



OXUS
GOLD

Annual Report & Accounts 2006

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HIGHLIGHTS

- Amantaytau Goldfields ("AGF") reports \$11.29 million profit for the six month period to 30 June 2006 and \$20.33 million profit for the year
 - Oxus reports gross profit of \$6.57 million for the year (2005: \$4.76 million); retained profit of \$2.11 million (2005: \$2.28 million)
 - AGF produced 62,818 ounces of gold in the six month period to 30 June 2006 and 146,937 ounces for the year
 - AGF project finance repaid and hedge commitments eliminated
 - AGF has produced more than 371,500 ounces of gold since commencement of operations in 2004
 - AGF's Vysokovoltnoye project has to date produced 2,122 kgs of doré containing 53,606 ounces of silver and 2,303 ounces of gold that awaits refining prior to sale. In addition, the plant has stockpiled over 45.5 tonnes of concentrate containing 257,052 ounces of silver and 3,878 ounces of gold
 - Feasibility study for AGF's Phase 2 sulphides underground project is progressing through the approval stage as part of the Uzbek Government State Review
 - AGF reports encouraging drilling results for the Asaukak cluster of deposits
 - Major exploration and reserve development drilling programme under way with the intention of producing upgraded JORC resource and reserve statements at AGF
 - Pre-stripping of overburden has started at the Asaukak deposit with the goal of commencing hard rock mining by end of November 2006 to supply additional feed to the AGF plant
 - The Group increased its stake in Marakand Minerals to 85.78%
 - \$20 million corporate credit facility drawn down in January 2006
 - International arbitration commenced in respect of the Jerooy gold deposit
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CHAIRMAN'S STATEMENT

This year, to the end of June 2006, has been a year of marked contrasts. While it has been one of the most politically challenging in the Company's short history, it has also been one of the most successful operationally.

You will see from the Chief Executive's review that Oxus has made significant advances in the development of its gold operations in Uzbekistan. The open pit oxide operations have continued to perform well, production was started at Amantaytau Goldfields' Vysokovoltnoye project, and considerable progress was made towards developing the sulphide underground mining operations.

However, the year as a whole has been undoubtedly marred by the political and legal mire in Kyrgyzstan, and more recently by the State tax audit at Amantaytau Goldfields. There is no doubt in my mind that Oxus has done everything possible to meet the demands of the Kyrgyz Government necessary for the reinstatement of the Jerooy mining licence. The fact that the Government has not restored the licence to Oxus, but has seen fit to award it to another group, is very disappointing. The whole Jerooy issue is now the subject of international arbitration and we are prevented from saying anything further while it remains effectively at a sub justice level.

Financially, the Company has also been relatively successful and would have reported a significant improvement in earnings if it had not been for the impact of a High Court judgment against the Company which was related to an abortive financing that took place before the current management and directors came into the Company.

Oxus took the right decision last November to close out the AGF hedge book and assume the remaining debt. That proved to be a successful move in that AGF, as an unhedged producer, was able to benefit fully from the strong gold price during the remainder of the year and reported earnings of \$20.3 million (2005: \$12.8 million) after tax and debt service.

Finally, the issues that Oxus faces currently will not quickly go away and we fully expect to experience an equally challenging year ahead. We have laid the foundations of a broader strategy to extend the Company's operations into other areas, such as Ukraine and Turkey, and we have a talented management team who are anxious to move ahead. On behalf of shareholders I should like to express our thanks to them for their mammoth efforts during the past year.



Douglas Sutherland
Acting Chairman
6 November 2006

CHIEF EXECUTIVE'S REVIEW OF OPERATIONS

CHIEF EXECUTIVE'S REVIEW OF OPERATIONS

There is no question that the 12 months covered by this review have been the most difficult period since the current management team joined the Company. While significant progress has been made in operational activities, management focus has been dominated by the ongoing political issues in Kyrgyzstan and the efforts to remove the impasse over the withdrawal in 2004 of the Jerooy mining licence. This has inevitably had a high public profile and, consequently, had a disproportionate effect on the Company's market value, which is greatly undervalued given the Company's operations and earnings potential.

The political and legal issues in Kyrgyzstan overshadowed the Group's operational successes and the very real progress being made in developing the Group's production base and widening its strategic opportunities in the eastern Europe/central Asia region.

FINANCIAL RESULTS

The Group reported a rise in gross revenue, including attributable joint venture income, to \$13.55 million (2005: \$10.11 million) and an audited profit after taxation and minority interest of \$2.11 million (2005: \$2.28 million). AGF in Uzbekistan contributed \$10.16 million (2005: \$6.43 million) towards the gross revenue, being the Group's 50% attributable share of profits for the year.

The profit on ordinary activities was \$0.41 million (2005: \$1.87 million) after deducting \$1.39 million (2005: \$nil) for stock based compensation. This is in accordance with International Financial Reporting Standard 2, which is being applied to the Group's accounts for the first time. A further \$4.61 million (2005: \$1.41 million) was deducted in respect of legal and other costs arising from the abortive 2002 project financing. This includes the costs of High Court litigation that resulted in a judgment in April 2006 which ruled that the cancellation by the Company in August 2003 of five million warrants granted to Templeton Insurance Limited in August 2001 was invalid.

Net assets increased to \$133.07 million (2005: \$122.73 million), including cash and cash equivalents of \$13.71 million (2005: \$34.83 million). Earnings per share, based on the average number of shares in issue during the year, were 0.73 US cents (2005: 0.92 US cents). The total number of shares in issue at 30 June 2006 was 298,120,198.

During July and August 2006 AGF underwent a State 'complex' tax, customs and compliance audit as part of the established regulatory procedure. All enterprises in Uzbekistan, whether State owned or otherwise, are subject to this procedure every three years.

As a result of the audit, at 30 June 2006 AGF has provided for \$2.60 million in taxes and interest relating to the period 1 January 2003 to 31 December 2005. However, on 26 October a provincial court issued a ruling, effective after 30 days, against AGF claiming taxes of \$15.3 million and related fines and penalties of \$4.9 million. This amount includes approximately \$7.0 million of recoverable VAT and approximately \$7.0 million of sub-contractors' withholding taxes that, if payable, AGF will seek to recover from the relevant sub-contractors. The ruling also claimed \$203.6 million in respect of alleged transgressions relating to the operation of AGF's overseas foreign currency bank account.

AGF believes that it was exempt from the majority of the taxes claimed under the ruling and also maintains that it was authorised by decree of the Uzbek Cabinet of Ministers to operate an overseas bank account and that such operations were conducted legitimately and with the full knowledge of the relevant Uzbek authorities, to which AGF regularly submitted the required reports.

AGF is appealing the ruling in a higher court and we are greatly encouraged by recent assurances from our Uzbek partners in the joint venture (including the Ministry of Finance) that the government is not targeting AGF for expropriation and that they support the continuation of the joint venture and will render any assistance possible with regard to the appeal. As a result we are hopeful that the majority of the claim will be overturned by a higher level court and that those taxes that do remain payable will be subject to a reasonable payment schedule.

Whatever the outcome, I would like to stress that any taxes, fines and penalties that remain due are payable by AGF and are not a liability of Oxus.

The Uzbek Government has also recently introduced two decrees that remove the tax privileges previously granted to AGF. As a result, AGF is currently operating under the regular Uzbek tax regime. AGF's legal advisors maintain that AGF is protected under Uzbek law from adverse changes to its investment environment until 2010, and AGF has applied to the relevant authorities, based on the 10 year legal protection, to have these privileges confirmed or reinstated as applicable.

CHIEF EXECUTIVE'S REVIEW OF OPERATIONS continued

OPERATIONS

AMANTAYTAU GOLDFIELDS PHASE 1 OXIDES PROJECT

The following table summarises AGF's operating results:

	Six months to 30 June 2006	Six months to 31 December 2005	Year to 30 June 2006	Year to 30 June 2005
Ore mined, tonnes	770,930	746,644	1,517,574	1,407,200
Ore processed, tonnes	814,329	795,397	1,609,726	1,225,600
Average grade (g/t)	3.4	4.3	3.9	5.3
Average gold recovery (%)	69.8	76.7	73.6	79.1
Gold produced, ounces	62,818	84,119	146,937	166,318
Gold sales, ounces	62,843	91,195	154,038	158,670
Hedge ounces	Nil	76,699	76,699	134,270
Spot ounces	62,843	14,496	77,339	24,400
Average gold price per ounce (\$)	594	353	451	338
Average cash cost per ounce (\$)	329	196	250	177
Average total cost per ounce (\$)	366	221	302	225
Net profit after tax and debt service (\$)	11,295m	9.042m	20.337m	12.872m

Despite the increase in tonnes mined and treated, year on year, annual gold production was lower. This was due to the combined effect of lower grades of ore mined and lower metallurgical recoveries. The latter was related to the increase of sulphidic and carbonaceous ore in the deeper parts of the pits.

As a consequence of the above, combined with the imposition of new, non-profit related taxes, total cost per ounce has increased substantially. AGF is currently reviewing various aspects of its oxides operations with a view to decreasing these costs and, as I have already mentioned, has also applied to the Uzbek authorities to have its previous tax privileges confirmed or reinstated.

During the six month period to 31 December 2005 the AGF hedge book was eliminated, ahead of schedule, and Oxus bought out the balance of the project finance debt of \$8.40 million. As a result AGF has been able to benefit from the current high gold price and, as an unhedged producer, all current and future production will receive the market price.

The AGF Vysokovoltnoye heap leach project produced its first silver and gold doré during the six month period to 30 June 2006. The stacking of agglomerated ore on the pads commenced during January 2006 and has shown a steady increase up to June 2006 when the tonnage of ore stacked was regularly exceeding design expectations. By June 2006 a total of 182,000 tonnes had been stacked of which only 76,000 tonnes was under irrigation. The tonnage difference is found on the side slopes which have yet to be irrigated. The Merrill Crowe processing plant is running at full capacity of 230 cubic metres per hour.

To date Vysokovoltnoye has produced 2,122 kgs of doré containing 53,606 ounces of silver and 2,303 ounces of gold. In addition to this the plant has stockpiled 45.58 tonnes of concentrate containing 257,052 ounces of silver and 3,878 ounces of gold. Difficulties have been experienced with smelting capacity and acid treatment which have prevented Vysokovoltnoye from converting the concentrate to doré product for refining and sale. It is anticipated that refining will commence during the fourth quarter of calendar year 2006, at which time the project will be fully operational, and the stockpile of concentrates will be sold into the market.

AMANTAYTAU GOLDFIELDS PHASE 2 UNDERGROUND SULPHIDES PROJECT

The underground AGF Sulphides project study has been converted to meet Uzbek regulatory requirements. In September 2006 the Uzbek Government approved the technical scope of the feasibility study for the Phase 2 operation which represents a significant step forward in the overall State expertise project approval procedure. Following this, the feasibility study was formally submitted to the government for approval.

The Sulphides project is designed to mine the deeper sulphide extensions to the oxide ore-bodies currently being mined by open-pit methods by AGF at Centralny and to mine the underground Severny ores. Combined, these deposits contain ore reserves of 9.71 million tonnes at an average grade of 7.71 g/t containing 2.41 million ounces of gold, within a mineral resource of 12.4 million tonnes at an average grade of 8.7 g/t, and containing 3.50 million ounces of gold at a cut-off of 3.5 g/t gold. The total resource is 17.73 million tonnes at an average grade of 6.84 g/t, and containing 3.90 million ounces of gold at zero cut-off grade.

Progress is also being made in the development of the detailed process design criteria and in the selection of various process technology partners. Access to the underground ore-body was obtained in mid-March 2006 following the refurbishment of Shaft 10 and bulk samples were obtained for confirmatory testwork, essential for the detailed design of plant with a long delivery lead times.

Simultaneous submission of the project study to the relevant State bodies should ensure early approval. It is anticipated that final approval for the project will be in the first quarter of 2007. Subject to the availability of finance, construction of the process plant could then start in April 2007 although it may be possible to begin construction of the access decline to the underground ore body in January. It is anticipated that commissioning of the plant and first gold production will be in mid 2008 with full production being attained three to four months later.

AGF is also evaluating the possibility of mining the Centralny sulphides initially via an open pit 'superpit'. If viable it is anticipated that this would reduce pre-production capital costs and also bring forward first gold production.

JEROOY

In June 2006 Oxus served a notice of arbitration on the Kyrgyz Government in respect of the investment dispute over the Jerooy gold project. The notice was served pursuant to the UK-Kyrgyz Bilateral Investment Treaty. The Company, however, remained in ongoing discussions with the Kyrgyz Government and indicated that it was prepared to improve the returns to the Kyrgyz Government from the joint venture as originally structured.

Despite management's best efforts the Kyrgyz Government failed to respond positively and to reinstate the mining licence for the Jerooy project which was awarded on 19 July 2006 to another party. Group expenditure to date on Jerooy amounts to \$54.5 million before management fees and interest charges. Oxus retains ownership of the processing plant and other equipment at Jerooy and maintains control of the ground area on which the plant is constructed. This ground is excluded from the area covered by the mining licence awarded to the other group.

Oxus will continue to pursue all legal remedies available to it both within Kyrgyzstan and internationally, in order to have the licence reinstated or to seek appropriate compensation.

The Arbitration is ongoing and all parties have been directed to respect the confidentiality of these proceedings in public statements, and refrain from issuing progress reports or commenting on procedures.

EXPLORATION

Exploration activities during the period were focused on proving up new oxide reserves for AGF and latterly on upgrading resources at the deep sulphide project.

Reverse circulation (RC) drilling programmes on the Uzunbulak, and the Asaukak Cluster (Asaukak, Northern Asaukak, Sredinny and North Western deposits) were undertaken during the year. At Uzunbulak and Asaukak resource definition drilling programmes and geological modelling were completed. Exploration drilling programmes were also completed on Northern Asaukak and Aksai where geological modelling is now in progress.

Project development work comprised condemnation RC drilling for waste dump extensions and an infill drilling programme in the vicinity of the existing Amantaytau Centralny open pits as part of the assessment of the feasibility of a 'Superpit' alternative option for mining the Centralny sulphides. A total of 37,196 metres of exploration and development RC drilling was completed during the year, of which 32,924 metres was exploration work.

The drill results from Aksai are particularly encouraging as the strike length of the oxide mineralisation has been extended beyond the original deposit limits defined by the Soviets/Uzbeks from 500 metres to 700 metres. Exploration drilling has been completed along the 800 metre strike length of the Northern Asaukak deposit. A 600 metre zone in the west and centre of the deposit has returned results which confirm the presence of a series of consistent mineralised bodies. Computer based geological modelling is in progress on these two deposits. Drilling continues at Sredinny where two 300 metre long zones on the western side of the deposit have returned relatively thick (10-20 metres) drill intersections with consistent mineralisation.

An AGF revised Mineral Resource and Ore Reserve statement is currently being prepared and will be published shortly.

AGF purchased and commissioned two core drill rigs during the year; one surface drilling machine (CS14) and one underground drilling machine (Diamec U6). A total of 942 metres of core drilling was achieved with the CS14, of which 659 metres was drilled to assess the

CHIEF EXECUTIVE'S REVIEW OF OPERATIONS continued

geotechnical conditions of the cover rocks that overlay the proposed decline access development to the Amantaytau sulphides. The Diamec U6 was purchased to carry out development and exploration drilling for the AGF underground sulphide project. This work is scheduled to commence in November 2006.

During the year a structural and alteration geology interpretation of the AGF licence area using ASTER satellite imagery was completed. The results confirm the presence of areas of argillic alteration and silicification within the AGF licence area. The gold deposits at Amantaytau, Daugystau, Asaukak and Vysokovoltnoye are all characterised by the presence of this type of alteration. Based on the association between the alteration style and the gold mineralisation favourably altered areas will form the focus of ongoing exploration.

OTHER ACTIVITY

EUROGOLD

During 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. In October 2005 the Company announced that it was withdrawing from this offer. But, as the major shareholder, with 15.4% of Eurogold, the Company continued to monitor developments as part of its ongoing planned investment strategy.

After further discussions Oxus entered into an asset purchase agreement in April 2006 with Eurogold to acquire certain assets owned by Eurogold in the Ukraine for £9.16 million cash consideration and agreed to the cancellation of the shares it holds in Eurogold, valued at that time at approximately £1.727 million.

Oxus terminated the asset purchase agreement when it became apparent that the government approved C1/C2 reserves were significantly less than the 578,000 ounces that Oxus had been led to believe. Eurogold later confirmed that only a portion of the C1/C2 reserves had in fact been fully approved. Whilst Eurogold has commenced litigation in respect of the above, Oxus is confident that it has acted correctly and expects this matter to be resolved in the near future.

MARAKAND MINERALS LIMITED

During 2006, the Company acquired a further 28,842,066 shares in Marakand Minerals, increasing its stake from 57.23% to 85.78%. This acquisition, on a three for one basis, was settled by the issue of 9,614,016 shares in the Company.

Marakand's involvement in the development of the Khandiza deposit was to be by way of a Joint Venture ('JV') with the State Committee of Geology of the Republic of Uzbekistan ('Goscomgeology'). However, a recent decree of the Uzbek Government, transferring the Khandiza mineral reserves from Goscomgeology to the state owned Almalyk Mining and Metallurgical Combinat has meant the previously proposed JV with Goscomgeology appears to have fallen away. Marakand is presently seeking to clarify the nature of its continued role in the project with the Uzbek Government.

Regional exploration work carried out in the South East Uzbekistan exploration areas during the year continued to indicate encouraging results.

Marakand has entered into exclusive option arrangements to acquire majority interests in two separate copper/gold licence areas situated in southern Turkey, on which it is currently conducting exploration work. Initial work at the Hatay project shows that mineralisation, extends over at least 1,600 metres along strike. Grab samples collected by Marakand confirm significant levels of gold and copper. Analyses of samples from the eastern end of the area indicated the presence of up to 9.48 g/t gold and 3.09% copper, whilst samples from the west of the area indicate up to 17.28 g/t gold but with less copper (0.15%). A stream sediment sampling programme, together with further rock sampling, is expected to increase the overall strike extent of mineralisation.

Marakand has established a technical office in Antakya and has commenced satellite image interpretation of the area. A programme of geological mapping, sampling and surveying has commenced, to be followed by surface drilling before the end of 2006.

On 26 September 2006 the Company entered into a loan agreement which provides for Marakand to borrow up to \$500,000 of which \$260,000 had been advanced by 30 June 2006, and is renewable by mutual agreement. Interest is payable at 3% above one month LIBOR and the loan is secured by a pledge over Marakand's assets.

DIRECTORS

Gordon Wylie joined the board of the Company as a non-executive director in February 2006. Mr Wylie is a geologist with over 30 years' experience in the mining industry both as an exploration and mining geologist mainly with the Anglo American Group. He is a former Executive Officer of Exploration and Geology for AngloGold Ashanti. Gordon Wylie also serves as a geological consultant to the Group.

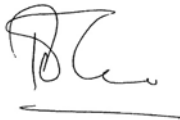
Darryl Norton was appointed as Alternate Director. Mr Norton has in excess of 23 years' experience in the engineering and mining industry. He was responsible on behalf of the contractors, MAED Limited, for the construction of the Amantaytau Goldfields Oxide plant in Uzbekistan. Mr Norton was previously employed by Fluor, TWP, Bateman, and Gencor before joining MAED Limited.

OUTLOOK

The Group has been through an uncertain period. Developments at Jerooy and Khandiza have been disappointing. However, with a strong production base at AGF underpinning ongoing operations, there is a solid foundation on which to build and the Group remains committed to expanding its production output from its current levels. The underground sulphides project at AGF, subject to availability of finance, will enable significant expansion. The mitigation of political risk and geographic diversification will also form an integral part of the strategy going forward. Operations will be expanded in both Turkey and the Ukraine.

In addition, a major geological programme is well advanced to convert the Group's resources into reserves, and a revised reserve and resource statement is currently being prepared.

Despite setbacks the year ended 30 June 2006 has seen record profits at AGF and we remain committed to protecting and enhancing shareholder value within the constraints presently facing the Company.



William Trew
Chief Executive
6 November 2006

DIRECTORS' REPORT

The directors present their report together with the audited financial statements of the Company for the year ended 30 June 2006.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The Company's principal activities during the year were: i) the development of its core projects, including the production of 146,937 ounces of gold from the Amantaytau Goldfields ("Amantaytau" or "AGF") Phase 1 Oxides project and the mining of ore at the Amantaytau Goldfields Vysokovoltnoye silver/gold heap leach project; ii) the completion of a feasibility study on the Amantaytau Goldfields Phase 2 Sulphides project and subsequent submission to the Uzbek authorities for State approval; and iii) the continuation of mine construction at Jerooy until such activities were suspended in February 2006. The Company's shares trade on the Alternative Investment Market ("AIM") of the London Stock Exchange.

The Company has taken the decision to present its financial statements under International Accounting Standards. This is a demonstration of the Company's commitment to best practise as well as presenting the annual results in a format appropriate to the international markets in which the Company operates.

Reviews of activities, business developments and projects are included in the Chairman's Statement and the Chief Executive Officer's Review.

RESULTS AND DIVIDEND

Details of the results for the financial year are set out in the consolidated income statement on page 14.

The directors do not recommend the payment of a dividend in respect of the year under review.

DIRECTORS AND THEIR INTERESTS

The directors who served during the period since 1 July 2005 were:

William J Trew	(Chief Executive Officer)
Jonathan A Kipps	(Executive)
Richard V L Wilkins	(Executive)
Oliver Prior	(Non-executive)
Douglas M Sutherland	(Non-executive)
Gordon Wylie	(Non-executive, appointed 8 February 2006)
Darryl Norton	(Alternate Director, appointed 1 December 2005)

On 2 October 2006 the directors' interests were as follows:

	Ordinary shares	Options over ordinary shares
William J Trew	16,123,763	4,000,000
Jonathan A Kipps	3,166,889	2,600,000
Richard V L Wilkins	4,116,239	2,600,000
Oliver Prior	81,025	500,000
Douglas M Sutherland	186,569	500,000
Gordon Wylie	0	250,000
Darryl Norton	4,023,333	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 Jonathan Kipps and Gordon Wylie. Both, being eligible, offer themselves for re-appointment.

Of the retiring directors, Jonathan Kipps 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 2008.

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 and Oliver Prior. Gordon Wylie will join this committee. 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 and Oliver Prior who review the performance of the executive directors and set the scale and structure of their remuneration and the basis of their service agreements. Gordon Wylie will join this committee. 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.

INDEPENDENT COMMITTEE

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

SHARE CAPITAL

The details of the Company's share capital are included in note 13 to the financial statements.

The Company's operations for the period were financed through the exercising of 126,667 options and 750,000 warrants raising £136,867 (\$243,000), and the issue of 612,172 shares in lieu of non-executive directors' fees and consultancy fees equivalent to £309,750 (\$545,000). In addition, during March and May 2006, a total of 9,614,016 shares were issued in exchange for shares in Marakand Minerals Limited on the basis of one share in the Company for every three shares held in Marakand, thereby increasing the Company's equity stake in Marakand by a further 28,842,066 shares to 85.78%.

As at 2 October 2006, the Company was aware of the following holdings of 3% or more in the Company's issued share capital:

	Number of Oxus Gold plc shares	Approximate percentage of the Company's issued share capital
RAB Capital plc	87,780,270	29.44
Fidelity International Limited	26,371,582	8.85
TNS Investments Limited	25,360,717	8.51
L-R Managers LLC	27,265,347	9.15
Capital Group Companies Inc	14,905,000	5.00

William Trew owns 16,123,763 shares (5.41%). Part of this shareholding is held by TNS Investments Limited. In addition, the remaining directors own a further 11,574,055 shares (3.88%).

DIRECTORS' REPORT continued

FINANCIAL REVIEW

The Company's income from operations was \$3,383,000, together with income attributable in the year ended 30 June 2006, of \$10,169,000 from Amantaytau Goldfields. The gold produced during the year amounted to 146,937 ounces.

During the year Amantaytau Goldfields eliminated the balance outstanding on its original hedge commitment. Amantaytau Goldfields is currently operating unhedged.

In January 2006, the Company drew down on a \$20.00 million corporate loan facility. \$2.50 million of this facility has been repaid to date.

CURRENCY

The functional currency of the Company is the US dollar and therefore the consolidated financial statements are stated in this currency.

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 2006 represented 41 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.

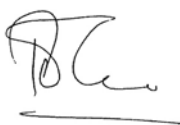
AUDITORS

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.


POST BALANCE SHEET EVENTS

Details of post balance sheet events are provided in note 19 to the financial statements.

By order of the board



William Trew
Chief Executive Officer
9 October 2006



Richard Wilkins
Director/Secretary
9 October 2006

MANAGEMENT'S REPORT TO SHAREHOLDERS

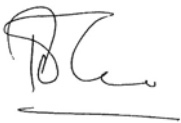
The accompanying consolidated financial statements of Oxus Gold plc are the responsibility of the directors. The financial and operating information presented in this Annual Report is consistent with that shown in the Consolidated Financial Statements.

The consolidated financial statements have been prepared by management, on behalf of the board, in accordance with the accounting policies disclosed in the Notes to the Consolidated Financial Statements. Where necessary, management has made informed judgements and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards appropriate to the circumstances.

Management maintains appropriate systems of internal controls. Policies and procedures are designed to give reasonable assurance that transactions are properly authorised, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

An independent firm of chartered accountants, as appointed by the shareholders, examines the Consolidated Financial Statements in accordance with International Financial Reporting Standards and provides an independent professional opinion.

The board of directors carries out its responsibility for the financial reporting and internal controls principally through an audit committee. The committee has met with external auditors and management in order to determine if management has fulfilled its responsibilities in the preparation of the Consolidated Financial Statements. The Consolidated Financial Statements have been approved by the board of directors on the recommendation of the audit committee.



William Trew
Chief Executive Officer



Jonathan Kipps
Finance Director

AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OXUS GOLD PLC

We have audited the financial statements of Oxus Gold plc for the year ended 30 June 2006, which comprise the Consolidated Balance Sheet, the Consolidated Statements of Income, Changes in Shareholders' Equity and Cash Flows, and the related notes numbered 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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 Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' and Management's Reports is not consistent with the financial statements, if 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 specified by law regarding directors' fees and transactions with the Company is not disclosed.

We read the Directors' and Management's Reports and 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.

EXPLORATION AND MINING PROPERTIES

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the valuation of exploration and mining rights. The valuation included in the consolidated balance sheet is absolutely dependent on the successful development of economic reserves including the ability to raise sufficient finance to develop the project. In this respect we draw attention strongly to the further detail given in note 9. Our opinion is not qualified in this respect.

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 financial statements give a true and fair view of the state of affairs of the Group at 30 June 2006 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Isle of Man

BDO Isle of Man
Chartered Accountants & Registered Auditors
Douglas, Isle of Man

9 October 2006

CONSOLIDATED INCOME STATEMENT

(US\$000)	Note	Year ended 30 June 2006	Year ended 30 June 2005
Revenue			
Gross revenue		3,383	3,678
Income attributable from joint venture	10	10,169	6,437
		13,552	10,115
Expenses			
Administration expenses		(5,749)	(3,067)
Deferred exploration and evaluation expenditure incurred by Marakand Minerals Limited	9	(1,224)	(2,281)
Gross profit			
Stock-based compensation	13	(1,393)	-
Foreign exchange loss	5	(158)	(1,487)
Legal and other costs arising from abortive 2002 project financing	13	(4,617)	(1,410)
Profit from operations			
		411	1,870
Net interest receivable:			
- Group		3	696
- Joint venture		1,969	914
Profit before taxation			
		2,383	3,480
Taxation	6	15	(6)
Profit after taxation			
		2,398	3,474
Minority interests	12	(288)	(1,191)
Profit for the year			
		2,110	2,283
Profit per share (US cents)			
	14		
Basic		0.73	0.92
Diluted		0.71	0.90

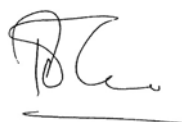
See accompanying notes to the consolidated financial statements.

CONSOLIDATED BALANCE SHEET

(US\$000)	Note	As at 30 June 2006	As at 30 June 2005
ASSETS			
Current assets			
Cash and cash equivalents	7	13,717	34,834
Trade and other receivables	8	10,172	5,954
		23,889	40,788
Non-current assets			
Exploration and mining properties and other intangible assets	9	95,870	60,228
Investments	10	51,318	43,306
		147,188	103,534
		171,077	144,322
LIABILITIES			
Current liabilities			
Trade and other payables due in less than one year	11	13,533	2,635
Non-current liabilities			
Trade and other payables due after one year	11	20,449	6,093
Minority interests			
	12	4,020	12,858
Shareholders' equity			
Capital stock	13	4,774	4,581
Reserves		128,301	118,155
		133,075	122,736
		171,077	144,322

See accompanying notes to the consolidated financial statements.

The consolidated financial statements were approved by the board on 9 October 2006.



William Treu
 Chief Executive Officer



Jonathan Kipps
 Finance Director

CONSOLIDATED STATEMENT OF CASH FLOWS

(US\$000)	Year ended 30 June 2006	Year ended 30 June 2005
Cash flows from operating activities		
Profit for the year	2,110	2,283
Adjustments for:		
Depreciation	136	16
Profit on sale of assets	-	(6)
Salaries and bonuses converted to shares	42	33
Debt for services converted to shares	503	-
Income attributable from joint venture	(10,169)	(6,437)
Dividend from joint venture	1,250	-
Stock-based compensation	1,393	-
Profit on foreign exchange	-	13
Operating loss before working capital changes	(4,735)	(4,098)
(Increase)/decrease in trade and other receivables	(4,218)	1,153
Increase in trade and other payables	25,254	6,226
Net cash generated from operations	16,301	3,281
Cash flows from investing activities		
Capital expenditure and financial investment		
Exploration and mining properties expenditure	(35,778)	(19,235)
Funding of joint venture's capital expenditure	(572)	(8,852)
Investments	(895)	(6,839)
Loan	(416)	-
Net cash used in investing activities	(37,661)	(34,926)
Cash flows from financing activities		
Warrants and options exercised	243	146
Shares issued	-	60,792
Net cash provided by financing activities	243	60,938
Net (decrease)/increase in cash and cash equivalents	(21,117)	29,293
Cash and cash equivalents as at 1 July	34,834	5,541
Cash and cash equivalents as at 30 June	13,717	34,834

See accompanying notes to the consolidated financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(US\$'000) Note	Share capital 13	Capital reserve 13	Accumulated profit	Total	Minority interests 12	Total
Balance as at 1 July 2004	3,289	60,446	(4,416)	59,319	14,125	73,444
Shares issued	1,281	59,511	-	60,792	-	60,792
Warrants and options exercised	10	136	-	146	-	146
Conversion of directors' remuneration to shares	1	32	-	33	-	33
Stock-based compensation	-	-	-	-	-	-
Capital reserve arising on revaluation of investments	-	(1,117)	-	(1,117)	-	(1,117)
On consolidation	-	4	85	89	(76)	13
Profit for the year	-	-	3,474	3,474	(1,191)	2,283
Balance as at 1 July 2005	4,581	119,012	(857)	122,736	12,858	135,594
Shares issued	167	11,105	-	11,272	-	11,272
Warrants and options exercised	15	228	-	243	-	243
Conversion of services for equity	10	493	-	503	-	503
Conversion of directors' remuneration to shares	1	41	-	42	-	42
Stock-based compensation	-	1,364	-	1,364	29	1,393
Capital reserve arising on revaluation of investments	-	(2,790)	-	(2,790)	-	(2,790)
Capital reserve arising on shares in Marakand acquired during year	-	(11,272)	-	(11,272)	-	(11,272)
On consolidation of minority interests	-	9,794	(1,215)	8,579	(8,579)	-
Profit for the year	-	-	2,398	2,398	(288)	2,110
Balance as at 30 June 2006	4,774	127,975	326	133,075	4,020	137,095

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(TABULAR AMOUNTS IN US\$000, EXCEPT WHERE NOTED)

Oxus Gold plc ("Oxus" or the "Company") is an international mineral exploration and development company that is focused on precious and base metal opportunities in the former Soviet Bloc and Turkey. The Company is incorporated and registered in the United Kingdom.

BASIS OF PREPARATION

The consolidated financial statements, as well as the financial statements of the parent and subsidiaries, are measured and presented in US dollars on the basis that this reflects the currency in which the main operating cash flows arise. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) STATEMENT OF COMPLIANCE

The consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and the interpretations issued by the Standing Interpretations Committee of the IASB.

(B) BASIS OF CONSOLIDATION

(i) SUBSIDIARIES

The consolidated financial statements include the accounts of the Company and all of its subsidiaries. Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of those enterprises. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The following companies have been consolidated within the financial statements:

Subsidiary	Registered	Holding
Oxus Holdings (Malta) Limited	Malta	100%
Marakand Minerals Limited	Guernsey	85.78%
The following companies are wholly owned by Oxus Holdings (Malta) Limited:		
Oxus Resources Corporation	British Virgin Islands	
Oxus Mining Supplies Limited	Isle of Man	
Norox Mining Company Limited	Cayman Islands	
The following company is wholly owned by Oxus Resources Corporation:		
Oxus Services Limited	England	
The following company is wholly owned by Oxus Mining Supplies Limited:		
Oxus Delaware LLC	Delaware, USA	
The following companies are owned by Norox Mining Company Limited:		
Norox Operating Company Limited	Kyrgyzstan	100%
Talas Gold Mining Company	Kyrgyzstan	66.67%
The following company is wholly owned by Marakand Minerals Limited:		
Khandiza Sevcies Limited	Uzbekistan	

(ii) TRANSACTIONS ELIMINATED UPON CONSOLIDATION

Intra-company balances and transactions, and any realised and unrealised gains arising from intra-company transactions, are eliminated in preparing the consolidated financial statements.

(C) FOREIGN CURRENCY

Foreign currency transactions are recorded at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at year-end rates. Non-monetary items are translated at historical rates, unless such items are carried at market value, in which case they are translated using the exchange rates that existed when the values were determined. Any resulting exchange rate differences are taken to the Consolidated Income Statement.

(D) FINANCIAL INSTRUMENTS

The Company uses certain financial instruments in its operating and investing activities that are appropriate to the Company's strategy and circumstances.

Financial instruments currently comprise cash, loans to joint ventures, short term trade receivables, trade payables and a bank loan. The Company finances its operations through the issue of equity share capital and manages financial risk, to ensure sufficient liquidity to meet foreseeable needs and to invest cash assets safely and profitably. This is achieved by placing surplus funds on deposit with major banking institutions.

The main risks arising from the Company's present use of financial instruments are currency risk relating to the Company's cash resources denominated in currencies other than the US dollar, interest rate risk in respect of the loans to joint ventures and the gold and silver price risk on unhedged ounces. At 30 June 2006 the Company held £140,000 (\$254,000) in sterling bank accounts, applying an exchange rate of 1.8163.

(E) EXPLORATION AND MINING PROPERTIES

The amount shown as exploration and mining rights represents the valuation, based on previous feasibility studies, carried out by consultants independent of the Company.

When the Company has incurred expenditures on mining properties that have not reached the stage of commercial production, the costs of acquiring the rights to such mineral properties and related exploration and development costs are deferred where the expected recovery of costs is considered probable by the successful exploitation or sale of the asset.

Where a feasibility study indicates that the future recovery of the costs is not probable, full provision is made in respect of the deferred costs. Where mining properties are abandoned, the deferred expenditure is written off in full.

When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future cash flows of the relevant income generating unit or disposal value if higher. Individual mining properties are considered to be separate income generating units for this purpose.

(F) DEPRECIATION

Depreciation in respect of plant and equipment is charged to the income statement on the straight line basis over the estimated useful economic lives of each class of asset. The estimated useful lives are as follows:

Computer and office equipment	3 years
Office furniture	5 years
Mining equipment	5 years

(G) TRADE AND OTHER RECEIVABLES

Trade and other receivables are stated at cost less impairment losses.

(H) CASH

Cash and cash equivalents include cash on deposit. Cash, as presented in the consolidated financial statements, comprises balances held in the Company's various bank current accounts or short term deposit accounts, normally not exceeding 31 day terms. There are no restrictions over the access and use of these funds, other than those that customarily relate to such periodic short term deposits.

(I) IMPAIRMENT

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying value of the Company's assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is immediately recognised in the income statement whenever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is the greater of the selling price and value in use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(J) EMPLOYEE BENEFITS

(i) PENSION

The Company does not operate a pension plan.

(ii) STOCK-BASED COMPENSATION

The stock option programme allows Company officers, directors and key personnel to acquire shares at an exercise price determined by the Company. When the options are exercised, equity is increased by the amount of the proceeds received. The share option plan provides for the grant of non-transferable options that become exercisable either on a cumulative basis over three years from grant date, or on the occurrence of a specific event. Options are not granted at a discount to their market value.

The Company accounts for stock-based compensation under the rules of IFRS 2, Accounting for Share-Based Payments, with effect from 1 July 2005, whereby the fair value of such options is expensed to the Consolidated Income Statement in accordance with the specific vesting periods.

(iii) BONUS

Bonuses received by Company senior management are based on predetermined objectives of both the individual and the Company. Any bonuses specific to deferred exploration and evaluation expenditure is capitalised against the carrying value of that asset. Other bonuses are recognised in the income statement in the period to which they relate.

(K) PROVISIONS

A provision is recognised in the Consolidated Balance Sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required in the future to settle the obligation.

(L) FUTURE SITE RESTORATION COSTS

No provision is currently recognised for site restoration as project development and exploration to date on the Company's mineral properties, other than AGF and Jerooy, has been limited to surface and underground drilling and sampling, feasibility studies, exploration programmes and site establishment and preliminary infrastructure. The directors do not believe that the Company bears any liability to rehabilitate any site as a result of these activities.

In respect of Amantaytau Goldfields and Jerooy no provision has been made to date, since the relevant local legislation does not require such at this stage of the mining operations.

(M) REVENUE

Revenue comprises management fees for services provided by the Company to third parties, subsidiaries or joint ventures.

Additionally, income from Amantaytau Goldfields is accounted for on an equity basis, as more fully described in note 10.

(N) OPERATING LEASES

Payments made under operating leases are recognised in the Consolidated Income Statement on a straight line basis over the term of the lease.

(O) JOINT INTEREST OPERATIONS

Investments in which the Company has a long term interest that are jointly controlled are accounted for as joint ventures. The Company's interests in joint ventures are included in the consolidated financial statements under the gross equity method of accounting. The Company includes separately in its results, its share of the results of joint ventures, and the Company's share of the net assets of joint ventures are included and disclosed separately in note 10.

2 FIRST TIME ADOPTION OF INTERNATIONAL ACCOUNTING STANDARDS

The Company has decided to adopt International Financial Reporting Standards as the directors believe that they will enhance the utility of the financial statements for the users. The adoption of these standards has resulted in no changes in the reported numbers from UK Generally Accepted Accounting Principles, except as described below.

As part of the change to IFRS the Company has adopted IFRS 2 as from 1 July 2005 and has taken the full charge in the year to recognise the total cost as calculated by actuarial consultants. Consequently there has been no change to the comparative figures in the financial statements but the Consolidated Balance Sheet going forward contains a full and correct treatment of the options to date under the standard. \$304,000 of the total cost is applicable to prior years. The assumptions used to calculate the costs are disclosed in note 13.

3 SEGMENTAL REPORTING

The Company's current operations are entirely focused on gold and silver exploration and development opportunities within the former Soviet Bloc and Turkey. Accordingly, the directors believe that there is only one relevant geographic segment and no secondary information is reported for the Company as gold and silver are the only products produced.

4 PERSONNEL EXPENSES

The average number of full time personnel during 2006 was 609 (2005: 141). The Company does not operate any form of pension plan or formal long term benefit scheme for employees.

	2006	2005
Wages and salaries	2,431	2,067
Social security costs	179	57
Amounts recharged to deferred exploration and evaluation expenditure	(524)	(690)
	2,086	1,434

5 FOREIGN EXCHANGE LOSS

	2006	2005
Foreign exchange loss	(158)	(1,487)

6 TAXATION

	2006	2005
UK corporation tax at 20% current year (2005: 20%)	-	5
UK corporation tax previous periods	(16)	-
Uzbekistan corporate income tax	1	1
	(15)	6

No provision for taxation, comprising United Kingdom corporation tax, relating to the activities of Oxus Services Limited, a subsidiary incorporated in the United Kingdom, is required in respect of the current and previous years as a result of the availability of group relief. No further liability to taxation arises as the Company has not yet generated taxable income. The principal subsidiaries are incorporated in overseas jurisdictions where no liability to corporate tax has arisen during the year. The accumulated UK tax provision in 2005 of \$16,000 has been written back during the year.

Provision for appropriate local revenue taxes has been accounted for by Amantaytau and as a result of a complex State Audit conducted at Amantaytau, a provision for \$2.60 million in taxes and interest has been provided for the period from January 2003 to December 2005 (see note 19).

The other Company activities in Central Asia have not yet generated taxable income. Khandiza Services Limited, a subsidiary of Marakand Minerals Limited, incorporated in Uzbekistan, is subject to corporate income tax on its local revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

7 CASH AND CASH EQUIVALENTS

	2006	2005
Cash and short term deposits	13,681	34,797
Security deposits	36	37
	13,717	34,834

8 TRADE AND OTHER RECEIVABLES DUE IN LESS THAN ONE YEAR

	2006	2005
Amounts receivable from joint venture – Amantaytau Goldfields	9,422	3,530
Other debtors	669	2,344
Prepayments	81	80
	10,172	5,954

9 EXPLORATION AND MINING PROPERTIES

The exploration and mining rights held at Khandiza, Uzbekistan, are valued at \$28,456,000 (£16 million), based on the report to Marakand Minerals Limited by Wardell Armstrong International dated 28 November 2003. Included in the valuation is \$10,629,000 (2005: \$9,405,000) expenditure incurred to date on the project. Costs, which were incurred during the year preparing all the commercial and legal documentation and engaging with the local nominated partners pursuant to securing the necessary government agreements and approvals for the commencement of the project development under a joint venture structure, amounting to \$1,224,000 (2005: \$2,281,000), have been written off to the income statement.

During the year Marakand discussed and agreed the material aspects of the proposed 50:50 joint venture with its partners, Goscomgeology. On 10 August 2006 a decree (#442-P) was issued instructing Marakand's partner, Goscomgeology, to transfer local responsibility for Khandiza from Goscomgeology to OAO Almalyk GMK ("Almalyk" – the state owned base metal mining and smelter company). The decree also cancelled decree #359 which had authorised Marakand to proceed with the project on a concession basis or product sharing agreement. Marakand has indicated its preparedness to develop the project jointly with Almalyk but no clearly defined role or structure has yet been forthcoming.

Marakand continues to seek clarification of its role in the project from the Uzbek Government. In the event it is determined that there is no role for the Company in the project, then Marakand will seek the appropriate compensation to which it is entitled under Uzbek Law. As a result, the Company believes that no diminution in value is appropriate.

In February 2006 Marakand entered into an exclusive option agreement with Barkan Madencilik in Turkey for the right to acquire a 100% interest in the Karakalise Exploration Licence in the Isparta Region of Turkey, on or before 31 March 2007.

In May 2006 Marakand entered into a shareholders' agreement with Yurttaslar Construction Industry Company in Turkey for a 25% interest in a newly formed joint venture company, Hatay Madencilik AS, with the option to increase the holding to a 66.67% interest at the Company's election on or before the end of August 2008.

The Hatay Exploration Licence was officially transferred by the Turkish General Directorate of Mining Affairs into Hatay Madencilik AS on 19 July 2006. The Hatay Licence, covering 1,204.8 hectares, is located in the Antakya Region, Turkey.

The table below shows the Company's exploration and mining properties and related equipment.

Location	KYRGYZSTAN	UZBEKISTAN	UZBEKISTAN	UZBEKISTAN	Other mining assets	Non- mining assets	Total
	Jerooy	Amantaytau	Aristantau and Balpantau	Khandiza			
Cost							
As at 1 July 2005	23,005	7,979	687	28,456	-	165	60,292
Additions	27,193	3,323	-	-	5,262	-	35,778
Disposals	-	-	-	-	-	-	-
As at 30 June 2006	50,198	11,302	687	28,456	5,262	165	96,070
Depreciation							
As at 1 July 2005	-	-	-	-	-	64	64
Charge in the year	-	-	-	-	99	37	136
On disposals	-	-	-	-	-	-	-
As at 30 June 2006	-	-	-	-	99	101	200
Net book value							
As at 30 June 2005	23,005	7,979	687	28,456	-	101	60,228
As at 30 June 2006	50,198	11,302	687	28,456	5,163	64	95,870

The table below shows the Company's other mining equipment assets.

	Drill rigs	Crushers (Jerooy)	Mills (Jerooy)	Total
Cost				
As at 1 July 2005	-	-	-	-
Additions	849	918	3,495	5,262
Disposals	-	-	-	-
As at 30 June 2006	849	918	3,495	5,262
Depreciation				
As at 1 July 2005	-	-	-	-
Charge in the year	99	-	-	99
On disposals	-	-	-	-
As at 30 June 2006	99	-	-	99
Net book value				
As at 30 June 2005	-	-	-	-
As at 30 June 2006	750	918	3,495	5,163

The mining equipment is located as follows:

Drill rigs	Turkey
Crushers	United Kingdom
Mills	Kyrgyzstan

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

9 EXPLORATION AND MINING PROPERTIES continued

The table below shows the Company's non-mining assets.

	Office furniture	Computer and office equipment	Total
Cost			
As at 1 July 2005	140	25	165
Additions	-	-	-
Disposals	-	-	-
As at 30 June 2006	140	25	165
Depreciation			
As at 1 July 2005	56	8	64
Charge in the year	28	9	37
On disposals	-	-	-
As at 30 June 2006	84	17	101
Net book value			
As at 30 June 2005	84	17	101
As at 30 June 2006	56	8	64

The Company's interest in the Amantaytau exploration area is predominantly held by Amantaytau Goldfields (2006: \$23,213,000; 2005: \$14,294,000), which is a joint venture, the details of which are disclosed in note 10. Expenditure on the area incurred directly by the Company only is disclosed above, until such time as it is transferred to the Amantaytau Goldfields loan account. The total book value attributed to the Company's share of deferred exploration and evaluation expenditure on the Amantaytau exploration area is as follows:

	2006	2005
Oxus	11,302	7,979
Amantaytau Goldfields (see note 10)	7,089	5,921
	18,391	13,900

JEROOY

In June 2006 the Company served a notice of arbitration on the Kyrgyz Government in respect of the investment dispute over the Jerooy gold project. The notice was served pursuant to the UK-Kyrgyz Bilateral Investment Treaty. The Company, however, remained in ongoing discussions with the Kyrgyz Government and indicated that it was prepared to improve the returns to the Kyrgyz Government from the joint venture as originally structured.

Despite management's best efforts the Kyrgyz Government failed to respond positively and to reinstate the mining licence for the Jerooy project which was awarded on 19 July 2006 to another party. Group expenditure to date on Jerooy amounts to \$54.61 million before management fees and interest charges.

The Company will continue to pursue all legal remedies available to it both within Kyrgyzstan and internationally in order to have the licence reinstated or to seek appropriate compensation.

The arbitration is ongoing and the parties have been directed to respect the confidentiality of these proceedings in public statements.

10 INVESTMENTS

Investments of the Company are analysed as follows:

	Investment in joint venture	Loans to joint venture	Investments	Total
As at 1 July 2005	14,294	23,290	5,722	43,306
Group's share of profits net of distributions	8,919	-	-	8,919
Additions	-	572	895	1,467
Revaluation	-	-	(2,374)	(2,374)
As at 30 June 2006	23,213	23,862	4,243	51,318

INTEREST IN JOINT VENTURE AND ASSOCIATED COMPANY

Interests in shares of joint venture and associated company comprise:

Investment	Country of incorporation	Type of shares held	Proportion of shares held		Accounting reference date
			30 June 2006	30 June 2005	
Amantaytau Goldfields AO	Uzbekistan	Ordinary	50%	50%	31 December
Talas Gold Mining Company CJSC	Kyrgyzstan	Ordinary	66.7%	66.7%	31 December

Amantaytau Goldfields AO is a joint venture undertaking. The following attributable information on Amantaytau Goldfields AO is disclosed from the joint venture's latest audited financial statements and management accounts.

	2006	2005
Turnover	32,661	25,188
Profit before tax	10,169	6,437
Dividend paid re 2004	(1,250)	-
Profit after dividends	8,919	6,437
Current assets	5,679	5,477
Construction of mine	32,197	26,940
Deferred exploration and evaluation expenditure	7,089	5,921
Gross assets	44,965	38,338
Liabilities due within one year	(9,602)	(15,356)
Liabilities due after more than one year	(12,150)	(8,688)
Gross liabilities	(21,752)	(24,044)
Net assets	23,213	14,294

The turnover represents the Company's attributable proceeds from the sale of 76,699 (2005: 134,270) ounces of gold at the hedged price of \$323.35 per ounce, and 77,339 (2005: 24,400) ounces at an average spot price of \$579.73 (2005: \$419.11) per ounce.

AGF has \$904,000 (2005: \$2,805,000) capital commitments outstanding in respect of the Vysokovoltnoye and other projects as at 30 June 2006.

In August 2005, the Company acquired the balance of the lending banks' loan to Amantaytau Goldfields of \$8.40 million.

As at 30 June 2006 the Phase 2 Development Fund was \$10,866,379 (2005: \$7,543,395) (see note 11). 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 Offtake Agreement signed with various lending banks in April 2003. The Company has committed to transfer the monies to the Fund over the period to May 2008. It is the intention to set this off as a portion of the Uzbek Government's contribution to the Phase 2 (Underground Sulphide mine) capital cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

10 INVESTMENTS continued

INVESTMENTS

	Shares held	2006	2005
Eurogold Limited (15.44%)	43,188,100	2,647	5,456
Eurogold Limited unsecured loan		416	-
Ovoca Gold plc (formerly Ovoca Resources plc)	2,148,801	285	266
Rosehill Energy Limited	12,500,000	895	-
		4,243	5,722

Eurogold Limited is listed on AIM and the Australian Stock Exchange, with gold mining operations in the Ukraine. The investment is shown at the market value of the AIM listed shares as at 30 June 2006, which was 3.375 pence per share. The original cost of \$6,839,000, for shares acquired at an average price of 8.4 pence per share, has been written down by \$4,192,000 to capital reserve.

The unsecured loan of \$416,000 was given to Eurogold as part of the support required for the development of its assets. The recovery of this loan is currently the subject of litigation. The directors do not believe that any provision for non recovery is required.

The Company and its subsidiary, Oxus Holdings (Malta) Limited, entered into an agreement on 30 April 2006 to acquire various assets from Eurogold Limited. On 12 July 2006 the Company announced that it was withdrawing from the contract as the Ukraine approved C1/C2 gold resources were 364,000 ounces and not 578,000 ounces as the Company had been led to believe. The contract is the subject of litigation.

Ovoca Gold plc (formerly Ovoca Resources plc) is listed on AIM and the Irish Stock Exchange, with gold mining operations in Russia and Scandinavia. The Ovoca investment is shown at the market value of the AIM listed shares as at 30 June 2006, which was 7.125 pence per share. The original shares were acquired at nil cost as part of an exchange of information. The increased valuation of \$285,000 has been transferred to capital reserve. 1,636,822 shares were sold on 7 July 2006 for \$195,000 (\$212,000 valuation as at 30 June 2006).

Rosehill Energy Limited is an unlisted Isle of Man company producing oil by virtue of its production enhancement contract in Uzbekistan. Oxus has acquired 12.5 million shares at a cost of £500,000 representing 11.24% of the share capital. The investment is considered to be of strategic value to Oxus. Rosehill is proposing to seek AIM flotation. Certain of the Oxus directors have also acquired 10,452,380 shares in a personal capacity.

11 TRADE AND OTHER PAYABLES DUE IN LESS THAN ONE YEAR

	2006	2005
Trade creditors	1,462	1,055
Income tax	2	17
Other taxes and social security	2	2
Accruals	113	48
Other creditors	2,122	63
Atlas Copco Customer Finance AB lease	175	-
AGF Phase 2 Project Development Fund (see note 10)	4,657	1,450
Nedbank Limited corporate loan facility	5,000	-
	13,533	2,635

TRADE AND OTHER PAYABLES DUE AFTER ONE YEAR

	2006	2005
AGF Phase 2 Project Development Fund (see note 10)	6,209	6,093
Nedbank Limited corporate loan facility	13,750	-
Atlas Copco Customer Finance AB lease	490	-
	20,449	6,093

ATLAS COPCO DRILL RIG LEASE

Hire purchase payments are being made in 20 quarterly instalments on two drill rigs acquired by Oxus Mining Supplies Limited through to November 2010.

NEDBANK LIMITED CORPORATE LOAN FACILITY

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 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 balance of the AGF project finance loan, the capital expenditure on the Vysokovoltnoye project at AGF and to provide working capital. The loan currently amounts to \$17.50 million.

12 MINORITY INTERESTS

	2006	2005
Talas Gold Mining Company	2	2
Marakand Minerals Limited	12,856	14,123
Change in year	(9,794)	8
Stock based compensation	29	-
In net loss brought forward	1,215	(84)
In net loss incurred during the year	(288)	(1,191)
Balance as at 30 June	4,020	12,858

All minority interests are equity interests.

13 CAPITAL STOCK

(A) AUTHORISED

400,000,000 ordinary shares	1p par value
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(B) CHANGES IN THE CAPITAL STOCK OF THE COMPANY WERE AS FOLLOWS:

	2006			2005		
	Authorised	Issued	Valuation at par value	Authorised	Issued	Valuation at par value
Number of shares						
Ordinary shares						
As at 1 July	400,000,000	287,017,343	4,581	300,000,000	220,286,215	3,289
Increased	-	-	-	100,000,000	-	-
Issued	-	-	-	-	27,200,000	527
Stock options exercised	-	126,667	2	-	528,334	10
Warrants exercised	-	750,000	13	-	-	-
Conversion of directors' remuneration to stock	-	40,172	1	-	32,794	1
Debt for services	-	572,000	10	-	-	-
Marakand Minerals Limited	-	9,614,016	167	-	-	-
Conversion of loan notes	-	-	-	-	33,970,000	659
Eurogold	-	-	-	-	5,000,000	95
As at 30 June	400,000,000	298,120,198	4,774	400,000,000	287,017,343	4,581

All of the issued share capital is fully paid.

During the year 9,614,016 shares were issued at a valuation of \$11,272,000 in exchange for an additional 28,842,066 shares in Marakand Minerals Limited and 572,000 shares were issued in settlement of a debt for services amounting to \$503,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

13 CAPITAL STOCK continued

(C) WARRANTS

The table below shows details of outstanding warrants and movement in the year to 30 June 2006:

	2006 Number of warrants	2006 Exercise price (GBP)	2005 Number of warrants	2005 Exercise price (GBP)
Warrants outstanding, beginning of year	750,000	0.10-0.25	750,000	0.10-0.25
Cancelled	-	-	-	-
Exercised	(750,000)	0.10-0.25	-	-
Reinstated by court	5,000,000	0.1525	-	-
Warrants outstanding, end of year	5,000,000	0.1525	750,000	0.10-0.25

On 4 August 2003 the Company cancelled 5,000,000 warrants for shares exercisable at £0.1525 per share, believing that it was entitled to do so. The grantee disputed this cancellation, and following litigation the warrants were ordered by the court to be reinstated. The warrants have been returned to the ownership of Oxus. After the year end, the Company paid an interim amount of £2.97 million in damages (including interest) plus £0.36 million in costs, on account of the damages, interest and costs claimed by the grantee. This amount has been accrued at 30 June 2006 and set off against a credit for the value to the Company of the reinstated warrants less the exercise price. The net charge to the consolidated income statement for this accrual was \$2.03 million which is included in the legal and other costs arising from abortive 2002 project financing. These warrants, which were due to expire on 8 August 2006, have been extended for a further six months.

In the litigation, the grantee asserted an entitlement, under an adjustment provision in the original warrant deed, to an additional 3,313,380 warrants. The Company disputes this entitlement.

(D) STOCK OPTIONS

The table below shows details of outstanding stock options and movement in the year to 30 June 2006

	2006 Number of warrants	2006 Exercise price (GBP)	2005 Number of warrants	2005 Exercise price (GBP)
Stock options outstanding, beginning of year	6,180,000	0.12-0.7875	9,331,667	0.12-0.7875
Granted	6,271,000	0.54	500,000	0.54
Granted	250,000	0.62	-	-
Reinstated	-	-	130,000	0.15
Exercised	(10,000)	0.12	(320,000)	0.12
Exercised	(66,667)	0.235	-	-
Exercised	-	-	(66,667)	0.2175
Exercised	-	-	(136,667)	0.15
Exercised	-	-	(5,000)	0.54
Lapsed	-	-	(133,333)	0.2175
Lapsed	-	-	(100,000)	0.4625
Lapsed	(25,000)	0.54	(3,000,000)	0.54
Lapsed	-	-	(20,000)	0.62
Stock options outstanding, end of year	12,599,333	0.12-0.7875	6,180,000	0.12-0.7875
Exercisable at year-end	6,190,499	0.12-0.7875	4,783,333	0.12-0.7875

The weighted average remaining life and weighted average exercise prices of options as at 30 June 2006 were as follows:

Options outstanding	Options exercisable				
	Number outstanding as at 30 June 2006	Weighted average remaining contractual life	Exercise price (GBP)	Number exercisable	Weighted exercise price (GBP)
Exercise price (GBP)					
0.12	140,000	1.6	0.12	140,000	0.12
0.22	125,000	2.0	0.22	83,333	0.22
0.225	100,000	2.0	0.225	66,667	0.225
0.235	33,333	2.0	-	-	-
0.54	11,351,000	3.7	0.54	5,500,500	0.54
0.5575	500,000	2.3	0.5575	333,333	0.5575
0.62	250,000	4.6	-	-	-
0.7875	100,000	2.4	0.7875	66,666	0.7875

The stock options have been recorded in accordance with IFRS 2. The Actuarial Binomial assumptions used in determining the valuation are as follows:

Actuarial binomial assumptions	Valuation			
	Average volatility	Average risk-free interest rate	Total fair value	Expensed in the 2006 accounts
Option price (GBP)				
0.12	-	-	-	-
0.22	66%	3.4%	25	25
0.225	66%	3.5%	18	18
0.235	66%	3.5%	5	5
0.54	60%	4.2%	883	883
0.5575	60%	4.2%	199	199
0.62	45%	4.3%	19	19
0.7875	55%	4.7%	37	37
			1,186	1,186

The valuation in respect of Marakand Minerals Limited is as follows:

Actuarial binomial assumptions	Valuation			
	Average volatility	Average risk-free interest rate	Total fair value	Expensed in the 2006 accounts
Option price (GBP)				
0.40	55%	4.75%	207	207

Of the above amount expensed in the 2006 accounts \$29,000 relates to minority interests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

13 CAPITAL STOCK continued

(E) CAPITAL RESERVE

	2006	2006	2005	2005
Merger reserve		34,929		34,929
Share premium	65,540		5,861	
During year	11,867	77,407	59,679	65,540
Capital reserve				
Arising on revaluation of exploration rights in Marakand	16,294		16,296	
During year	8,117	24,411	(2)	16,294
Arising on issue of shares in Marakand	3,366		3,360	
During year	1,677	5,043	6	3,366
Arising on Marakand shares acquired during year		(11,272)		-
Revaluation reserve				
Eurogold shares	(1,383)		-	
During year	(2,809)	(4,192)	(1,383)	(1,383)
Ovoca shares	266		-	
During year	19	285	266	266
Stock based compensation during year				
Oxus	1,186		-	
Marakand	207		-	
Marakand minority interest	(29)	1,364	-	-
		127,975		119,012

14 PROFIT PER SHARE

BASIC PROFIT PER SHARE

The calculation of basic profit per share of US cents 0.73 (2005: US cents 0.92) is based on the net profit attributable to ordinary shareholders of \$2.11 million (2005: \$2.28 million) and a weighted average number of ordinary shares during the year of 290,744,132 (2005: 248,790,894).

15 OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

	2006	2005
Less than one year	239	360
Between one and five years	49	67
	288	427

The Company rents three office properties under operating leases.

The leases in respect of these properties expire in December 2006 (London and Kiev) and February 2008 (Tashkent).

Recognised in the income statement for the period are costs of \$474,000 (2005: \$399,000) in respect of leases.

16 COMMITMENTS

CAPITAL COMMITMENTS

Talas Gold Mining Company has \$1,547,000 capital commitments outstanding in respect of the Jerooy project as at 30 June 2006.

GUARANTEE FOR AGF DRILLING RIGS

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.

17 DIRECTORS' EMOLUMENTS

Analysis of remuneration and fees of the directors who served during the year or previous period:

Name	Year	Base salary	Other compensation	Bonus	Total	Share options
Directors						
William Trew	2006	400	2	-	402	2,000,000
Chief Executive Officer	2005	284	2	-	286	2,000,000
Jonathan Kipps	2006	334	1	-	335	1,300,000
Finance Director	2005	237	1	-	238	1,300,000
Richard Wilkins	2006	334	1	-	335	1,300,000
Director and Secretary	2005	237	1	-	238	1,300,000
Darryl Norton	2006	115	1	-	116	250,000
Alternate Director	2005	-	-	-	-	-
Oliver Prior	2006	25	-	-	25	250,000
Non-executive director	2005	9	-	-	9	250,000
Douglas Sutherland	2006	30	-	-	30	250,000
Non-executive director	2005	9	-	-	9	250,000
Gordon Wylie	2006	11	95	-	106	250,000
Non-executive director	2005	-	-	-	-	-

William Trew was also a non-executive director of Marakand Minerals Limited until 10 March 2006 and received fees of \$22,000 during the year (2005: \$17,000).

18 RELATED PARTY TRANSACTIONS

MAED LIMITED

William Trew was previously a director of MAED Limited. MAED was the Company's principal construction contractor for the Amantaytau Goldfields Phase 1 Oxides project in Uzbekistan and was the construction adviser to the Jerooy project in Kyrgyzstan and the Vysokovoltnoye project in Uzbekistan. MAED has given the Company undertakings and the board is satisfied that all commercial transactions and relationships between MAED (or any of its associates) and the Company are at arm's length and on a normal commercial basis.

Certified payments have been made as follows:

	2005	2006	Outstanding as at 30 June 2006
AGF			
Main contract	-	-	226
Ancillary works	162	2,925	2,886
New leach tanks	95	455	248
Vysokovoltnoye	242	312	91
Talas Gold Mining Company			
Jerooy			
Feasibility study	15	996	-
Prefabricated building contract	343	388	127
Prefabricated building contract variations	500	-	4
Plant equipment supply	1,964	3,667	333
Marakand Minerals Limited			
Khandiza	42	11	1
	3,363	8,754	3,915

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

19 POST BALANCE SHEET EVENTS

SHARES ISSUED TO DIRECTORS

During the period 1 July 2006 to 2 October 2006 shares have been issued to directors in respect of capitalised remuneration as follows: Oliver Prior - 5,392 shares; and Douglas Sutherland - 7,190 shares.

LOAN AGREEMENT WITH MARAKAND

Pursuant to its increased holding in Marakand, on 26 September the Company entered into a formal loan agreement to lend up to \$500,000 to Marakand, \$260,000 of which had been advanced by 30 June 2006. The loan is for one year to 30 June 2007 and is renewable by mutual agreement. Interest is payable at 3% above one month LIBOR and the loan is secured by a pledge over Marakand's assets.

STATE COMPLEX TAX AND CUSTOMS AUDIT IN UZBEKISTAN

During July and August 2006 AGF underwent a State "complex" tax, customs and compliance audit as part of the established regulatory procedure. All enterprises in Uzbekistan, whether State owned or otherwise, are subject to this procedure every three years.

As a result of the audit, at 30 June 2006 AGF has provided for \$2.6 million in taxes and interest relating to the period 1 January 2003 to 31 December 2005. In addition, a further amount of approximately \$7 million in withholding taxes on subcontractor invoices and customs duties is the subject of ongoing discussion with the relevant Uzbek authorities. The audit sought to impose various fines and penalties on AGF, and AGF is negotiating to have these amounts waived. Whatever the final outcome, AGF understands that it will be given reasonable time to pay any amounts due.

TAX REGIME IN UZBEKISTAN

The Uzbek Government has introduced two decrees that remove the tax privileges previously granted to AGF. As a result, AGF is currently operating under the regular Uzbek tax regime. AGF's legal advisors maintain that AGF is protected under Uzbek law from adverse changes to its investment environment until 2010, and AGF has applied to the relevant authorities, based on the 10 year legal protection, to have these privileges confirmed or reinstated as applicable.

DIRECTORS, MANAGEMENT, CONTACTS AND ADMINISTRATION

DIRECTORS

William Trew, B.Eng. (Mech.) Hon. M.Eng.

Chief Executive Officer

Over 27 years' experience in the engineering and mining industry. 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

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 40 years' experience in the insurance industry. Currently a senior consultant for FirstCity Partnership Ltd. Joined the board in October 2004.

Darryl Norton,

B.Sc.Hons. (Mech. Eng. Sci.)

Alternate Director

Over 24 years' experience in the engineering and mining industry, 14 years of which were gained as a Projects Director. Joined the board in December 2005.

Gordon Wylie, B.Sc. Hons. (Geology)

Non-executive Director

Over 30 years' experience in the mining and exploration industry. From 1998 to 2005 Gordon was head of global exploration for AngloGold and latterly AngloGold Ashanti's global exploration programme. Joined the board in February 2006.

MANAGEMENT

GROUP

Stephen Westhead Chief Geologist

Geoff McLoughlin Chief Metallurgist

Terry Kung Chief Accountant

Alexander Polikashin

Head of representative office (Uzbekistan)

Frank Skoff Senior Mining Engineer

AMANTAYTAU GOLDFIELDS AO

Graham Hill General Director

Richard Gilroy Chief Engineer

Peter Joubert Chief of Security

Jean Van der Vorst Plant Manager

Chris Bargmann Chief Geologist

John Suter Financial Manager

Bobir Narziev Chief Accountant

TALAS GOLD MINING COMPANY

Stephen Westhead General Director

Fred Huston Deputy Director

Jyldyz Chekirova Financial Manager

CONTACTS AND ADMINISTRATION

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Email: oxus@oxusgold.co.uk

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OXUS HOLDINGS (MALTA) LIMITED

REGISTERED OFFICE

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Valletta VLT05, Malta

OXUS RESOURCES CORPORATION

REGISTERED OFFICE

Arawak Chambers, 49 Main Street

Road Town, Tortola

British Virgin Islands

ADMINISTRATION OFFICE

Oxus Holdings (Malta) Limited and

Oxus Resources Corporation

Dolphin Court, Embassy Way

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Email: tgmcoff@elcat.kg

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Bankside Consultants Limited

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BDO Isle of Man

9 Myrtle Street, Douglas

Isle of Man IM11ED

British Isles

SOLICITORS

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Norton Rose

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Cornwall TR3 6EH, UK

BANKERS

HSBC

PO Box 20, HSBC House

Ridgeway Street, Douglas

Isle of Man IM99 1AU

British Isles

REGISTRARS

Capita Registrars

The Registry, 34 Beckenham Road

Beckenham, Kent BR3 4TU, UK

NOTICE OF ANNUAL GENERAL MEETING

.....
Notice is hereby given that the sixth Annual General Meeting of Oxus Gold plc (the "Company") will be held at 105 Piccadilly, London W1J 7NJ on 7 December 2006 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 6 which will be proposed as a special resolution:

1. To receive the Directors' Report and audited accounts for the year ended 30 June 2006.
2. To re-elect Mr Jonathan Kipps as a director of the Company.
3. To re-elect Mr Gordon Wylie 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 £894,399 provided that this authority shall expire on the earlier of the date of the Annual General Meeting in 2011 of the Company and 6 December 2011 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).
6. Special resolution.

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(2) 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 subject to such exclusions as the directors of the Company may deem necessary or expedient to deal with fractional entitlements, record dates or other legal or practical problems arising under the laws or requirements of any recognised regulatory body or any stock exchange or in any regulatory territory or otherwise howsoever; and
- (b) the allotment of equity securities (otherwise than pursuant to paragraph 6(a) above) up to a maximum aggregate nominal amount of £596,266 (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 £596,266) for any other purpose;
- (c) and PROVIDED FURTHER that such authority shall expire on the earlier of the date of the 2007 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).

Dated 9 October 2006

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 2006 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 2006 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 2006.

RESOLUTIONS 2 & 3: RE-ELECTION OF DIRECTORS

Jonathan Kipps is retiring by rotation at the Annual General Meeting in accordance with the Company's Articles of Association, and is offering himself for re-election. Gordon Wylie was appointed since the last Annual General Meeting and this being his first Annual General Meeting, in accordance with the Company's Articles of Association, is offering himself 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 on 6 December 2011 or, if earlier, at the conclusion of the 2011 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: 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 2007 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.

NOTES



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