US$000 FAIR VALUE
Feasibility study	1,503	–	1,503
Trade and other receivables	1	–	1
Trade and other payables	(49)	–	(49)
Cash and cash equivalents	1	–	1
Net identifiable assets and liabilities	1,456	–	1,456
Consideration shares			2,571
Estimated costs and fees			260
Total consideration			2,831
Goodwill			1,375

Net identifiable goodwill of $1,375,000 has arisen in respect of this transaction. There is no guarantee that the value of the feasibility study will be recovered.

Directors, Company Secretary and Advisers

DIRECTORS

William Trew, B.Eng. (Mech.) Hon. M.Eng.
Chief Executive Officer
Over 27 years' experience in the engineering and mining industries. Founder and former non-executive chairman of MAED Limited. Joined the board in November 2002.

Richard Wilkins, MA, FCA
Director & Secretary
Has been conducting business in Central Asia since 1991 and is one of the founders of the Oxus Group. Joined the board in April 2001.

Jonathan Kipps, B.Comm, CA (SA), Dip.Tax Law (UCT)
Director, Finance
A South African chartered accountant, with an extensive corporate and project finance background. Joined the board in November 2002.

Douglas Sutherland, CA
Non-executive Director and Acting Chairman
Chartered accountant with over 40 years' experience in investment management, corporate finance and commercial lending. Joined the board in October 2004.

Oliver Prior, ACII
Non-executive Director
Over 45 years' experience in the insurance industry. Currently a senior consultant for FirstCity Partnership Ltd. Joined the board in October 2004.

Gordon Wylie, B.Sc. Hons. (Geology)
Non-executive Director
Over 31 years' experience in the mining and exploration industry. From 1998 to 2005 Head of global exploration for AngloGold and latterly AngloGold Ashanti's global exploration programme. Joined the board in February 2006.

CONTACTS

OXUS GOLD PLC
REGISTERED OFFICE AND ADMINISTRATION
105 Piccadilly, London W1J 7NJ, UK
Tel: +44 (0)20 7907 2000
Fax: +44 (0)20 7907 2001
Email: oxus@oxusgold.co.uk
Registered in England: 4056219

OXUS HOLDINGS (MALTA) LIMITED
REGISTERED OFFICE:
136 St Christopher Street
Valletta VLT05, Malta

OXUS RESOURCES CORPORATION
REGISTERED OFFICE:
Arawak Chambers, 49 Main Street
Road Town, Tortola
British Virgin Islands

OXUS RESOURCES CORPORATION & OXUS HOLDINGS (MALTA) LIMITED
ADMINISTRATION OFFICE
Dolphin Court, Embassy Way
Ta'Xbiex, Malta
Tel: +356 2132 0170
Fax: +356 2132 0171

OXUS SERVICES LIMITED
REGISTERED OFFICE:
105 Piccadilly
London W1J 7NJ, UK
Tel: +44 (0)20 7907 2000
Fax: +44 (0)20 7907 2001
Email: oxus@oxusgold.co.uk

REPRESENTATIVE OFFICE UZBEKISTAN
3, 1st Mirakilova Street
Yakkasaray District
100070 Tashkent, Uzbekistan
Tel: +998 71 1206864
Fax: +998 71 1206564
Email: oxustas@buzton.com

NOMINATED BROKER AND ADVISER

Canaccord Adams Limited
Cardinal Place
80 Victoria Street
London SW1E 5JL

AUDITORS

BDO Isle of Man
9 Myrtle Street, Douglas
Isle of Man IM1 1ED
British Isles

REGISTRARS

Capita Registrars
The Registry, 34 Beckenham Road
Beckenham, Kent BR3 4TU, UK

SOLICITORS

Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ, UK

Norton Rose LLP
3 More London Riverside
London SE1 2AQ, UK

BANKERS

HSBC
PO Box 20, HSBC House
Ridgeway Street, Douglas
Isle of Man IM99 1AU
British Isles

MINING CONSULTANTS

Wardell Armstrong International Ltd
Wheal Jane, Baldhu, Truro
Cornwall TR3 6EH, UK

MEDIA AND COMMUNICATIONS

Bankside Consultants Limited
1 Frederick's Place
London EC2R 8AE, UK

Notice of Annual General Meeting

Notice is hereby given that the seventh Annual General Meeting of Oxus Gold plc (the "Company") will be held at 105 Piccadilly, London W1J 7NJ on 7 December 2007 at 11.30 am for the purpose of considering and if approved, passing, the following resolutions, all of which will be proposed as ordinary resolutions, with the exception of resolution 8 which will be proposed as a special resolution:

1. To receive the Directors' Report and audited accounts for the year ended 30 June 2007.

2. To re-elect Mr Richard Wilkins as a director of the Company.

3. To re-elect Mr Oliver Prior as a director of the Company.

4. To re-appoint BDO Isle of Man as auditors of the Company to hold office until the conclusion of the next Annual General Meeting at which audited accounts are laid before the Company and to authorise the directors to determine their remuneration.

5. THAT the directors of the Company be and they are hereby generally and unconditionally authorised, in accordance with section 80 of the Companies Act 1985 (the "Act"), in substitution for but without prejudice to all previous general powers granted to the directors of the Company for the purpose of section 80 of the Act, to allot relevant securities (within the meaning of section 80 of the Act) up to an aggregate nominal amount of £1,096,197 provided that this authority shall expire on the earlier of the date of the 2008 Annual General Meeting of the Company and 15 months from the date of this resolution unless and to the extent that such authority is renewed or revoked prior to such date by the Company in general meeting (save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry, and the directors of the Company may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired). References in this resolution to the Act, or to sections of the Act, shall, where the context requires and where appropriate, include references to the Companies Act 2006 and any corresponding or similar sections of the Companies Act 2006, it being the intention that, to the extent permitted by law, the authority contained in this resolution shall continue in full force and effect notwithstanding any repeal of the Act or any relevant part or section thereof.

6. THAT the Company be authorised, subject to and in accordance with the provisions of the Companies Act 2006, the Disclosure and Transparency Rules, to send, convey or supply all types of notices, document or information to the members by means of electronic equipment for the processing (including, without limitation, by means of digital compression), storage and transmission of data, using wires, radio optical technologies, or any other electromagnetic means, including by making such notices, documents or information available on a website.

7. THAT the authorised share capital of the Company be increased from £4,000,000 to £5,000,000 by the creation of 100,000,000 additional ordinary shares of 1 pence each.

Special Resolutions

8. THAT the directors of the Company be and they are hereby empowered pursuant to section 95 of the Act , in substitution for but without prejudice to all previous powers conferred upon the directors of the Company for the purpose of section 95 of the Act, to allot equity securities (within the meaning of section 94 of the Act) of the Company for cash pursuant to the authority conferred by resolution 5 and to transfer equity securities (within the meaning of section 94 of the Act) which are held by the Company in treasury as if section 89(1) of the Act did not apply to any such allotment

   PROVIDED THAT this power shall be limited to:

   (a) in connection with an issue by way of rights (including, without limitation, under a rights issue, open offer or similar arrangement) to holders of equity securities (as defined above) (and to holders of any other securities the terms of issue of which, or to any other persons whose agreements with the Company, entitle them to participate in such an issue) in proportion as nearly as may be to their respective holdings of such securities or in accordance with the rights attaching thereto (but subject to such exclusions or other arrangements as the directors of the Company may

Notice of Annual General Meeting
CONTINUED

deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or any legal or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange, in any territory or otherwise howsoever; and

(b) the allotment of equity securities (otherwise than pursuant to paragraph 8(a) above) up to a maximum aggregate nominal amount of £730,798 (or, in the case of equity securities conferring the right to acquire shares, to the allotment of equity securities conferring the right to acquire shares up to an aggregate nominal value of £730,798) for any other purpose;

and PROVIDED FURTHER that such authority shall expire on the earlier of the date of the 2008 Annual General Meeting of the Company and 15 months from the date of this resolution (save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry, and the directors of the Company may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired). References in this resolution to the Act, or to sections of the Act, shall, where the context requires and where appropriate, include references to the Companies Act 2006 and any corresponding or similar sections of the Companies Act 2006, it being the intention that, to the extent permitted by law, the authority contained in this resolution shall continue in full force and effect notwithstanding any repeal of the Act or any relevant part or section thereof.

19 October 2007

By order of the board
Registered Office:
105 Piccadilly
London W1J 7NJ

R V L WILKINS
Secretary

NOTES

1. A member entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend and, on a poll, vote on the member's behalf. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed. To be valid, Forms of Proxy must be lodged with the Company's registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time appointed for the Annual General Meeting.
3. Completion of a Form of Proxy will not prevent a member from attending and voting in person at the Annual General Meeting if the member so wishes.
4. The Company, pursuant to regulation 41(1) of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the Register of Members of the Company as at 11.30 am on 5 December 2007 shall be entitled to attend and vote at the Annual General Meeting in respect of the number of ordinary shares registered in their name, or deemed registered in their name, at the relevant time. Changes to entries in the Register of Members after 11.30 am on 5 December 2007 shall be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting.
5. Copies of the directors' service contracts and the register of directors' shareholdings are available for inspection during usual business hours on any weekday (public holidays excepted) at the Company's registered office and they will also be available at the place of the Annual General Meeting from 15 minutes prior to the meeting until its close.

EXPLANATORY NOTES ON THE RESOLUTIONS

RESOLUTION 1: REPORT AND ACCOUNTS

The directors must present to shareholders at the Annual General Meeting the Directors' Report and Accounts and the Auditors' Report for the year ended 30 June 2007.

RESOLUTIONS 2 & 3: RE-ELECTION OF DIRECTORS

Richard Wilkins and Oliver Prior are retiring by rotation at the Annual General Meeting in accordance with the Company's Articles of Association, and are offering themselves for re-election.

RESOLUTION 4: RE-APPOINTMENT AND REMUNERATION OF AUDITORS

This resolution proposes the re-appointment of BDO Isle of Man as auditors and permits the directors to fix their remuneration.

RESOLUTION 5: AUTHORITY TO ALLOT SHARES FOR CASH OR NON-CASH CONSIDERATION

This resolution grants an authority for the directors to allot shares for cash (subject to the restrictions contained in resolution 6) or non-cash consideration up to approximately 30% of the amount of the issued share capital of the Company as at the date of this Notice. The authority shall expire 15 months from the date of the passing of the resolution or, if earlier, at the conclusion of the 2008 Annual General Meeting. The directors consider this necessary in order to give them flexibility to deal with opportunities as they arise, subject to the restrictions as contained in the resolution.

RESOLUTION 6: ELECTRONIC COMMUNICATIONS

The Companies Act 2006 introduced new provisions (which came into effect on 20 January 2007) dealing with, inter alia, company communication to shareholders and other provisions which facilitate communications in electronic form and by means of a website. The Financial Services Authority's new Disclosure and Transparency Rules (which also came into effect on 20 January 2007) and which apply to the Company, also require a shareholder resolution to be passed to enable the Company to convey information to shareholders electronically.

The passing of resolution 6 will give the Company more flexibility to supply notices, documents or information in electronic form and by means of a website, subject to the Companies Act 2006 and permit the Company to use electronic means to convey information pursuant to the Disclosure and Transparency Rules. The passing of resolution 6 will, in particular, allow the Company to take advantage of the deemed consent provisions in relation to the use of a website for the supply of notices, documents or other information introduced in Part 4 of Schedule 5 to the Companies Act 2006. These changes will, inter alia, enable the Company to treat a shareholder as having consented to the supply of notices, documents or information by making them available on the Company's website where such shareholder has been asked individually by the Company to agree to the supply of notices, documents or other information in this manner and such shareholder has not responded to the Company's request within 28 days from when such request was sent.

Shareholders should note that, even if Resolution 6 is passed, the Company cannot begin to communicate with shareholders by electronic means or through the use of a website unless and until shareholders have given individual consent (or, in the case of the use of a website, do not respond within the 28 day period referred to above). A shareholder may, if he or she wishes, continue to receive all Company communications in hard copy form. Moreover, a shareholder may, in relation to a particular communication, request a hard copy form of that communication or, at any time, revoke his or her general agreement to be provided documentation in electronic form or by means of a website by delivering written notice of such revocation to the Company.

Notice of Annual General Meeting
CONTINUED

RESOLUTION 7: INCREASE IN AUTHORISED SHARE CAPITAL

This resolution increases the total amount of ordinary shares that the Company can issue from the current maximum of 400,000,000 shares to a new maximum of 500,000,000 shares. The new maximum is required in order to ensure that the Company has a sufficient authorised share capital to cover any shares that may be issued pursuant to the authorities granted to the directors in resolutions 5 and 8.

RESOLUTION 8: AUTHORITY TO ALLOT SHARES FOR CASH

This resolution grants an authority for the directors to allot the shares authorised pursuant to Resolution 5 without regard to the statutory pre-emption rights in relation to future offers of securities by means of a rights issue, placing and open offer or similar issue in which shareholders are offered shares. It also grants an authority to the directors to allot shares for cash up to approximately 20% of the amount of the issued share capital of the Company as at the date of this Notice. The authority shall expire 15 months from the date of the passing of the resolution or, if earlier, at the conclusion of the 2008 Annual General Meeting. The directors consider this necessary in order to give them flexibility to deal with opportunities as they arise, subject to the restrictions as contained in the resolution.

Designed and produced by **Emperor Design Consultants Ltd**
Telephone **020 7729 9090** **www.emperordesign.co.uk**

Oxus Gold plc
105 Piccadilly London W1J 7NJ United Kingdom
TEL: +44 (0)20 7907 2000 FAX: +44 (0)20 7907 2001
Registered in England: 4056219

WWW.OXUSGOLD.CO.UK