
Oxus Gold plc
Annual Report & Accounts
2008



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Summary

AGF reports an operating profit of \$2.70 million* for the year ended 31 December 2008 (year ended 31 December 2007: operating loss of \$7.93 million).

AGF produces 66,465 ounces* of gold equivalent for the year ended 31 December 2008 (year ended 31 December 2007: 83,339 ounces).

AGF reports gold sales of 67,329 ounces* of gold equivalent for the year ended 31 December 2008 (year ended 31 December 2007: 74,740 ounces).

AGF has 18 tonnes of silver doré ready to be shipped to a refinery in Switzerland.

Oxus reports gross revenue, which represents recharged administrative and other costs, of \$5.28 million for the 18 month period ended 31 December 2008 (year ended 30 June 2007: \$2.39 million).

Oxus reports a loss of \$54.39 million for the 18 month period ended 31 December 2008 (year ended 30 June 2007: loss of \$18.97 million). The result includes net exceptional charges of \$43.51 million (2007: \$18.74 million), \$38.90 million of which were reported in the 6 month interim period to 31 December 2007.

Bankable feasibility study completed on underground sulphides project.

Lower capital cost first phase addendum to the bankable feasibility study completed.

Placing of convertible loan notes raises cash for working capital. Current cash balances stand at \$9 million.

Monthly corporate overheads reduced by 39% over the 18 month period ended 31 December 2008.

Special dividend paid equivalent to \$65.69 million from the sale of the Jerooy project to KazakhGold.

Oxus attributable resource base

JORC Measured & Indicated	2.37m ozs gold	17.43m ozs silver
JORC Inferred	1.27m ozs gold	7.85m ozs silver
Exploration Results	3.79m ozs gold	36.05m ozs silver
Soviet P1 and P2	4.79m ozs gold	179.86m ozs silver

*50% attributable to Oxus

2 Chairman's statement

Monthly corporate overheads reduced by 39% over the 18 month period ended 31 December 2008.

During the latter part of 2008 the Oxus Group had to adapt to the very difficult economic and financial environment. Few people would have predicted the economic meltdown in the banking and financial markets last seen in the Great Depression of the 1930s. This in turn has led to substantial erosion in shareholders' value across all sectors and Oxus, like many of its peers, has seen its own market capitalisation shrink very substantially.

As a consequence of the current economic climate the capital required to develop the Group's 50% owned underground sulphide mine at Amantaytau Goldfields (AGF) in Uzbekistan has been delayed. As a result, we have been in discussions with a number of potential alternative sources of financing, including a major Chinese contracting and financing group. The directors remain confident that we will be successful in securing finance for the underground mine and we are now targeting first production in mid 2011, assuming that this finance will be available by November this year.

In light of this delay in the development of the underground project, Oxus has taken a number of decisions which include:-

- Reducing all costs where possible to ensure that the Oxus Group preserves sufficient cash resources to survive through these difficult times. The Group has approximately \$9 million in cash at the time of this statement and we will continue to pursue further cost reduction measures.
- Revising the underground sulphide project feasibility study to enable the Group to construct the first phase of the mine at a substantially reduced capital cost.
- Exploring a number of alternative financial markets to raise the required capital to build the sulphide mine.

The delay in bringing the sulphide mine into production has necessitated fast tracking the development of the Sarybatyr open pit oxide deposit through the carbon in pulp (CIP) plant in order to maintain gold production and cashflow during the intervening period. AGF has applied for the appropriate mining permit and we estimate that 110,000 ounces of gold will be recovered from this deposit over a 24 month period beginning in June 2009.

Mining at the Vysokovoltnoye heap leach operation is scheduled to re-commence in June 2009 after refining 18 tonnes of silver and gold doré stockpiled at the mine. Subject to obtaining the permit to export unrefined metal, we plan to export this stockpile for refining in Switzerland. The relevant permit is currently being finalised and the directors are optimistic that approval from the Uzbek Government will be forthcoming in the near future. We expect that this heap leach will produce 340,000 gold equivalent ounces over the remainder of its economic life, estimated to be a further 11 years.

In order to stimulate the investment of foreign capital, the Government of Uzbekistan has instituted various initiatives which we believe will positively assist our in-country operations. One example of this is the recently announced Uzbekneftegas, Petronas (Malaysia) and Sasol (South Africa) transaction to construct a Gas-to-Liquids plant in Uzbekistan at a cost of some US\$2.5 billion, which is a vote of confidence by foreign investors in Uzbekistan.

We have refocused the Group to adapt to the current environment and, despite the difficulties we have experienced over the last few months, we remain confident that with the support of all stakeholders your company is well placed to unlock real value for shareholders.

Finally I would like to thank Douglas Sutherland, my predecessor, for his wise counsel during the time he was acting Chairman and Chairman of the Company. I would also like to thank all our staff, both in London and in Uzbekistan, for their hard work and commitment over the last year.

Richard Shead
Executive Chairman

16 May 2009

Financial & operating review

The Company has changed its accounting reference date to 31 December, in order to coincide with that of its joint venture, Amantaytau Goldfields (AGF). Therefore the current reporting period is for the 18 months ended on 31 December 2008. Many of the exceptional items reported below have already been reported in the six monthly interim accounts to 31 December 2007 and 30 June 2008. Comparatives are for the 12 month reporting period that ended on 30 June 2007.

AGF has always reported on a calendar year end basis, to 31 December. Accordingly the Review of Operations also includes a comparison of AGF's business on a calendar year end basis.

Financial Review

The Group reports gross revenue, excluding attributable joint venture income, of \$5.28 million in the 18 month period to 31 December 2008 (year to 30 June 2007: \$2.39 million). Gross revenue represents the recharge of exploration, evaluation and administrative costs which are borne by the Group and shown as Group costs, but relate directly to the AGF joint venture.

The AGF joint venture contributed an attributable loss of \$2.27 million (2007: \$3.21 million attributable loss), which includes \$1.45 million of exceptional costs arising from providing for or writing off certain assets no longer deemed to have a realisable value. Total Group earnings for the period showed a loss after taxation of \$54.39 million (14.57 cents per share loss) against a loss of \$18.97 million (6.25 cents per share loss) in 2007.

The results include net exceptional charges of \$43.51 million, arising substantially from providing against the Group's entire investment in the Khandiza project amounting to \$28.46 million. Also included are costs relating to the settlement of the Eurogold litigation of \$8.36 million (settled by a combination of cash and shares in the Company), a net receipt of \$3.34 million with regard to the arbitration against the Kyrgyz Republic, and an adjustment of \$8.55 million in respect of the carrying value of the Group's investment in AGF. \$38.90 million of these net exceptional charges were provided for in the six month interim period to 31 December 2007.

During the period, the Company paid a special dividend equivalent to \$65.69 million in respect of the year ended 30 June 2007 (2006: nil). The dividend was paid in specie on 2 July 2007 with the distribution to shareholders of the majority of the KazakhGold GDRs received as consideration for the sale of the Jerooj project and certain other assets in June 2007. The dividend was equal to 17.98 cents per share.

Total assets decreased to \$75.65 million (2007: \$184.06 million) including cash and cash equivalents of \$9.87 million (2007: \$10.88 million). During the period the Company issued 16,040,512 shares, comprising 2,221,621 shares issued to acquire the minority shareholders in Marakand Minerals Limited, and 5,066,666 shares issued as a result of options and warrants being exercised. Zeromax was issued 6,030,151 shares from the capitalisation of a \$3 million working capital loan to the Company (which was lent onwards to AGF), and 2,722,074 shares were granted to Eurogold as part of the final litigation settlement. The total number of shares in issue at 31 December 2008 was 381,439,685.

On 14 May 2008, the Company completed a placement of 8.0% unsecured convertible loan notes in units of \$250,000 each at par for gross proceeds of \$18.5 million. The notes were issued to existing shareholders and to new institutional investors. The notes are convertible into new ordinary shares of the Company at 37 pence per share. At the holder's option, the notes may be converted on the earlier of a written request to convert, or first drawdown on the project finance facility to construct the underground sulphides project at AGF. The notes may also be redeemed on the earlier of the first drawdown on the project finance facility, or 13 May 2010. If all the notes are converted, the maximum number of new shares that would be issued is 26,315,789.

Each of Zeromax and RAB Special Situations (Master) Fund subscribed for \$6 million of the convertible notes. By virtue of the size of their respective shareholdings in the Company, each of these subscriptions constituted a Related Party Transaction for the purposes of the AIM rules. The directors of the Company, having consulted its nominated adviser, considered that the terms of the subscriptions were fair and reasonable insofar as the Company's shareholders were concerned.

At 31 December 2008, the Group's loan facility from Nedbank had reduced to \$6.25 million, of which \$5 million is repayable by 31 December 2009.

Review of Operations

All figures relating to AGF are 50% attributable to Oxus.

During the year to 31 December 2008 AGF produced 66,465 ounces of gold equivalent (year to 31 December 2007: 83,339 ounces) and sold 67,329 ounces of gold equivalent (2007: 74,740 ounces). For the eighteen month period under review AGF produced 115,125 ounces of gold equivalent and sold 104,394 ounces of gold equivalent.

AGF reports an operating profit before exceptional items and tax of \$2.70 million for the year ended 31 December 2008 (2007: operating loss of \$7.93 million). For the eighteen month period under review AGF reports an operating loss before exceptional items and tax of \$1.23 million.

AGF reports an operating profit of \$2.70 million for the year ended 31 December 2008 (year ended 31 December 2007: operating loss of \$7.93 million).

Special dividend paid equivalent to \$65.69 million from the sale of the Jerooy project to KazakhGold.

	6 months ended 31/12/08 \$000	6 months ended 30/06/08 \$000	6 months ended 31/12/07 \$000	6 months ended 30/6/07 \$000	6 months ended 31/12/06 \$000
Revenue	25,104	33,796	24,034	24,529	16,719
Operating profit/(loss) before exceptional items and tax	1,786	920	(3,940)	(3,986)	(2,440)

During the 18 month period under review AGF continued to mine the Asaukak and Vysokovoltnoye open pits, with the Asaukak ore being processed through the carbon-in-pulp (CIP) plant and the Vysokovoltnoye ore being heap leached and processed at the adjacent Merrill Crowe plant. The CIP operation reported an operating loss of \$9.40 million, whilst the heap leach operation reported an operating profit of \$8.16 million. The CIP operation, however, does report an operating profit of \$142,000 for the final six months of the period.

AGF also incurred exceptional costs of \$2.91 million as a result of providing for or writing off certain assets no longer deemed to have a realisable value, resulting in AGF reporting a loss, after tax, of \$4.54 million for the eighteen month period ended 31 December 2008.

Following the planned shut down of the CIP plant in January 2009, and given the delay in the underground sulphide project, it is now proposed to process the higher grade Sarybatyr open pit oxide ore through the plant until underground sulphide production commences, scheduled for mid 2011, subject to the appropriate finance being available by November 2009. Heap leach production will continue from the Vysokovoltnoye operation, and will be supplemented by the Asaukak heap leach operation from mid 2010.

CIP Plant Open Pit Oxide Operation

The CIP plant continued to operate throughout the period under review until shut down in January 2009. A total of 1,555,313 tonnes of ore were processed at an average grade of 1.56 grammes per tonne (g/t), producing 64,032 ounces of gold. Both the grade and gold recovery gradually decreased throughout the period as a result of the higher grade ore being depleted, and the increasingly sulphidic nature of some of the deeper ores. During the six months to 31 December 2007 the project also incurred high mining costs associated with the pre-stripping of the Asaukak open pit.

At 31 December 2008 1.32 million tonnes of lower grade ore at 0.64 g/t were stockpiled at the mine for future heap leaching.

Despite operating at a marginal profit during the second half of 2008, AGF has temporarily closed the plant until higher grade ore is available from Sarybatyr. The plant is expected to recommence operations in June 2009.

The depletion of the Asaukak oxide reserve and the delay in funding the underground sulphide project required the development of further higher grade oxide deposits to maintain feed to the CIP plant. The feasibility study to exploit the Sarybatyr deposit, located in the south west of AGF's license area, is now in the final stages of Uzbek Government approval and the necessary mining permit is expected to be issued in the near future. All the preparatory work has been completed, including the construction of additional roads required to haul the ore to the CIP plant. The mining of the Sarybatyr deposit will form part of AGF's ongoing open-pit operations from June 2009, assuming the mining permit has been issued.

It is planned that Sarybatyr will provide feed to the plant of 2.26 million tonnes of ore at an average grade of 1.90 g/t. A total of 110,000 ounces of gold is expected to be produced from Sarybatyr during its economic life, which is estimated to be 24 months. When the CIP plant starts processing sulphide ore, all remaining economic unprocessed Sarybatyr oxide ore will be processed at the Vysokovoltnoye heap leach operation.

The following table summarises AGF's operating results in respect of the CIP plant open pit oxide operation:

CIP Production (50% attributable to Oxus)

	6 months to December 2008	6 months to June 2008	6 months to December 2007	6 months to June 2007	6 months to December 2006
Ore processed, tonnes	470,806	554,872	529,635	422,479	561,135
Average grade (g/t)	1.30	1.65	1.70	4.20	2.4
Average gold recovery (%)	78.3	80.3	83.2	56.0	80.6
Gold produced, ounces	16,101	23,689	24,242	24,138	35,236
Gold sales, ounces	20,313	26,646	15,134	37,675	27,499
Average gold price \$ per ounce	883	910	756	651	608
Average cash cost \$ per ounce	730	742	857	576	536
Average total cost \$ per ounce	876	1,003	1,019	666	623

Financial & operating review continued

Vysokovoltnoye Silver-Gold Open Pit Heap Leach Operation

The following table summarises AGF's operating results in respect of the Vysokovoltnoye silver-gold heap leach operation.

Vysokovoltnoye Silver-Gold Heap Leach (50% attributable to Oxus)

	6 months to December 2008	6 months to June 2008	6 months to December 2007	6 months to June 2007	6 months to December 2006
Ore stacked, tonnes	270,902	281,825	186,853	235,765	198,608
Average silver grade (g/t)	95.5	78.2	98.8	96.2	128.53
Average gold grade (g/t)	1.01	0.89	0.94	1.08	1.33
Silver produced, ounces	676,821	251,438	790,291	315,648	49,830
Gold produced, ounces	7,856	2,982	9,696	4,157	699
Gold equivalent produced, ounces	18,821	7,854	24,418	10,541	-
Gold equivalent refined and sold, ounces	9,934	10,436	21,931	-	-
Average silver price \$ per ounce	13.16	17.67	13.43	-	-
Average gold price \$ per ounce	819	912	721	-	-
Average production cash cost \$ per ounce sold (gold equivalent)	272	389	389	-	-
Average total cash cost \$ per ounce sold (gold equivalent)	322	465	465	-	-
Gold equivalent conversion ratio	62.2	51.6	53.7	49.4	-

The Vysokovoltnoye heap leach operation continued throughout the period under review. A total of 739,580 tonnes of ore were crushed and stacked at an average silver grade of 89.7 g/t and an average gold grade of 0.95 g/t. 1,718,550 ounces of silver and 20,534 ounces of gold were produced at an average total cost (gold equivalent) of \$346 per ounce.

From November 2007 to March 2008 no stacking took place due to the extremely cold weather, although some irrigation of the stacks was possible during this period, thereby allowing metal to be produced. As a consequence of this unscheduled stoppage appropriate lagging and other action has been taken to ensure continuous operation in the future.

Throughout the period AGF continued to experience difficulties with the in-country Almalyk refinery, which was unable to refine the required tonnage in accordance with its contractual commitments. At 31 December 2008 the stockpile of unrefined metal stored at AGF and Almalyk was 21.38 tonnes of silver (687,493 ounces) and 390 kgs of gold (12,539 ounces) with a total sales value of approximately \$18 million.

Arrangements are being made to export an initial 18 tonnes of silver doré for refining in Switzerland. The permit to allow this export of doré metal is expected to be issued by the Uzbek Government in the near future. In order to prevent future accumulations of stockpiled doré, discussions are underway with the Almalyk refinery to improve the commercial refining contract and to increase its monthly refining capability (with the doré being cast into anodes at AGF, and then sent directly for electro-refining at Almalyk, bypassing the smelting furnace), and, as an alternative, with the Uzbek Government for an ongoing export permit for the refining of silver doré in Switzerland. In the light of this, the construction of AGF's proposed silver refinery has been suspended.

Future Open Pit Oxide Operations

It is currently planned to continue oxide production until 2022. The existing CIP plant will process the Sarybatyr ore until sulphide production commences, planned for mid 2011. Thereafter oxide ore will be processed entirely by heap leach, using the existing pads and plant at Vysokovoltnoye and the new pads and plant currently under construction at Asaukak.

The Vysokovoltnoye heap leach operation will continue to process lower grade oxide ore from the Vysokovoltnoye deposit and a further 6 deposits in the immediate vicinity. It is estimated that approximately 340,000 ounces of gold equivalent will be recovered from the Vysokovoltnoye operation over the next 10 years.

In October 2008, a decision was made to suspend the Asaukak heap leach operation until such time as cash flow allowed further work. The operation is now planned to commence production in mid 2010 and will require a further \$2 million of capital expenditure during the first half of 2010 prior to commissioning. It is planned that this operation will recover an estimated 250,000 ounces of gold from the Asaukak and nearby deposits over the next 10 years or more. Project implementation is well advanced with earthworks complete, all major capital equipment ordered, and the manufacture of several major items completed.

A stockpile at Asaukak of 1.32 million tonnes of ore at 0.64 g/t is in place, containing 27,000 ounces of gold.

The Asaukak open pit oxide heap leach operation will complement the existing Vysokovoltnoye open pit oxide heap leach operation, thereby enabling AGF to continue producing gold from its oxide operations at a planned rate of approximately 55,000 ounces of gold equivalent per annum over the next 10 years or more.

The production of gold from the oxide ore is in addition to the gold which is planned to be produced from the underground sulphide project.

Underground Sulphide Project

In June 2008 Wardell Armstrong International (WAI) completed a bankable feasibility study (BFS) in respect of AGF's underground sulphide Severny deposit, and part of the Centralny deposit. WAI updated the study in November 2008 to include additional reserve ounces. This study envisaged a 750,000 tonnes per annum (tpa) operation (increasing to 1.2 million tpa) over an initial 8 year mine life, at a capital cost of approximately \$170 million. The Royal Bank of Scotland (RBS) was mandated to arrange this finance.

As a result of the current economic and financial conditions, this financing has been delayed and the Company has been in discussions with other potential sources of finance, including a major Chinese contracting and financing group.

In May 2009, WAI completed an addendum to the BFS in respect of a lower capital cost first phase of the underground sulphide project, which also includes AGF's sulphide tailings arising from transitional and sulphide ore previously processed through the CIP plant as part of AGF's open pit oxide operation. This study envisages an initial 450,000 tpa operation at a capital cost of approximately \$73 million. The Company believes that, if the originally envisaged project cannot be financed at this time, the lower capital cost first phase of the project will be financed and that construction will finally commence later in 2009, with first sulphide production now scheduled for mid 2011.

The underground sulphide project is an extension and expansion of the existing CIP operation and therefore benefits from the existing infrastructure, existing skilled labour force and management's experience of operating in Uzbekistan.

WAI November 2008 Updated BFS Sulphide Project

The BFS envisages that the sulphide mine will be brought into production based only on the current sulphide reserves of the Severny and Centralny deposits and does not take into account possible future production from the remaining resources of these deposits nor any potential future resources at depth. Significant other potential sulphide resources exist in the satellite oxide deposits within the AGF licence area. The project is scheduled to produce an average of 230,000 ounces of gold per annum when in full production. The planned start date for production is the second quarter of 2011. A drilling programme is planned to start in 2009 for all potential targets to increase the resources and convert them into reserves for future exploitation.

The Project will be an underground mining operation accessed via two parallel declines, with the portals located in the northernmost location at the base of the existing Centralny Pit No 1 where the oxide ore has been mined out.

Mine design is planned around cut and fill mining methods with limited sub-level open stoping. The cut and fill mining method results in high physical extraction ratios and minimal dilution but is relatively expensive. Geotechnical work is being undertaken prior to underground development with a view to improving mining methods and reducing the production cost per ounce.

The ore will be processed using bio-oxidation technology provided by Goldfields, South Africa. The existing CIP plant will be modified to accept the sulphide ore. The existing milling, reagent handling, elution, electro-winning and smelting sections will be retained and upgraded while the leach feed thickener will be converted to accept flotation tails. The float concentrate will be bio-digested to break down the sulphide minerals, thickened and cyanide leached in a carbon in leach (CIL) section. The plant will be constructed in two phases in line with the increase in production from the mining operations. Phase 1 will consist of a single flotation bank and two bio-oxidation modules designed to treat 750,000 tpa of ore. Phase 2 will increase the plant capacity to approximately 1.2 million tpa. Overall plant recovery of 88% has been used in the BFS based on 96% float and 92% CIL recovery.

The BFS recognises the JORC classified Measured and Indicated resource base for the Amantaytau Severny and Centralny sulphides to total 13.5 million tonnes at 6.89 g/t containing 2.99 million ounces of gold.

Based on the above resource, JORC classified Proven and Probable reserves have been estimated for stoping blocks within a 3.5 g/t cut-off at Severny and a 2.0 g/t cut-off at Centralny to be 8.96 million tonnes at 6.99 g/t containing 2.01 million ounces of gold.

Financial & operating review continued

The BFS mine plan has an initial life of 8 years. However, based on the wealth of data available from Soviet times and validated by Lonhro and Oxus, there is significant potential to increase the resource base substantially. Neither Centralny nor Severny have been closed off at depth and considerable potential exists for the delineation of mineralisation below existing development levels. A single deep drill hole at Amantaytau Severny intersected mineralisation at 870 metres below surface comprising a drilled width of 8 metres at 51.6 g/t (the estimated true width based on the drill section is 1.73 metres).

The Project's initial capital funding requirement is estimated to be \$167.8 million. A further \$48.7 million of sustaining capital over the life of the Project will be funded from the Project cash flows.

From the time of reaching full production, operating costs are forecast to be \$86.30 per tonne of ore mined and \$402 per ounce of gold produced.

The original BFS was based on the COMEX forward gold price curve at the date of the BFS as supplied by Standard Bank London Ltd. At a flat gold price of \$850 per ounce with no inflation of costs, the net present values of the Project, ungeared and pre-profits tax, are \$582 million at a discount rate of 0% per annum, \$364 million at 7% per annum and \$299 million at 10% per annum. The internal rate of return is 57.0% and payback is 24 months from start of production.

WAI May 2009 Lower Capex First Phase BFS Sulphide Project

This addendum to the BFS envisages that the sulphide mine will be brought into production initially from 213,000 tonnes of sulphide ore tailings at a grade of 3.90 g/t arising from previously processed sulphidic ore, followed by the underground Centralny deposit and the high grade Severny deposit. The project is scheduled to produce 100,000 ounces per annum when in full production. Subject to financing being made available in order for construction to commence in November 2009, first production is scheduled for the second quarter of 2011.

The underground mining operations will be accessed via a single decline, with the existing No 10 Shaft being utilised for ventilation and as a second outlet. The mine design is planned around transverse bench and fill, longitudinal retreat stoping and a reduced amount of cut and fill stoping compared to the original BFS. Access development scheduling and costing was done by Shaft Sinkers and the mine planning was again done by WAI.

The ore will be processed using bio-oxidation technology. The plant will be constructed to treat 450,000 tpa, using only one of the existing mills and a single bio-oxidation module. Overall plant recoveries will remain the same at 88% except for the tailings where a recovery of 56% has been used.

The addendum to the BFS utilises only a total of 4.1 million tonnes of underground production from Centralny and Severny at an average grade of 7.03 g/t, containing 934,447 ounces of gold. This tonnage represents less than 50% of the JORC classified Proven and Probable reserves. The mine plan has an initial life of 12 years. Optimisation exercises to determine the timing of a production increase are being undertaken.

The initial capital funding requirement is estimated to be \$73.8 million. A further \$55.5 million of sustaining capital over the life of the project will be funded from the project cash flows. From the time of reaching full production, total operating costs are forecast to be \$87.5 per tonne mined and \$377 per ounce of gold produced.

At a flat gold price of \$850 per ounce with no inflation of costs, the net present values of the Project, ungeared and pre-profits tax, are \$197 million at a discount rate of 0% per annum, \$103 million at 7% per annum and \$78 million at 10% per annum. The internal rate of return is 34.7% and payback is 30 months from start of production. These economics take no account of any plans to expand production and to mine the remaining Proven and Probable reserves as utilised in the November 2008 updated BFS. At a 7% discount rate it is estimated that these reserves would add a further \$205 million to the net present value. Given that the main access development will already have been completed, it is also anticipated that these additional reserves will be mined at a substantially lower capital cost than envisaged in the November 2008 updated BFS.

Reserves and Resources

The Company's Precious Metal Ore Reserve and Mineral Resource statements, as audited by independent mineral industry consultants Wardell Armstrong International as of April 2009, are as follows on the following pages:

Lower capital cost first phase addendum to the bankable feasibility study completed.

Financial & operating review continued

Amantaytau Goldfields Precious metal ore reserves as at 29 April 2009 (50% attributable to Oxus)

	Cut off g/t Au	Proven reserves			Probable reserves			Proven and probable		
		Mt	Grade g/t Gold	Contained Koza Silver	Mt	Grade g/t Gold	Contained Koza Silver	Mt	Grade g/t Gold	Contained Koza Silver
Amantaytau Goldfields (AGF)										
CIP Oxides										
Sarybatyr (15% Dilution, 95% Ore Recovery)	0.60	0.75	2.20	53	0.86	1.60	44	1.61	1.88	97
Sub-Total CIP Oxides		0.75	2.20	53	0.86	1.60	44	1.61	1.88	97
Asaukak Oxide Heap Leach										
Asaukak (15% Dilution, 95% Ore Recovery)	0.50	0.01	1.18	1	0.16	1.34	7	0.18	1.33	8
Stockpiled low grade ore at Asaukak	0.50	1.32	0.64	27				1.32	0.64	27
Uzunbulak (15% Dilution, 95% Ore Recovery)	0.80	0.09	1.94	5	0.91	1.74	51	1.00	1.76	56
Sub-Total Asaukak Heap Leach		1.42	0.72	33	1.07	1.68	58	2.49	1.14	91
Vysokovoltnoye Silver-Gold Heap Leach										
Vysokovoltnoye OB4 (8% Dilution, 95% Ore Recovery)	0.60	0.66	1.33	28	1.77	1.21	69	2.43	1.25	97
Vysokovoltnoye OB7 (15% Dilution, 95% Ore Recovery)	0.50*	0.04	1.00	1	1.64	0.96	51	1.68	0.96	52
Stockpiled ore at Vysokovoltnoye	0.60	0.07	0.91	2				0.07	0.91	2
Sub-Total Vysokovoltnoye Heap Leach		0.77	1.28	32	3.41	1.09	120	4.19	1.13	152
Total AGF Oxide Reserves		2.94	1.24	118	5.35	1.29	222	8.28	1.28	340
Sulphides (Underground)										
Amantaytau Centralny (23.4% Dilution, 91.3% Ore Recovery)	2.00				2.21	4.67	332	2.21	4.67	332
Amantaytau Severny (28.3% Dilution, 99.0% Ore Recovery)	3.50	0.85	7.60	207	5.88	7.77	1,470	6.73	7.75	1,677
Sulphides (Surface/Open Pit)										
Sulphidic tailings (5.0% Dilution and 95.0% Reserve Recovery)	1.00				0.21	3.90	27	0.21	3.90	27
Asaukak Open-Pit Expansion (15% dilution, 95% Ore Recovery)	1.42	0.04	3.09	4	0.68	2.67	58	0.72	2.69	62
Total Sulphide Reserves		0.88	7.40	210	8.99	6.53	1,887	9.87	6.61	2,097
Total AGF reserves				328			2,109			2,437
Total Oxus attributable reserves (50%)				164			1,055			1,219
				473			1,840			2,312

Notes: Depleted Asaukak and Vysokovoltnoye OB7 reserves are as per 31st December 2008.
Silver grades under 'Total Oxide' and 'Total Sulphide' do not reflect average over total reserve tonnages.
Vysokovoltnoye OB7 oxide cut off grade is 0.5 g/t for gold and 25 g/t for silver.

Financial & operating review continued

In addition to the above Ore Reserves, the designed open pits include the following 'in-pit inferred resources' (with mining dilution and recovery) and will be subject to grade control during mining.

In the case of Vysokovolnoye OB7, included is an 'in-pit inferred sulphide resource (transition zone)' but subject to further metallurgical testwork :

Amantaytau Goldfields (AGF)**Oxides**

	Cut off g/t Au	Mt	Grade g/t Gold Silver	Contained Koza Gold Silver
Sarybatyr (15% Dilution, 95% Recovery)	0.60	0.65	1.96	41
Asaukak (15% Dilution, 95% Recovery)	0.50	0.07	1.18	3
Vysokovolnoye OB7 (15% Dilution, 95% Recovery)	0.50*	0.16	1.00	5
Sub-Total oxide 'in-pit inferred' resources		0.88	1.72	49
Sulphides				
Vysokovolnoye OB7 (15% Dilution, 95% Recovery)	1.42*	0.10	0.95	3
Asaukak Open-Pit Expansion (15% dilution, 95% Recovery)	1.42	0.04	2.37	3
Sub-Total sulphide 'in-pit inferred' resources		0.15	1.38	7
Total 'in-pit inferred resources'		1.03	1.68	56
Total Oxus attributable in-pit inferred resources' (50%)			12.5	28

Note: Vysokovolnoye OB7 oxide cut off grade is 0.5 g/t for gold and 25 g/t for silver, and sulphide cut off grade is 1.42 g/t for gold, and 25 g/t for silver

The Amantaytau Centralny and Severny underground sulphide reserves are based on the 2008 BFS, within which are the following Stage 1 reserves :

Amantaytau Goldfields (AGF)

	Cut off g/t Au	Mt	Grade g/t Gold Silver	Contained Koza Gold Silver
Amantaytau Severny Stage I - proven	3.50	0.29	8.66	80
Amantaytau Severny Stage I - probable	3.50	2.80	8.50	764
Amantaytau Severny - sub-total		3.09	8.51	845
Amantaytau Centralny Stage I - proven	3.50	0.08	9.36	23
Amantaytau Centralny Stage I - probable	3.50	0.06	9.16	16
Amantaytau Centralny - sub-total		0.13	9.28	40
AGF Combined Centralny and Severny Stage 1 Reserve		3.22	8.55	884
Total Oxus attributable Stage 1 Sulphide Reserve (50%)				442

Amantaytau Goldfields Precious metal mineral resources as at 29 April 2009 (50% attributable to Oxus)

JORC Classified Deposits	Cutt off g/t Au	Measured reserves			Indicated reserves			Inferred resources			Expl results			
		Mt	Grad g/t Gold	Silver	Mt	Grad g/t Gold	Silver	Mt	Grad g/t Gold	Silver	000 ozs Gold	Silver	000 ozs Gold	Silver
Amanataytau Goldfields														
Oxides														
Asaukak	0.50	0.02	1.23	1.3	0.35	1.43	1.2	16	13	0.22	1.34	1.2	10	8
Uzumbulak	0.60	0.12	1.93	4.0	1.94	1.52	2.8	95	175	1.28	1.29	2.1	53	88
Amantaytau Centralny	0.40	0.29	2.40	-	0.29	2.39	-	22	-	0.31	1.56	-	15	-
Sarybatyr	0.60	0.73	2.46	-	0.87	1.79	-	50	-	0.78	2.14	-	54	-
Vysokovolnoye OB4	0.60	1.22	1.29	34.1	3.63	1.20	27.7	140	3,236	0.59	1.43	22.6	27	430
Vysokovolnoye OB7	0.50*	0.06	0.95	61.7	2.58	0.86	34.5	71	2,864	0.45	0.81	14.3	12	205
Zapadny Amantaytau	0.60	1.23	1.48	-	0.46	1.07	-	16	-	0.06	1.16	-	2	-
AGF - 17 deposits	0.60	-	0.00	-	7.02	1.37	-	308	-	12.59	1.32	-	536	-
AGF - 7 Exploration Targets	0.60	-	0.00	-	-	0.00	-	-	-	-	0.00	-	-	-
Total Oxides		3.65	1.69	12.5	17.14	1.30	11.4	719	6,288	16.28	1.35	1.4	709	731
Sulphides														
Severny	2.00	0.94	8.99	-	7.95	7.98	-	2,040	-	0.67	5.70	-	123	-
Centralny	2.00	1.99	4.75	-	2.62	4.46	-	376	-	3.11	4.28	-	428	-
Asaukak	1.50	0.06	3.03	4.6	1.42	2.68	2.6	122	121	0.70	2.54	2.5	57	56
Uzumbulak	0.60	0.06	3.56	5.6	1.50	1.92	3.6	93	172	8.08	2.83	5.6	736	1,451
Sarybatyr	1.50	3.71	1.26	33.7	7.28	1.13	35.9	265	8,389	2.31	2.58	192	192	-
Vysokovolnoye OB4	0.60	-	0.00	-	6.12	0.98	73.1	193	14,391	3.85	1.08	32.1	133	3,961
Vysokovolnoye OB7	0.50*	-	0.00	-	-	0.00	-	-	-	5.74	0.84	51.4	155	9,488
AGF - 7 deposits (sulphides only)														
Total Sulphides		6.75	3.40	18.6	26.89	3.57	26.7	3,089	23,072	24.47	2.32	19.0	1,824	14,975
Total Amantaytau Goldfields		10.41	2.80	16.4	44.04	2.69	20.7	3,809	29,361	40.75	1.93	12.0	2,533	15,706
OXUS attributable (50%)								1,904	14,680				1,267	7,853
Soviet/Uzbek Classified Resources (Additional to JORC)														
AGF Sulphides														
OXUS attributable (50%)								P1	P2					
								000 ozs Gold	000 ozs Silver					
								5,841	314,604				3,745	45,110
								2,921	157,302				1,873	22,555

Notes: Asaukak and Vysokovolnoye OB7 resources take into consideration depletion up to 31st December 2008.

Vysokovolnoye OB7 oxide and sulphide cut off grades are 0.5 g/t for gold, and 16 g/t for silver.

Silver grades under 'Total Oxide' and 'Total Sulphide' do not reflect average over total resource tonnages.

Exploration results comprise all Soviet/Uzbek B, C1 & C2 resources, and P1/P2 resources to 50m depth for oxide and 3 deposits for sulphide, not yet JORC resource classified.

AGF's Proven and Probable Ore Reserves as of April 2009**(50% attributable to Oxus) are:**

- Oxide ores: 340,000 ounces gold and 4.547 million ounces silver
- Sulphide ores: 2.097 million ounces gold and 77,000 ounces silver
- Total: 2.437 million ounces gold and 4.625 million ounces silver

During the period since 1 July 2007 the principal changes with regard to the reduction of oxide reserves are a result of block model adjustments and depletion due to mining at Asaukak of 80,000 ounces of gold and 58,000 ounces of silver, and at Vysokovoltnoye by 2.372 million ounces of silver and 23,000 ounces of gold. Included in the reserves are 27,000 ounces of gold in low grade stockpiled ore at Asaukak, and 239,000 ounces of silver and 2,000 ounces of gold in stockpiled ore at Vysokovoltnoye.

With regard to sulphide reserves, there has been an overall reduction due to block model adjustments and mine design of 311,000 ounces of gold, but an increase of 77,000 ounces of silver. Included in the reserves are 27,000 ounces of gold in sulphidic tailings which will be reprocessed in the proposed sulphide plant, together with 62,000 ounces of gold and 77,000 ounces of silver in an expansion of the Asaukak open pit into sulphides.

AGF's Measured and Indicated Mineral Resources as of April 2009**(50% attributable to Oxus) are:**

- Oxides: 918,000 ounces gold and 7.753 million ounces silver
- Sulphides: 3.828 million ounces gold and 27.110 million ounces silver
- Total: 4.745 million ounces gold and 34.863 million ounces silver

During the period since 1 July 2007 the principal changes are an overall reduction, as a result of block model adjustments and depletion due to mining, of 65,000 ounces of gold and 3.178 million ounces of silver.

AGF's Inferred Mineral Resources as of April 2009**(50% attributable to Oxus) are:**

- Oxides: 709,000 ounces gold and 731,000 ounces silver
- Sulphides: 1.824 million ounces gold and 14.975 million ounces silver
- Total: 2.533 million ounces gold and 15.706 million ounces silver

Although there are changes in the Inferred Mineral Resource as a result of block model adjustments and depletion due to mining, there is an overall increase of 170,000 ounces of gold largely due to the modelling and inclusion of the Sarybatyr sulphides, which will be subject to further exploration and metallurgical testwork before upgrade to Measured and Indicated Mineral Resources and then conversion to Ore Reserve.

Exploration

The principal objective of AGF's exploration programme during 2008 has been the technical support of the sulphide BFS team with geological and geotechnical aspects of the study, as well as bulk sampling. In addition to continued evaluation and mine design work on the AGF's Severny and Centralny deposits, related studies have been carried out to increase the potential feed to the sulphide plant from additional sources.

The sulphidic tailings facility has been auger sampled and a Reserve has been established totalling 213,000 tonnes at an average grade of 3.90 g/t gold. The Asaukak deposit has been re-evaluated and an open pitable sulphide Ore Reserve has been estimated totalling 715,000 tonnes at an average grade of 2.69 g/t gold. The Sarybatyr deposit has been re-evaluated and in addition to oxide Ore Reserves of 1.61 million tonnes at an average grade of 1.88 g/t gold plus 0.65 million tonnes of 'in-pit inferred resource' at an average grade of 1.96 g/t gold, an Inferred Sulphide Resource has been estimated by AGF to total 2.31 million tonnes at an estimated average grade of 2.58 g/t gold.

Physical exploration work has included geotechnical drilling (associated with the Amantaytau Severny proposed decline), drilling to provide samples for metallurgical testwork at Amantaytau Zapadny and Vysokovoltnoye, trenching and bulk sampling of the Sarybatyr deposit and trenching in the Asaukak region.

AGF has 18 tonnes of silver doré ready to be shipped to a refinery in Switzerland.

Sarybatyr Deposit

Surface trenching and bulk sampling was carried out at the Sarybatyr deposit during the last quarter of 2008. Previous metallurgical testwork indicated gold recoveries around 70% whilst simulating a conventional cyanide leach followed by gold adsorption onto resin (resin in pulp (RIP)). However, further laboratory testwork simulating cyanide leaching in the presence of activated carbon (carbon in leach (CIL)) indicated an improvement in gold recovery to over 80%. A 12,667 tonne bulk sample with an average headgrade of 3.33 g/t was fed through AGF's plant as an 'industrial test' over a twelve day period. During the test period, gold recoveries significantly improved, averaging 90.4%. Two of the leach tanks in AGF's plant have already been converted from conventional leach to CIL, and it is planned to process oxide ore from Sarybatyr up until the time where the plant will be switched over to operate as a sulphide plant.

Asaukak Region

During the second half of 2008, surface trenching was carried out in the Asaukak region to identify extensions to already known low grade oxide mineralisation, and therefore additional oxide reserve potential for the Asaukak heap-leach project. Oxide ores from the Asaukak deposit have now been virtually mined out from the current pit design, and 1.318 million tonnes of low grade oxide ores at an average grade of 0.64 g/t gold are stockpiled ready for stacking (the higher grades having been hauled to the CIL plant for processing). It is planned to expand the Asaukak open pit to generate sulphide ores, and this may also generate a further 176,000 tonnes of oxide ore at an estimated average grade of 1.33 g/t gold.

The Northern Asaukak deposit (with Measured and Indicated Resources totalling 620,000 tonnes at an average grade of 1.55 g/t gold) and the Sredniny deposit (with Measured and Indicated Resources totalling 1.02 million tonnes at an average grade of 1.29 g/t gold) are fully explored and are now ready for final evaluation and pit design.

Trenching has been carried out to the north of Aksay, and around the Severo Vostochny, Severo Zapadny, Northern Daugystau and Western Asaukak deposits. As of the end of 2008, a total of 141 trenches (totalling 4,502 metres) have been excavated for channel sampling. 61 trenches have so far been mapped and sampled. Of the 2,343 samples taken so far, assay results have so far been received for 1,819 samples.

Assays are still outstanding from the above areas, together with umpire duplicate check analyses and selected bottle roll tests. Further trenching and sampling are required at Severo Vostochny, Severo Zapadny, North Daugystau and Western Asaukak oxide deposits. At Western Asaukak, further trench excavation commenced before the end of 2008, and the programme of trench mapping and sampling is scheduled to recommence in Q2 2009. After completion of the trenching programme, further RC drilling will be required to test the mineralization at depth, prior to resource reassessment.

Other Activity

Zeromax

During the period Zeromax, Uzbekistan's largest private sector company, acquired a further 11,533,797 shares in the Company, and now owns 68,533,797 shares, representing 17.87% of the Company's issued share capital. Zeromax also subscribed for \$6 million of the Company's unsecured convertible loan notes. These convertible loan notes, if converted, will convert into 8,534,850 new ordinary shares in the Company at a price of 37 pence per share.

Zeromax is owned by Miradil Djalalov, a Tashkent entrepreneur who founded the company in 2000. It operates in Uzbekistan through a series of joint ventures and investments in the oil and gas, mining, agriculture and textiles sectors, employing some 25,000 people, and has forged strong relationships with the Uzbek Government. On 7 January 2008, Mr Djalalov joined the board of the Company as a non-executive director.

Amantaytau Goldfields/Oxus Gold Scholarship Foundation

On 26 June 2008, at a ceremony at the Uzbek Embassy in London, the Company inaugurated the Amantaytau Goldfields/Oxus Gold Scholarship Foundation in the presence of HRH Prince Michael of Kent GCVO, who has agreed to act as Patron of the Foundation.

The Foundation has been established with the Westminster International University in Tashkent (WIUT) to award scholarships to support undergraduates and postgraduate studies at WIUT for selected students from the Navoi Province of Uzbekistan, where AGF has its mining operations. The Foundation is about to open an English Language Learning Centre in Zarafshan, the local town to AGF's operations, in order to teach English to local students and to improve the English language teaching skills of the local teachers. WIUT will manage the Learning Centre.

WIUT is unique in the region since the degrees that it awards are of the same quality and international standing as if they had been awarded by Westminster University in London. WIUT currently has 750 students from Uzbekistan and neighbouring countries, studying a variety of business and economic subjects.

Extractive Industries Transparency Initiative

In August 2008 the Company formally became a corporate supporter of the Extractive Industries Transparency Initiative (EITI). The EITI is a partnership of governments, international organisations, companies, NGOs, investors and business and industrial organisations, whose aim is to contribute to sustainable development and poverty reduction by increasing the transparency in transactions between governments and companies in the extractive industries.

As a result, for the year ended 31 December 2009 the Company intends to establish a practice of disclosing all payments made to governments via its annual financial statements and the publication in the local Uzbek press of relevant information relating to the financial management of AGF.

Board of Directors

On 7 January 2008 William Trew stepped down as Chief Executive Officer and resigned as a director of the Company. Richard Wilkins, a founder director of the Company, was appointed CEO in his place.

In addition, Miradil Djalalov, the managing director and owner of Zeromax, joined the board as a non-executive director, and John Donald joined the board as an executive director and Chief Operating Officer. John Donald, a mining engineer, was previously COO and a director of the Company until his retirement in 2004.

On 3 March 2008, Douglas Sutherland, non-executive director and acting Chairman of the Company, assumed the role of non-executive Chairman, and on 13 June 2008 Richard Shead joined the board as a non-executive director. Richard Shead, who has many years' experience in the mining industry in South Africa, was previously an executive director of the Company from June 2003 to October 2004.

At the Annual General Meeting on 5 December 2008, Douglas Sutherland, non-executive Chairman, and Gordon Wylie, non-executive director, both retired by rotation and Richard Shead assumed the role of non-executive Chairman.

On 31 January 2009, Jonathan Kipps, Finance Director and Company Secretary, resigned as a director of the Company. On 1 February 2009 Richard Shead assumed the role of executive Chairman, and James McBurney joined the board as a non-executive director. James McBurney has over twenty years' experience in the banking sector and has held senior positions at a number of global financial institutions.

With effect from 1 February 2009, the role of Finance Director has been split between Richard Thornton, a chartered accountant with more than twenty years' experience in senior level financial and commercial positions in various quoted companies, and Jyoti Chandhok, a chartered management accountant, who had worked for the previous eight years in the mining sector, primarily with AIM quoted companies. In addition, Jyoti Chandhok was appointed Company Secretary with effect from 1 February 2009.

The Company would like to express its gratitude to each of Douglas Sutherland, Gordon Wylie and Jonathan Kipps for their significant contributions during their respective terms as directors of the Company.

Financial advisers

On 22 September 2008 the Company appointed Fairfax I.S. PLC to act as its joint broker alongside Canaccord Adams Limited, and on 8 December 2008 Fairfax was appointed as the Company's nominated adviser, in place of Canaccord, who also stepped down as joint broker.

On 1 January 2009 Fox-Davies Capital Limited was appointed as joint broker alongside Fairfax.

Accounting Reference Date and change of Auditors

In order to bring its financial statements in line with AGF, the Group extended its accounting reference period by six months and is therefore publishing audited accounts for the eighteen month period ended 31 December 2008.

In May 2008 the Company appointed Deloitte LLP as auditors, replacing BDO Isle of Man.

Annual General Meeting

The Company's ninth Annual General Meeting will be held on 16 June 2009 at 11.00 am at The Washington Mayfair Hotel, 5 Curzon Street, London W1J 5HE.

Placing of convertible loan notes raises cash for working capital. Current cash balances stand at \$9 million.

Appendices to the reserves and resources tables

Appendix 1

Definitions of exploration results, resources & reserves extracted from the JORC code: (December 2004) (www.jorc.org)

Exploration Results include data and information generated by exploration programmes that may be of use to investors. The Exploration Results may or may not be part of a formal declaration of Mineral Resources or Ore Reserves.

A 'Mineral Resource' is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

An 'Inferred Mineral Resource' is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

An 'Indicated Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

A 'Measured Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and/or grade continuity.

An 'Ore Reserve' is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.

A 'Probable Ore Reserve' is the economically mineable part of an Indicated, and in some circumstances Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined.

Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

A 'Proved Ore Reserve' is the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

Appendix 2

Soviet/Uzbek (Russian) Classification of Resources and Reserves

The following description of the Russian classification of resources and reserves is from the report "Oxide resource potential of the Amantaytau-Vysokovoltnoye Orefield", prepared by P.S. Newall (BSc, PhD, CEng, MIMM), dated 16 October 2001, Ref: 61-0200. This report was prepared by CSMA Consultants Ltd, which is now Wardell Armstrong International.

In addition, an article on Russian mineral reporting by Stephen Henley reported in Mining Journal, London, August 20, 2004, provides a useful summary.

Appendices to the reserves and resources tables continued

Stephen Henley is principal of Resources Computing International Ltd

S. Henley PhD, CEng, FIMMM, FGS
Resources Computing International Ltd
Matlock, Derbyshire, UK
Stephen.henley@resourcescomputing.com

Soviet System of Resource/Reserve Classification

The former Soviet system for classification of reserves and resources, developed in 1960 and revised in 1981, is still used today in the Commonwealth of Independent States. Essentially, it divides mineral concentrations into seven categories of three major groups, based on the level of exploration performed: explored reserves (A, B, C1), evaluated reserves (C2) and prognostic resources (P1, P2, P3). The following description of the resource and reserve classification is derived from a paper by S.A. Diatchkov (1994) and has been modified by WGM to relate to currently acceptable international standards. The classifications of the reserves described by Diatchkov are those that were developed by the former USSR authorities. In principle, they follow a succession of approximations that are applied to various stages of exploration. This means that reserves are assigned to classes based on the degree of reliability of data and indicate their comparative importance for the national economy.

Reserves are classified into five main categories and designated by the symbols A, B, C1, C2 and P1. Capital letters are used to designate ores that are economic. Sometimes, the same group of letters are written in lower case (i.e. a, b, c) when the mineralisation is considered sub-economic. Alternatively, a simple classification into 'balansovye' (commercially exploitable reserves) and 'zabalansovye' (uneconomic resources) is used.

Resources and Reserves include the first four categories, A, B, C1 and C2. The categories C1 and C2 are relevant to the AGF Licence Area and are defined here.

Category C1:

The reserves in place have been estimated by a sparse grid of trenches, drillholes or underground workings. This category also includes reserves adjoining the boundaries of A and B reserves as well as reserves of very complex deposits in which the distribution cannot be determined even by a very dense sample grid. The quality and properties of the deposit are known tentatively by analyses and by analogy with known deposits of the same type. The general conditions for exploitation are partially known.

Category C2:

The reserves have been extrapolated from limited data, probably only a single hole. This category includes reserves that are adjoining A, B, and C1 reserves in the same deposit.

Classification of CIS Mineral Deposits

Deposits of solid minerals in CIS are classified into five major groups, based largely on the character and size of the deposit. The ability to define the categories of reserves depends on the deposit group in which the deposit is classified. The deposits of the AGF licence area have been classified by GKZ (State Committee for Resources) as being confined to Group 3.

Appendix 3

Competent Persons

The resources and reserves stated in this report have been compiled and approved by the following Competent Persons:

P Newall, BSc, ARSM, PhD, CEng, FIMM
Wardell Armstrong International Ltd
Wheal Jane, Baldhu, Truro, Cornwall, TR3 6EH
Tel: +44 1872 560738 Fax: +44 1872 561079
Web: //www.wardell-armstrong.com

Dr Newall, is a Consulting Geologist and Director with WAI and has practised his profession as a mine and exploration geologist for over twenty five years.

William J Charter, BSc, CGeol, FGS, CEng, MIMM

William Charter has over 30 years experience in both exploration and mining. He started working in Central Asia with the Oxus Group in 1996, and is currently Chief Geologist of Oxus Gold plc.

Directors' report

The directors present their report together with the audited financial statements for the 18 month period ended 31 December 2008.

Principal Activities and Review of Business Developments

The principal activities of the Company and its subsidiary and joint venture companies ("the Group") were the continued development of its core operations at the 50% owned Amantaytau Goldfields ("AGF") joint venture in Uzbekistan. A total of 84,566 ounces of gold and 1,718,550 ounces of silver were produced during the period from AGF's open pit mines, of which 78,716 ounces of gold and 1,414,682 ounces of silver were sold, for total revenue of \$82.9 million, with the balance held in stockpile awaiting refining. A bankable feasibility study was completed in respect of an underground mine which is expected to increase AGF's production substantially. Discussions with potential contractors and financiers are underway with regard to this underground mine.

Further information on the activities of the Group and a review of business developments are included in the Chairman's Statement and the Financial and Operating Review.

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

Results and Dividend

The results for the period are set out in the Consolidated Income Statement on page 24 and in the Company Income Statement on page 25.

The directors are not recommending the payment of a dividend in respect of the period under review (2007: \$65.69 million).

Directors and their Interests

The directors who served during the 18 month period from 1 July 2007 were:

Miradil S Djalalov	Non-executive	(appointed 7 January 2008)
John C Donald	Chief Operating Officer	(appointed 7 January 2008)
Jonathan A Kipps	Finance Director	(resigned 31 January 2009)
James R G McBurney	Non-executive	(appointed 1 February 2009)
Oliver C Prior	Non-executive	
Richard B Shead	Executive Chairman	(appointed 13 June 2008)
Douglas M Sutherland	Non-executive Chairman	(retired 5 December 2008)
William J Trew	Chief Executive Officer	(resigned 7 January 2008)
Richard V L Wilkins	Chief Executive Officer	
Gordon F Wylie	Non-executive	(retired 5 December 2008)

Douglas Sutherland served as acting non-executive chairman until 3 March 2008 and as non-executive chairman until 5 December 2008. Richard Shead served as non-executive chairman until 1 February 2009 and as executive chairman thereafter. Richard Wilkins served as an executive director and company secretary until 7 January 2008 and as chief executive officer thereafter. Jonathan Kipps served as company secretary until 31 January 2009. Jyoti Chandhok was appointed company secretary on 1 February 2009.

On 11 May 2009 the directors' interests in the equity share capital of the Company were:

	Ordinary shares	Options over ordinary shares
	Number	Number
Miradil S Djalalov	51,461	600,000
John C Donald	546,136	2,000,000
James R G McBurney	14,156	200,000
Oliver C Prior	136,984	675,000
Richard B Shead	911,630	1,709,100
Richard V L Wilkins	4,527,909	3,450,000

Miradil Djalalov is also the owner of Zeromax GmbH, which owns 68,533,797 ordinary shares in the Company.

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 Miradil Djalalov, James McBurney and Oliver Prior. All, being eligible, offer themselves for re-appointment.

Directors' report continued

Share Capital

Details of the Company's share capital are disclosed in Note 36 to the Financial Statements.

On 11 May 2009 the Company was aware of the following holdings of 3% or more in the Company's issued share capital:

	Number of shares	Percentage of the company's issued share capital
RAB Special Situations (Master) Fund Limited	105,807,113	27.58%
Zeromax GmbH	68,533,797	17.87%
The Capital Group Companies Inc	33,999,300	8.86%
L-R Managers LLC	27,751,324	7.23%
Flamborough Properties Limited	25,372,074	6.61%
TNS Investments Limited	15,159,031	3.95%
George Robinson	14,000,000	3.65%

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 and Independent Committee

The Audit and Independent Committee comprises James McBurney and Oliver Prior. James McBurney acts as Chairman. 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 the effectiveness of internal controls; to oversee the publication of reserve and resource statements to ensure compliance with best practice under the AIM rules; and to review with the Company's external auditors the scope and results of their audit. The Committee is also responsible for overseeing related party transactions.

Remuneration and Nominations Committee

The Remuneration and Nominations Committee comprises Oliver Prior and James McBurney. Oliver Prior acts as Chairman. The Committee reviews the performance of the executive directors and sets the scale and structure of their remuneration and the basis of their service agreements. In determining remuneration, the Committee seeks to enable the Company to attract and retain executives of the highest calibre. The Committee also makes recommendations to the board concerning allocation of share options to employees. The 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.

Details of the directors' remuneration are shown in Note 14 to the Financial Statements.

Directors' Indemnity

The Company has indemnified the directors and other officers of the Company against qualifying liabilities in accordance with the provisions of the Companies Act 2004, which came into effect in April 2005.

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 31 December 2008 represented 30 days of annual purchases.

Financial Risk Management and Capital Structure

Details of the Group's policies towards financial risk management and its capital structure including liquidity are disclosed in Note 44 to the Financial Statements. The Group's principal risks are summarised in the Going Concern section below and further details given in the Financial and Operating Review.

Going Concern

The Company, like most companies, has had to adapt to very difficult economic and financial conditions. These conditions have inevitably impacted the Group's business, most noticeably the ability to finance the proposed underground project at AGF, the financing for which was being arranged by The Royal Bank of Scotland. As a result of the current economic and financial conditions, this financing has been delayed, and the Company has commenced discussions with other potential financiers, including a major Chinese contracting and financing group. Discussions in this latter respect are now well advanced and the directors believe that the appropriate mandates will be signed in the near future.

The Company placed \$18.5 million of convertible loan notes in May 2008, the proceeds of which were used for general working capital, to progress the Asaukak heap leach project, and to finance initial development of the underground project. When it became apparent that the underground financing would be delayed this expenditure was curtailed and this, together with shareholder loan repayments from AGF, has allowed the Group to ensure sufficient cash resources to meet ongoing requirements. For the purposes of the Company's cash flow forecasts, it is assumed that these notes will either be refinanced or converted into equity when they fall due in May 2010 (see Note 38 to the Financial Statements), and the Company will continue to communicate as appropriate with the note holders, most of whom are also shareholders in the Company.

At 31 December 2008, the Company had breached the Nedbank loan covenants and, as a result, the whole balance due to Nedbank has been reclassified as short-term (see Note 38 to the financial statements). The breach has been notified to Nedbank.

Post year end, the Company has continued to make quarterly repayments to Nedbank against the \$20 million corporate facility, which on 11 May 2009 stood at \$3.75 million. Other than the convertible loan notes, the Company has no other debt.

The directors have also undertaken a number of measures in order to preserve cash until such time as economic and financial conditions improve. These measures include a reduction in the size of the board, all directors and senior management (including those at AGF) being paid approximately 20% of their salaries or fees in shares, rather than cash, and relocation of the Company's head office to smaller, less expensive premises. Further cost reduction measures are being pursued. At 11 May 2009, the Group's cash resources stood at approximately \$9 million,

The Company is also impacted by the ability of AGF to repay part or all of its loan to the Company, which is in turn dependent on AGF's ability to generate cash.

Operations at AGF's open pit mines are also being optimised as far as possible in order to preserve cash and improve future profitability, particularly given the delays in financing the underground project. In this regard the CIP plant has been temporarily shut down pending the issuance of the mining permit to enable the higher grade Sarybatyr ore to be mined. The documentation in respect of this permit has been submitted to the Uzbek authorities, who have indicated that it will be processed swiftly. Mining at the Vysokovoltnoye silver/gold heap leach operation has also been temporarily suspended until AGF has been able to refine and sell the significant stockpile of silver doré that has accumulated as a result of the local Almalyk refinery not being able to cope with the quantities being produced by AGF. Negotiations are also underway to convert the current open pit mining contract into a leasing arrangement so as to benefit from various advantageous tax and customs privileges.

Despite this, the refining and sale of precious metals has continued, and AGF is still expected to sell approximately 60,000 ounces of gold equivalent in 2009, as previously forecast.

The Uzbek Government, in line with many other governments around the world, has introduced various measures to assist companies during the recession, particularly those that are exporting goods. In November 2008, the Uzbek President signed a decree authorising numerous incentives and assistance programmes in this respect. AGF has therefore been working closely with the Uzbek authorities to resolve a number of issues that have been negatively impacting cash flow. This includes the recovery of some \$5.8 million in VAT owed to AGF at 31 December 2008, expected soon to be repaid or authorised for offset against other taxes, and permission to export approximately 18 tonnes of silver and gold doré, valued at approximately \$15 million, for refining in Switzerland. As a result of the accumulation of this stockpile discussions are also underway with the Almalyk refinery to increase its monthly refining capability (by bypassing the smelting furnace), and, as an alternative, with the Uzbek Government for an ongoing export permit for the refining of silver doré in Switzerland. In the light of this, the construction of AGF's proposed silver refinery has been put on hold.

Until 31 December 2008, AGF's business was classified as 'zero-rated' for VAT purposes. On 1 January 2009 this status was changed to 'exempt', meaning that AGF would no longer be able to recover its input VAT. Since this change impacts negatively on AGF's cost structure, it is expected that Oxus as a foreign investor will be able to take advantage of the provisions of the Uzbek Foreign Investment Laws, and also the UK-Uzbekistan Bilateral Investment Treaty, in order to maintain the previous VAT regime. Application has been made to the Uzbek Government in this respect.

The Company is grateful to its strategic shareholder, Zeromax, for making available an UZS 7 billion (approximately \$4.8 million) interest free working capital facility to AGF in April 2009 whilst these various issues are being resolved with the Uzbek authorities.

The directors' assumptions with regard to the refinancing or conversion of the convertible loan notes, the repayment of the Nedbank debt should the bank demand early repayment, the timing of production from the Sarybatyr deposit, the export of the stockpiled silver doré to a Swiss refinery, the recovery of VAT from the Uzbek authorities, and the reclassification of AGF's business as 'zero-rated' for VAT purposes, are integral to the Group meeting its forecast cashflows for the 12 months following the signing of these accounts. Should there be undue delay in achieving the foregoing there may be insufficient cashflow for the Group to manage its day to day operations without seeking and relying on further financing, which may or may not be available. Therefore, a material uncertainty exists which may cast significant doubt on the Group's ability to continue as a going concern and, therefore, to realise its assets and discharge its liabilities in the normal course of business.

After making suitable enquiries, and based on the current status of discussions and negotiations in respect of the foregoing, the directors have formed a judgment, at the time of approving the Financial Statements, that there is a reasonable expectation that the Group has, or will have, adequate resources to enable the Company and the Group to remain a going concern. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.



Richard Wilkins
Chief Executive Officer



Jyoti Chandhok
Company Secretary

Directors, company secretary and advisers

Richard Shead BA, CIS

Executive Chairman

Has over 20 years' experience in the mining industry in South Africa; was previously a director of the Company from June 2003 to October 2004. Joined the board in June 2008.

Richard Wilkins MA, FCA

Chief Executive Officer

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.

John Donald B Sc (Mining),

M Sc (Engineering)

Chief Operating Officer

Has over 30 years' experience in the mining industry in both production and project management; was previously a director of the Company from November 2002 to September 2004. Joined the board in January 2008.

James McBurney

Non - executive Director

Has over 20 years experience in the financial advisory and private equity sectors. Until recently served as the CEO of JNR (UK) Ltd. Joined the board in February 2009.

Miradil Djalalov

Non - executive Director

Founder of Zeromax, the Company's strategic partner and Uzbekistan's largest private sector company. Joined the board in January 2008.

Oliver Prior ACII

Non - executive Director

Over 45 years' experience in the insurance industry. Currently a senior consultant for FirstCity Partnership Limited. Joined the board in October 2004.

Contacts

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Oxus Resources Corporation

Registered Office:
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British Virgin Islands

Administration Office:

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Directors, company secretary and advisers continued

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Joint Broker

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Bankers

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Isle of Man IM99 1AU
British Isles

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to be properly prepared in accordance with IFRSs as adopted by the European Union and the Companies Act 1985.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

A resolution to reappoint the auditors of the Company, Deloitte LLP, will be proposed at the forthcoming Annual General Meeting. Deloitte LLP have expressed their willingness to continue as auditors of the Company.

All of the current directors have confirmed that:

- So far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- They have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This information is given and should be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985.

Post Balance Sheet Events

Details of post balance sheet events are provided in Note 52 to the Financial Statements.



Richard Wilkins
Chief Executive Officer



Jyoti Chandhok
Company Secretary

Independent auditors' report to the shareholders of Oxus Gold plc

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We have audited the Group and parent Company financial statements (the "financial statements") of Oxus Gold plc for the period ended 31 December 2008, which comprise the Consolidated and Company Income Statements, the Consolidated and Company Balance Sheets, the Consolidated and Company Cash Flow Statements, the Consolidated and Company Statements of Changes in Equity and the related notes 1 to 53. These financial statements have been prepared under the accounting policies set out therein.

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. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of IFRS regulations. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Operating and Financial Review that is cross referred from the Business Review section of the Directors' Report.

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

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 December 2008 and of its loss for the period then ended;
- the Parent Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the Parent Company's affairs as at 31 December 2008 and of its loss for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Emphasis of matter – Going Concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the Company's ability to continue as a going concern.

The Group's ability to continue as a going concern is dependent upon the outcome of a number of factors, including:

- The ability of the Company to refinance \$18.5 million of Convertible Loan Notes in May 2010 should the holders not convert;
- The ability of the Company to repay or renegotiate the Nedbank loan should the breach of covenants lead to Nedbank demanding immediate repayment of the outstanding amount; and
- The ability of the joint venture to repay loans to the Company which is dependent on, inter alia, the joint venture obtaining an export permit for the silver dore stockpile currently at Almalyk refinery and the necessary permit to mine and financing the Sarabatyr oxide ore deposits in the Amantaytau region.

These conditions, along with other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Deloitte LLP

Chartered Accountants and Registered Auditors

London, United Kingdom
16 May 2009

Consolidated income statement

for the 18 month period ended
31 December 2008

	Note	18 Months ended 31 December 2008		12 Months ended 30 June 2007	
		2008 US\$000	2008 US\$000	2007 US\$000	2007 US\$000
Revenue	5		5,278		2,387
Exploration and evaluation costs			(3,657)		-
Gross profit			1,621		2,387
Administrative expenses before exceptional items			(12,000)		(8389)
Exceptional items:					
Gain on sale of Norox Mining Company Limited and other assets			-		8,034
Gain on sale of investments	6		1,336		92
Total gain from the sale of investments			1,336		8,126
Legal and other costs arising from abortive 2002 financing			-		(7,347)
Net Jerooy arbitration settlement and costs	7		3,339		(2,792)
Eurogold settlement and costs	8		(8,357)		-
Impairment of Khandiza mining property	9		(28,456)		-
Impairment of goodwill in Marakand	9		(1,487)		-
Impairment in carrying value of joint venture	27		(8,548)		-
Impairment losses recognised on investments			-		(8,602)
Total exceptional costs			(43,509)		(18,741)
Share of loss from joint ventures	19		(2,272)		(3,213)
Operating loss	10		(54,824)		(19,830)
Financial income	15		2,932		2,457
Financial expense	17		(2,496)		(1,538)
Net financial income			436		919
Loss before tax			(54,388)		(18,911)
Taxation	20		-		(55)
Loss for the period/year			(54,388)		(18,966)
Attributable to:					
Equity shareholders of the parent			(54,388)		(18,908)
Minority interests			-		(58)
			(54,388)		(18,966)
Basic loss per share - US cents	22		(14.57)		(6.25)
Diluted earnings per share - US cents	22		(14.57)		(6.25)

All amounts relate to continuing operations.

Company income statement

for the 18 month period ended
31 December 2008

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		18 months ended 31 December 2008 US\$000	12 months ended 30 June 2007 US\$000
	Note		
Revenue	5	205	308
Exploration and evaluation costs		(1,526)	-
Gross (loss)/profit		(1,321)	308
Administrative expenses before exceptional items		(7,960)	(6,485)
Operating loss before exceptional items		(9,281)	(6,177)
Exceptional items:			
Legal and other costs arising from abortive 2002 financing		-	(7,347)
Eurogold settlement and costs	8	(8,357)	-
Net Jerooy arbitration settlement and costs	7	(1,661)	-
Gain on sale of investments		-	92
Impairment of investments in subsidiaries	28	(401,429)	-
Total exceptional costs		(411,447)	(7,255)
Operating loss	11	(420,728)	(13,432)
Financial income	16	3,850	3,269
Financial expense	18	(10,449)	(1,577)
Net financing costs		(6,599)	1,692
Loss before tax		(427,327)	(11,740)
Taxation	21	-	-
Loss for the period/year		(427,327)	(11,740)

Consolidated balance sheet at 31 December 2008

	Note	31 December 2008		30 June 2007	
		US\$000	US\$000	US\$000	US\$000
Non-current assets					
Intangible assets	23	-		3,068	
Property, plant and equipment	24	328		608	
Exploration and mining development properties	26	687		40,445	
Investment in joint venture	27	46,981		42,527	
Available-for-sale investments at market value	29	-		5,171	
Available-for-sale investments at cost	30	895		895	
			48,891		92,714
Current assets					
Trade and other receivables	31	16,883		14,772	
Available-for-sale investments	33	-		65,696	
Cash and cash equivalents	34	9,873		10,881	
			26,756		91,319
Total assets			75,647		184,063
Equity and liabilities					
Equity attributable to ordinary shareholders					
Share capital	36	6,425		6,104	
Share premium		113,040		105,341	
Capital reserve		22,566		20,571	
Merger reserve		34,929		34,929	
Retained earnings		(138,666)		(84,278)	
Total equity attributable to ordinary shareholders		38,294		82,667	
Minority interests		-		4,431	
Total equity		38,294		87,098	
Non-current liabilities					
Interest-bearing loans and borrowings	38	17,834		8,750	
Current liabilities					
Interest-bearing loans and borrowings	38	6,407		5,000	
AGF Phase 2 Project Development Fund	39	10,866		10,866	
Current tax liabilities		2		-	
Trade and other payables	40	2,244		6,653	
Dividend	43	-		65,696	
			19,519		88,215
Total equity and liabilities		75,647		184,063	

These financial statements were approved and authorised for issue by the board on 16 May 2009:



Richard Shead
Executive Chairman

Company balance sheet

at 31 December 2008

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	Note	31 December 2008		30 June 2007	
		US\$000	US\$000	US\$000	US\$000
Non-current assets					
Property, plant and equipment	25	3		28	
Investment in subsidiaries	28	75,726		445,129	
Investment in joint venture	27	14,098		11,693	
			89,827		456,850
Current assets					
Amounts due from Group undertakings	32	-		37,038	
Trade and other receivables	32	3,316		3,956	
Available-for-sale investments	33	-		65,696	
Cash and cash equivalents	35	8,285		10,081	
			11,601		116,771
Total assets			101,428		573,621
Equity and liabilities					
Equity attributable to ordinary shareholders					
Share capital	36	6,425		6,104	
Share premium		113,040		105,341	
Capital reserve		1,133		(862)	
Revaluation reserve		-		(29,176)	
Retained earnings		(96,155)		331,172	
Total equity			24,443		412,579
Non-current liabilities					
Interest-bearing loans and borrowings	38	17,667		8,750	
Current liabilities					
Interest-bearing loans and borrowings	38	6,250		5,000	
AGF Phase 2 Project Development Fund	39	10,866		10,866	
Amounts due to Group undertakings	41	40,297		65,687	
Trade and other payables	42	1,905		5,043	
Dividend	43	-		65,696	
			59,318		152,292
Total equity and liabilities			101,428		573,621

These financial statements were approved and authorised for issue by the board on 16 May 2009



Richard Shead
Executive Chairman

Consolidated cash flow statement

for the 18 month period ended
31 December 2008

	18 Months ended		12 Months ended	
	31 December 2008		30 June 2007	
	2008	2008	2007	2007
Note	US\$000	US\$000	US\$000	US\$000
Cash flows from operating activities				
Loss before tax for the year		(54,388)		(18,911)
Adjustments for:				
Loss attributable to joint venture		2,272	3,213	
Depreciation		283	206	
Impairment of Goodwill		4,739	-	
Impairment of mining properties and investments		34,188	2,199	
Interest payable		2,234	1,538	
Equity-settled share-based payment expenses		964	185	
Amortisation of loan issue costs		262	-	
Profit on sale of investments		(1,336)	-	
Non-cash movements in minority interests		-	469	
Salaries and bonuses converted to shares		-	50	
Other reserve movements		566	(2,620)	
Cash flows from operating activities before changes in working capital and provisions		(10,216)		(13,671)
Increase in amounts due from joint venture		(2,830)	(2,809)	
Decrease/(increase) in trade and other receivables		2,160	(1,790)	
(Decrease)/Increase in trade and other payables		(4,310)	3	
		(4,980)		(4,596)
Cash outflows from operating activities		(15,196)		(18,267)
Cash flows from investing activities				
Investment in plant and equipment		(3)	-	
Investment in exploration and mining development properties		-	(8,864)	
(Investment)/net return of investment in joint venture		(4,408)	1,335	
Sale of available-for-sale investments		6,273	285	
Costs of acquisition of Marakand Minerals Limited minority interest		(501)	-	
Net cash from investing activities		1,361		(7,244)
Cash flows from financing activities				
Proceeds from the issue of share capital		5,670	29,213	
Proceeds from issue of convertible loan notes		17,000	-	
Costs of issue of convertible loan notes		(817)	-	
Repayment of bank borrowings		(7,500)	(5,000)	
Proceeds from the sale of warrants		448	-	
Interest paid		(1,974)	(1,538)	
Net cash from financing activities		12,827		22,675
Net decrease in cash and cash equivalents		(1,008)		(2,836)
Cash and cash equivalents at beginning of period/year	34	10,881		13,717
Cash and cash equivalents at end of period/year		9,873		10,881

Company cash flow statement

for the 18 month period ended
31 December 2008

	Note	18 Months ended 31 December 2008		12 Months ended 30 June 2007	
		2008 US\$000	2008 US\$000	2007 US\$000	2007 US\$000
Cash flows from operating activities					
Loss before tax for the year		(427,327)		(11,740)	
Adjustments for:					
Depreciation		28		32	
Impairment of Group investments		401,429		-	
Interest payable		10,187		1,577	
Equity-settled share-based payment expenses		964		179	
Amortisation of loan issue costs		262		-	
Salaries and bonuses converted to shares		-		50	
Other reserve movements		566		-	
Cash flow from operating activities before changes in working capital and provisions		(13,891)		(9,902)	
Decrease in amounts due from subsidiary undertakings		-		23,278	
Decrease in amounts due from joint venture		1,442		607	
Increase in trade and other debtors		(1,500)		(244)	
Increase in amounts due to subsidiary undertakings		-		(33,257)	
Increase/(decrease) in trade and other payables		378		(468)	
			320	(10,084)	
Cash outflow from operating activities		(13,571)		(19,986)	
Cash flows from investing activities					
Investment in plant and equipment		(3)		-	
Investment in joint venture		(567)		(3,246)	
Costs of acquisition of Marakand Minerals Limited minority interest		(501)		-	
Net cash from investing activities		(1,071)		(3,246)	
Cash flows from financing activities					
Proceeds from the issue of share capital		5,670		29,213	
Proceeds from issue of convertible loan notes		17,000		-	
Costs of issue of convertible loan notes		(849)		-	
Repayment of bank borrowings		(7,500)		(5,000)	
Proceeds from the sale of warrants		448		-	
Interest paid		(1,923)		(1,577)	
Net cash from financing activities		12,846		22,636	
Net decrease in cash and cash equivalents		(1,796)		(596)	
Cash and cash equivalents at 1 July		10,081		10,677	
Cash and cash equivalents at 31 December	35	8,285		10,081	

Statement of changes in shareholders' equity - Group

for the 18 month period ended
31 December 2008

	Capital US\$000	Share premium US\$000	Capital reserve US\$000	Revaluation reserve US\$000	Merger reserve US\$000	Retained earnings US\$000	Shareholders' equity US\$000	Minority interests US\$000	Total US\$000
Balance at 1 July 2006	4,774	77,407	22,614	(3,907)	34,929	326	136,143	4,020	140,163
Losses after tax for the year	-	-	-	-	-	(18,908)	(18,908)	(58)	(18,966)
Total recognised in income and expense for the year	-	-	-	-	-	-	(18,908)	(58)	(18,966)
Shares issued in the year	1,125	23,066	-	-	-	-	24,191	439	24,630
Warrants and options exercised	5	58	-	-	-	-	63	30	93
Equity-settled share-based Payments	198	4,760	185	-	-	-	5,143	-	5,143
Conversion of directors remuneration to shares	2	50	-	-	-	-	52	-	52
Transfer to income statement	-	-	-	3,907	-	-	3,907	-	3,907
Returned warrants (note 3)	-	-	(2,228)	-	-	-	(2,228)	-	(2,228)
Dividend	-	-	-	-	-	(65,696)	(65,696)	-	(65,696)
Balance at 30 June 2007	6,104	105,341	20,571	-	34,929	(84,278)	82,667	4,431	87,098
Balance at 1 July 2007	6,104	105,341	20,571	-	34,929	(84,278)	82,667	4,431	87,098
Losses after tax for the period	-	-	-	-	-	(54,388)	(54,388)	-	(54,388)
Total recognised in income and expense for the period	-	-	-	-	-	(54,388)	(54,388)	-	(54,388)
Shares issued in the period	321	7,699	-	-	-	-	8,020	-	8,020
Equity-settled share-based payments	-	-	981	-	-	-	981	-	981
Gain on sale of warrants (note 3)	-	-	448	-	-	-	448	-	448
Acquisition of minority interests (note 48)	-	-	-	-	-	-	-	(4,431)	(4,431)
Capital portion of convertible loan notes (note 38)	-	-	566	-	-	-	566	-	566
Balance at 31 December 2008	6,425	113,040	22,566	-	34,929	(138,666)	38,294	-	38,294

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

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

Capital reserve represents the credit to equity in respect of share-based payments adjusted for foreign exchange movements together with reserves arising from the acquisition of minority interests, the capital proportion of convertible loans and historic adjustments arising from corporate reconstructions prior to the adoption of international accounting standards. The capital reserve has been restated to recognise in equity the value of returned warrants (note 3).

The revaluation reserve comprises amounts held in equity in respect of the revaluation or devaluation of available-for-sale investments. The revaluation is carried in reserves until such time that the diminution of value is considered permanent or the respective assets derecognised, at which point the reserves are recycled through the Income Statement.

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

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

Statement of changes in shareholders' equity - Company

for the 18 month period ended
31 December 2008

	Share capital US\$000	Share premium US\$000	Capital reserves US\$000	Revaluation reserves US\$000	Retained earnings US\$000	Total US\$000
Balance at 1 July 2006	4,774	77,407	1,187	(29,176)	408,608	462,800
Losses after tax for the year	-	-	-	-	(11,740)	(11,740)
Total recognised in income and expense for the year	-	-	-	-	(11,740)	(11,740)
Shares issued in the year	1,125	23,066	-	-	-	24,191
Warrants and options exercised	5	58	-	-	-	63
Equity-settled share-based payments	198	4,760	179	-	-	5,137
Conversion of directors' remuneration to shares	2	50	-	-	-	52
Returned warrants (note 3)	-	-	(2,228)	-	-	(2,228)
Dividend	-	-	-	-	(65,696)	(65,696)
Balance at 30 June 2007	6,104	105,341	(862)	(29,176)	331,172	412,579
Balance at 1 July 2007	6,104	105,341	(862)	(29,176)	331,172	412,579
Losses after tax for the period	-	-	-	-	(427,327)	(427,327)
Total recognised in income and expenses for the year	-	-	-	-	(427,327)	(427,327)
Shares issued in the year	321	7,699	-	-	-	8,020
Equity-settled share-based payments	-	-	981	-	-	981
Gain on sale of warrants (note 3)	-	-	448	-	-	448
Capital portion of convertible loan (note 38)	-	-	566	-	-	566
Transfer to income statement on impairment of investment	-	-	-	29,176	-	29,176
Balance at 31 December 2008	6,425	113,040	1,133	-	(96,155)	(24,443)

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

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

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

The revaluation reserve comprises amounts held in equity in respect of the revaluation or devaluation of available-for-sale investments. The revaluation is carried in reserves until such time that the diminution of value is considered permanent or the respective assets derecognised, at which point the reserves are recycled through the income statement.

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

Notes forming part of the financial statements

for the 18 month period ended 31 December 2008

1 General Information

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

2 Basis of Preparation and Accounting Policies

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as "the Group"). The Company financial statements present information about the Company as a separate entity and not about its Group. The Group and Company financial statements are prepared at historic cost except for the valuation of certain financial instruments, investments and assets.

These financial statements are prepared for the 18 month period to 31 December 2008, a change from the previous accounting reference date of 30 June. The comparative period is for the 12 months to 30 June 2007 and consequently these numbers may not be entirely comparable. The reason for the change of accounting reference date is that its principal investment is AGF, which operates in a country with a mandatory accounting referenced date of 31 December, and it was decided to bring the accounting reference date of Oxus Gold plc into line with its principal investment.

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

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

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

Going Concern

The Company, like most companies, has had to adapt to very difficult economic and financial conditions. These conditions have inevitably impacted the Group's business, most noticeably the ability to finance the proposed underground project at AGF, the financing for which was being arranged by The Royal Bank of Scotland. As a result of the current economic and financial conditions, this financing has been delayed, and the Company has commenced discussions with other potential financiers, including a major Chinese contracting and financing group. Discussions in this latter respect are now well advanced and the directors believe that the appropriate mandates will be signed in the near future.

The Company placed \$18.5 million of convertible loan notes in May 2008, the proceeds of which were used for general working capital, to progress the Asaukak heap leach project, and to finance initial development of the underground project. When it became apparent that the underground financing would be delayed this expenditure was curtailed and this, together with shareholder loan repayments from AGF, has allowed the Group to ensure sufficient cash resources to meet ongoing requirements. For the purposes of the Company's cash flow forecasts, it is assumed that these notes will either be refinanced or converted into equity when they fall due in May 2010 (see Note 38 to the Financial Statements), and the Company will continue to communicate as appropriate with the note holders, most of whom are also shareholders in the Company.

At 31 December 2008, the Company had breached the Nedbank loan covenants and, as a result, the whole balance due to Nedbank has been reclassified as short-term (see Note 38 to the financial statements). The breach has been notified to Nedbank.

Post year end, the Company has continued to make quarterly repayments to Nedbank against the \$20 million corporate facility, which on 11 May 2009 stood at \$3.75 million. Other than the convertible loan notes, the Company has no other debt.

The directors have also undertaken a number of measures in order to preserve cash until such time as economic and financial conditions improve. These measures include a reduction in the size of the board, all directors and senior management (including those at AGF) being paid approximately 20% of their salaries or fees in shares, rather than cash, and relocation of the Company's head office to smaller, less expensive premises. Further cost reduction measures are being pursued. At 11 May 2009, the Group's cash resources stood at approximately \$9 million,

The Company is also impacted by the ability of AGF to repay part or all of its loan to the Company, which is in turn dependent on AGF's ability to generate cash.

Operations at AGF's open pit mines are also being optimised as far as possible in order to preserve cash and improve future profitability, particularly given the delays in financing the underground project. In this regard the CIP plant has been temporarily shut down pending the issuance of the mining permit to enable the higher grade Sarybatyr ore to be mined. The documentation in respect of this permit has been submitted to the Uzbek authorities, who have indicated that it will be processed swiftly. Mining at the Vysokovoltnoye silver/gold heap leach operation has also been temporarily suspended until AGF has been able to refine and sell the significant stockpile of silver doré that has accumulated as a result of the local Almylyk refinery not being able to cope with the quantities being produced by AGF. Negotiations are also underway to convert the current open pit mining contract into a leasing arrangement so as to benefit from various advantageous tax and customs privileges.

Despite this, the refining and sale of precious metals has continued, and AGF is still expected to sell approximately 60,000 ounces of gold equivalent in 2009, as previously forecast.

The Uzbek Government, in line with many other governments around the world, has introduced various measures to assist companies during the recession, particularly those that are exporting goods. In November 2008, the Uzbek President signed a decree authorising numerous incentives and assistance programmes in this respect. AGF has therefore been working closely with the Uzbek authorities to resolve a number of issues that have been negatively impacting cash flow. This includes the recovery of some \$5.8 million in VAT owed to AGF at 31 December 2008, expected soon to be repaid or authorised for offset against other taxes, and permission to export approximately 18 tonnes of silver and gold doré, valued at approximately \$15 million, for refining in Switzerland. As a result of the accumulation of this stockpile discussions are also underway with the Almylyk refinery to increase its monthly refining capability (by bypassing the smelting furnace), and, as an alternative, with the Uzbek Government for an ongoing export permit for the refining of silver doré in Switzerland. In the light of this, the construction of AGF's proposed silver refinery has been put on hold.

Notes forming part of the financial statements

for the 18 month period ended 31 December 2008

2 Basis of Preparation and Accounting Policies continued

Until 31 December 2008, AGF's business was classified as 'zero-rated' for VAT purposes. On 1 January 2009 this status was changed to 'exempt', meaning that AGF would no longer be able to recover its input VAT. Since this change impacts negatively on AGF's cost structure, it is expected that Oxus as a foreign investor will be able to take advantage of the provisions of the Uzbek Foreign Investment Laws, and also the UK-Uzbekistan Bilateral Investment Treaty, in order to maintain the previous VAT regime. Application has been made to the Uzbek Government in this respect.

The Company is grateful to its strategic shareholder, Zeromax, for making available an UZS 7 billion (approximately \$4.8 million) interest free working capital facility to AGF in April 2009 whilst these various issues are being resolved with the Uzbek authorities.

The directors' assumptions with regard to the refinancing or conversion of the convertible loan notes, the repayment of the Nedbank debt should the bank demand early repayment, the timing of production from the Sarybatyr deposit, the export of the stockpiled silver doré to a Swiss refinery, the recovery of VAT from the Uzbek authorities, and the reclassification of AGF's business as 'zero-rated' for VAT purposes, are integral to the Group meeting its forecast cashflows for the 12 months following the signing of these accounts. Should there be undue delay in achieving the foregoing there may be insufficient cashflow for the Group to manage its day to day operations without seeking and relying on further financing, which may or may not be available. Therefore, a material uncertainty exists which may cast significant doubt on the Group's ability to continue as a going concern and, therefore, to realise its assets and discharge its liabilities in the normal course of business.

After making suitable enquiries, and based on the current status of discussions and negotiations in respect of the foregoing, the directors have formed a judgment, at the time of approving the Financial Statements, that there is a reasonable expectation that the Group has, or will have, adequate resources to enable the Company and the Group to remain a going concern. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

a Standards, Amendments and Interpretations to Published Standards not yet effective.

At the date of authorisation of these consolidated financial statements, the IASB and IFRIC have issued the following standards and interpretations which are effective for annual accounting periods beginning on or after the stated effective date. These standards and interpretations are not effective for and have not been applied in the preparation of these consolidated financial statements:

- IAS 1: Presentation of Financial Statements (Revised 2007) (effective as of 1 January 2009)
- IAS 23: Borrowing Costs (Revised 2007) (effective as of 1 January 2009)
- IAS 27: Consolidated and Separate Financial Statements (Amended) (effective as of 1 July 2009)
- IFRS 2: Share-Based Payments: Vesting conditions and Cancellations (Amended) (effective as of 1 January 2009)
- IFRS 3: Business Combinations (Revised) (effective as of 1 July 2009) includes an amendment to the treatment of minority interests (renamed non-controlling interests), amendments to the calculation of goodwill, a change to the method of accounting for acquisitions in stages, amendment to the accounting for contingent consideration and changes to the recognition and measurement of certain assets and liabilities
- IFRS 8: Operating Segments (effective as of 1 January 2009)
- IFRIC Interpretation 12: Service Concession Arrangements (effective as of 1 January 2008)
- IFRIC Interpretation 13: Customer Loyalty Programmes (effective as of 1 July 2008 – not yet endorsed by the EU)
- IFRIC Interpretation 14: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective as of 1 July 2008 – not yet endorsed by the EU)
- IFRIC Interpretation 15: Agreements for the Construction of Real Estate (effective as of 1 January 2009 – not yet endorsed by the EU)
- IFRIC Interpretation 16: Hedges of a Net Investment in a Foreign Operation (effective as of 1 October 2008 – not yet endorsed by the EU)
- IFRIC Interpretation 17: Distributions of non-cash assets to owners (effective 1 July 2009, not yet endorsed by the EU).
- IFRIC Interpretation 18: Transfers of assets from customers (effective 1 July 2009, not yet endorsed by the EU).
- Amendments to IAS32 Financial Instruments: Presentation and IAS1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (effective for beginning on or after 1 January 2009). This amendment is still to be endorsed by the EU
- Amendments to IFRS1 and IAS27 Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective for accounting periods beginning on or after 1 January 2009). These amendments are still to be endorsed by the EU
- Eligible Hedged Items (Amendment to IAS 39 Financial Instruments: Recognition and Measurement). Entities shall apply the amendment retrospectively for annual periods beginning on or after 1 July 2009. This amendment is still to be endorsed by the EU.

The directors anticipate that the adoption of these standards and interpretations will not have a material impact on the Group's financial statements in the period of initial adoption with the exception of IAS23: Borrowing Costs (Revised) which will require interest incurred in respect of long-term development projects to be capitalised within the relevant project and of IFRS 3: Business Combinations (Revised), which will require transaction costs arising on business combinations to be expensed to the income statement as opposed to the existing treatment of capitalisation, in the event that acquisitions are undertaken.

b Basis of Consolidation

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

c Business Combinations

The consolidated financial statements incorporate the results of business combinations using the purchase method. The acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. Where the fair value of consideration paid exceeds the fair value of the identifiable assets, liabilities and contingent liabilities acquired the resulting difference is classified as goodwill and presented as a non-current intangible asset. Where the fair value of consideration paid is lower than the fair value of identifiable assets, liabilities and contingent liabilities acquired the difference is classified as 'negative goodwill'. Goodwill arising from business combinations is assessed for impairment (policy 'm' below).

The results of acquired operations are included in the consolidated income statement from the date on which control is obtained.

Notes forming part of the financial statements

for the 18 month period ended 31 December 2008

2 Basis of Preparation and Accounting Policies continued

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

d Joint Ventures

A joint venture is an entity in which the Group holds a long term interest and shares joint control over the strategic, financial, and operating decisions with one or more other venturers under a contractual arrangement

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

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

The Group assesses at each balance sheet date whether there is objective evidence that its investment in jointly controlled entities is impaired. The processes adopted for the impairment review are set out in accounting policy (m) below.

e Revenue

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

Costs are incurred which are attributable to the management services provided are expensed in the period incurred and are included within exploration and development costs and are expensed prior to determining gross profit.

f Foreign Currency

In accordance with IAS21, transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which it operates (the functional currency) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are similarly recognised immediately in the income statement. The presentational currency for the Group consolidated financial statements is the US dollar. This is also the functional and presentational currency of the Company and is considered by the board also to be appropriate for the purposes of preparing the Group financial statements.

g Classification of Financial Instruments Issued by the Group

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

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

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

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

h Trade and other Receivables

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

i Property, Plant and Equipment

Property, plant and equipment are stated at cost less any subsequent accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

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

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

Notes forming part of the financial statements

for the 18 month period ended 31 December 2008

2 Basis of Preparation and Accounting Policies continued

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

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

j Financial Assets – Available for sale Investments

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

k Exploration and Mining Development Properties

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

l Exploration and Mining Development Properties (Continued)

Once a decision is made to proceed with the development of a mining project, further expenditure on exploration and mining development properties, other than that on buildings, machinery and equipment which are capitalised under 'property, plant and equipment', is capitalised under non-current assets as mining properties, together with any amount transferred from exploration and mining development properties. Mining properties are amortised over the estimated life of the reserves on a 'unit of production' basis. Where the projects are at the exploratory stage, have not yet been granted a license or are determined not to be commercially viable the related costs are written off to the income statement. Mining properties are amortised over the estimated life of the reserves on a 'unit of production' basis as defined in the feasibility study and when brought into production.

m Impairment of Non-Financial Assets

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

n Intangible Assets

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

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

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

Mining and other licenses- Lower of the period of the licence or commercial life of the project

o Cash and Cash Equivalents

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

p Other Financial Liabilities

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

q Interest-bearing Loans and Borrowings

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

r Pensions

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

s Employee Bonus

Employee costs include bonus payments made to certain directors and employees based upon predetermined performance targets set by the Group. Any such bonus payments directly attributable to the exploration and mining development properties or the mining properties are capitalised against the carrying values of such assets until commercial production commences where such costs are amortised on the same basis as the exploration and mining development properties. Bonus payments made to employees in respect of the sale of the Jeroo assets in 2007 have been offset against the profit of sale arising from this disposal. All other bonus payments are expensed in the income statement as incurred.

Notes forming part of the financial statements

for the 18 month period ended 31 December 2008

t Share-based Payment Transactions

The Company awards share options to certain Company directors and Group employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a binomial option valuation model for options granted before 19 May 2008 and a Black-Scholes model for options granted on or after this date, both models taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest only where vesting is dependent upon the satisfaction of service and non-market vesting conditions or where the vesting periods themselves are amended by the introduction of new schemes and the absorption of earlier schemes by agreement between the Company and the relevant employees. Where options granted are cancelled all future charges arising in respect of the grant are charged to the income statement on the date of cancellation.

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

u Provisions

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

v Finance Lease Payments

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

w Convertible Loan Notes

The liability component of convertible loan notes is recognised as a liability in the balance sheet net of transaction costs. The corresponding interest on those loans is charged as interest expense in the income statement.

On issuance of a convertible loan, the fair value of the liability component is determined using a market rate for an equivalent non convertible loan and this amount is classified as a financial liability measured at amortised cost until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs where these are significant. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible loans based on the allocation of proceeds to the liability and equity components when the instruments are first recognized. Where the amount of transaction costs attributable to the conversion option is insignificant all transaction costs are allocated to the liability element.

x Operating Leases

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

y Financing Costs

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

z Exceptional Items

Exceptional items are those significant items which are separately disclosed by virtue of their size and incidence to enable a full understanding of the financial performance. Transactions which may give rise to exceptional items are principally gains and losses on the sale of investments, impairment charges relating to major mining properties, investments in subsidiary undertakings and the results and costs relating to litigation.

aa Taxation

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Notes forming part of the financial statements

for the 18 month period ended 31 December 2008

3 Restatement of the Accounting Treatment of Returned Warrants in the Company

In the 2007 financial statements the Company accounted for the return of warrants to subscribe for shares in the Company, as a financial asset of the company. A value of \$2,228,000 was attributed to the asset with a corresponding credit being taken to trade and other payables to reflect the increased amounts payable in respect of the settlement. The transaction took place in the 2006 financial year.

The return of the warrants arose from the terms of a court order to reinstate previously cancelled warrants pursuant to litigation in respect of the 2002 abortive financing exercise as explained within the 2007 financial statements. The court order provided for the return of the warrants to the plaintiff also offering the plaintiff an alternative of receiving a higher cash award rather than to receive the benefit of the reinstated warrants. The plaintiff opted to take the cash alternative and the warrants were returned to the company.

The Company reconsidered this treatment in the light of the general prohibition set out in paragraph 33 of IAS32 that a company may not recognize a profit or a loss in respect of its own equity instruments. The Company amended its treatment of the returned warrants in 2007 and recognized the value of these warrants as a deduction from the capital reserve of the Company.

Effect on Equity of the restatement:	\$000
Derecognition of the financial asset	(2,228)
Deduction from the capital reserve	2,228

4 Accounting Estimates and Judgments

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

Capitalised Mining Costs and Mining Resources

The recovery of the value of the Group's exploration and development mining properties together with the value of similar properties held within the Group's joint-venture is reviewed in the light of future production estimates, the price of gold, achievable operating and capital costs and ongoing geological studies. Over the longer term the actual mineable resources achieved may vary significantly from the current estimates. The Group periodically updates estimates of reserves, resources and ore-grades in respect of its exploration and mining development properties and of its recognised value of its joint-venture operation and assesses those for indicators of impairment relating to its capitalised costs.

Base of Mining Operations

The Group's primary base of mining operations is in Uzbekistan. The laws relating to commercial operations, taxation and future dividend payments are still under development and there may be unforeseen changes to the operating and fiscal environment. The financial statements have been prepared on the assumption that no significant adverse changes to the economic, regulatory and fiscal environment will arise. These risks are also discussed in note 44.

Mining Licences

The issue of mining licenses in Uzbekistan has been under review for a number of years. In 2006 all previously issued mining licenses in Uzbekistan were withdrawn and a letter issued by Gosgortekhnadzor (State Industries and Mine Inspectorate) on 26 December 2006 granting AGF the right to mine for an unlimited period of time was issued in its place, and similarly to all other existing mining companies in Uzbekistan. The resolution of a meeting at the Cabinet of Ministers on 2 March 2009 requested Gosgortekhnadzor to prepare all the relevant documents for the issuance of the new mining license to AGF. The financial statements have been prepared on the assumption that the relevant licenses will be issued.

Carrying Values of Property, Plant and Equipment.

The Group monitors internal and external indicators of impairment relating to its property, plant and equipment. Management has considered whether any indicators of impairment have arisen over certain assets relating to these assets. After assessing these, management has concluded that no impairment has arisen in respect of these assets during the period and subsequently since 31 December 2008. The value of these assets is also subject to the same risks as affect capitalised mining costs and mining resources.

Useful lives of Intangible Assets, Exploration and Development Mining Properties, Mining Properties and Property, Plant and Equipment

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

Impairment of Tangible and Intangible Assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets, including property, plant and equipment, mining properties, and investments in joint-ventures to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money, the projected value of gold and silver and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Notes forming part of the financial statements

for the 18 month period ended 31 December 2008

4 Accounting Estimates and Judgments continued

In determining the fair value certain estimates are used including production estimates, sustainability of the relevant project, country risk as reflected in the relevant discount rate, gold prices and the continuity of mining licenses. These estimates may differ to a material extent to the actual conditions experienced in future periods.

Fair Value of Financial Instruments

The Group determines the fair value of financial instruments that are not quoted, based on estimates using present values or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Where market prices are not readily available, fair value is either based on estimates obtained from independent experts or quoted market prices of comparable instruments. In that regard, the derived fair value estimates cannot be substantiated by comparison with independent markets and, in many cases, could not be realised immediately.

Income Taxes and Withholding Taxes

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

Legal Proceedings and Contractual Disputes

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

Share-Based Payments

In order to calculate the charge for share-based payments as required by IFRS2, the Group makes estimates principally relating to assumptions used in its option-pricing model as set out in note 37.

Notes forming part of the financial statements

for the 18 month period ended 31 December 2008

5 Segmental Analysis

A segment is a distinguishable component of the Group that is engaged in providing products or services in a particular business sector (business segment) or in providing products or services in a particular economic environment (geographic segment), which is subject to risks and rewards that are different in those other segments. The Group operated in the period in one segment, the mining and production of gold and other precious metals, and in one principal geographic area: Uzbekistan. Accordingly all activities for the period to 31 December 2008 relate to a single activity within a single market.

In 2007 the Group operated within one market but two geographic areas: Uzbekistan and Kyrgyzstan. In 2007 the Group sold its operations in Turkey and Romania together with the Jeroo assets and operations in Kyrgyzstan. No significant operating activities took place in Romania or Turkey in the year or in the previous year.

The Company only operated in the United Kingdom in support of its operations in Uzbekistan and all activities are in respect of mining operations.

	Uzbekistan Group 2007 US\$000	Kyrgyzstan Group 2007 US\$000	Not allocated Group 2007 US\$000	Total Group 2007 US\$000
Revenue - Management services	5,278	-	-	5,278
	Uzbekistan Group 2007 US\$000	Kyrgyzstan Group 2007 US\$000	Not allocated Group 2007 US\$000	Total Group 2007 US\$000
Revenue - Management services	2,387	-	-	2,387
Segmental result	(1,035)	5,272	(20,854)	(16,617)
Interest receivable	-	-	2,457	2,457
Interest payable and similar charges	-	-	(1,538)	(1,538)
Share of profit from joint ventures	(3,213)	-	-	(3,213)
Income taxes	(3)	-	(52)	(55)
Loss for the year attributable to minority interests	58	-	-	58
Loss attributable to equity shareholders	(4,193)	5,272	(19,987)	(18,908)
Segmental assets	96,394	-	89,897	186,291
Segmental liabilities	(15,355)	-	(86,099)	101,454
Net assets	81,039	-	3,798	84,387
Expenditure on exploration and mining development properties	-	8,864	-	8,864
Depreciation of plant and equipment	-	174	32	206
Impairment charges	8,602	-	-	8,602

6 Gain on Sale of Investments - Group

During the period the Group sold its remaining Kazakhgold Group Limited GDRs at a profit of \$578,000 and also sold its shares in Eurogold Limited at a profit of \$758,000. Proceeds were \$6,273,000. Both investments were classified as 'available-for-sale'.

7 Jeroo Arbitration Claim - Group

The Group has settled its arbitration claim against the Kyrgyz Republic under the United Kingdom - Kyrgyz Republic Bilateral Investment Treaty. The Group received compensation of \$5,000,000 offset by additional legal costs of \$1,661,000.

Notes forming part of the financial statements

for the 18 month period ended 31 December 2008

8 Eurogold

Group and Company

On 19 February 2008, the Company reached agreement with Eurogold Limited ("Eurogold") and its wholly owned subsidiary Eurogold Holdings ("Bermuda") Limited ("EHBL") to settle the proceedings commenced in 2006 by Eurogold and EHBL.

The proceedings were commenced following the company's decision to terminate its purchase agreement with Eurogold for its Ukrainian gold assets. As previously disclosed, the Company believed, at termination, that a material adverse change had occurred to the business and assets of EHBL from what it understood the position to be when it entered into the agreement.

Under the terms of the settlement, the Company paid Eurogold A\$7.95 million (US\$7.2 million) comprising a combination of cash and the issue of shares in the Company.

	US\$000
The charge to the income statement is comprised of:	
Legal settlement (cash)	6,174
Legal settlement (shares)	1,074
Legal fees and associated costs	1,109
	8,357

9 Impairment of Khandiza Mining Property and Goodwill

	2008 Group US\$000
Group	
Khandiza project (note 26)	28,456
Goodwill and other Marakand assets net of minority interest acquired	1,487
Total impairment in respect of investment in Marakand Minerals Limited	29,943

The Group has made a full provision against the carrying value of its investment in the Khandiza project as, during the period, it has become increasingly uncertain whether the Group will be invited to participate in the future development of this asset. The Group has also provided in full against goodwill (\$4,739,000) and other assets (\$1,179,000) held in respect of Marakand Minerals Limited net of minority interests (\$4,431,000) acquired on 18 October 2007.

The previous amounts included in the revaluation reserve that relate to the Company's investment in Marakand Minerals have been charged to the income statement in accordance with group policy.

10 Operating Loss

	2008 Group US\$000	2007 Group US\$000
This has been stated after charging/(crediting) :		
Direct costs – Oxides project	752	-
Direct costs – Sulphides project	691	-
Depreciation of plant and equipment	283	206
Gain on sale of investments	(1,511)	-
Impairment of investments	-	8,602
Impairment of mining properties and related assets	29,943	-
Settlement of Jerooy arbitration claim	(3,339)	-
Settlement of Eurogold claims	8,357	7,347
Other litigation	600	963-
Foreign exchange loss	89	223
Equity-settled share-based payments expense	964	218
Operating leases		
- property	1,099	287
- plant and equipment	14	16
Auditor's remuneration		
- audit services	158	108
- other services	-	2

Notes forming part of the financial statements

for the 18 month period ended
31 December 2008

11 Operating Loss

	2008 Company US\$000	2007 Company US\$000
This has been stated after charging:		
Direct costs – Oxides project	629	-
Direct costs – Sulphides project	322	-
Depreciation of plant and equipment	28	32
Settlement of Eurogold claims	8,357	3,603
Other litigation	671	588
Equity-settled share-based payments expense	964	146
Foreign exchange loss	89	201
Operating leases		
- property	1,070	272
Auditor's remuneration		
- audit services	75	80
- other services	-	2

12 Staff Numbers and Costs (including directors)

	2008 Group Number	2007 Group Number
The average number of employees in the period/year was:		
Support, operations and technical	7	17
Administration	5	12
	12	29
	US\$000	US\$000
The aggregate payroll costs for these persons were:		
Wages and salaries (including directors' emoluments)	3,867	3,041
Social security, medical and life assurance	167	101
Payments in lieu of pension	255	317
Other benefits	455	51
Share-based payment expense	788	218
	5,532	3,728

13 Staff Numbers and Costs (including directors)

	2008 Company Number	2007 Company Number
The average number of employees in the period/year was:		
Support, operations and technical	4	17
Administration	5	12
	9	29
	US\$000	US\$000
The aggregate payroll costs for these persons were:		
Wages and salaries (including directors' emoluments)	1,975	1,283
Social security, medical and life assurance	162	151
Payments in lieu of pension	89	93
Other benefits	-	39
Share-based payment expense	788	146
	3,014	1,712

Notes forming part of the financial statements

for the 18 month period ended
31 December 2008

14 Directors' Remuneration

	2008 US\$000	2007 US\$000
Wages and salaries (including bonus and benefits)	3,027	2,414
Social security	84	66
Payments in lieu of pension	255	317
Share-based payment expense	548	159
	3,914	2,956
The emoluments of the chairman were:	133	94
The emoluments of the highest paid director were:	833	777

The remuneration, details of share options and interests in the Company's shares of each director is shown in the directors' report on page 16.

Name		Salary \$000	Other Compensation \$000	Bonus \$000	Total \$000
Douglas M Sutherland	2008	133	-	-	133
Gordon Wylie	2008	99	11	-	110
John Donald	2008	389	94	-	483
Jonathan A Kipps	2008	635	110	80	825
Miradil Djalalov	2008	54	-	-	54
Oliver Prior	2008	99	2	-	101
Richard Shead	2008	35	-	-	35
Richard V L Wilkins	2008	648	104	80	833
William Trew	2008	286	169	90	545

Name		Salary \$000	Other Compensation \$000	Bonus \$000	Total \$000
Douglas M Sutherland	2007	58	-	31	89
Gordon Wylie	2007	54	-	54	108
John Donald	2007	-	-	-	-
Jonathan A Kipps	2007	342	79	234	655
Miradil Djalalov	2007	-	-	-	-
Oliver Prior	2007	60	-	21	81
Richard Shead	2007	-	-	-	-
Richard V L Wilkins	2007	332	80	234	646
William Trew	2007	403	94	280	777

Remuneration for 2008 represents an 18 month period. Remuneration for 2007 represents a 12 month period.

From 1 October 2008 all the directors elected to receive approximately 20% of their salaries in shares of the Company, rather than cash.

Other Compensation represents payments in lieu of pension contributions, private medical insurance and life assurance. The Company offers no other benefits in kind. Also included in respect of William Trew is a payment for compensation for loss of office of \$157,164.

The bonus was paid in the 6 month period to 31 December 2007. No bonus has been declared or paid in calendar year 2008.

15 Financial Income – Group

	2008 US\$000	2007 US\$000
Interest receivable from Joint Venture	2,642	2,228
Interest receivable – other	290	229
	2,932	2,457

Notes forming part of the financial statements

for the 18 month period ended
31 December 2008

16 Financial Income – Company

	2008 US\$000	2007 US\$000
Interest receivable from Joint Venture	1,512	1,486
Interest receivable from subsidiary undertakings	2,093	1,590
Interest receivable – other	245	193
	3,850	3,269

17 Financial Expenses – Group

	2008 US\$000	2007 US\$000
Interest payable – bank loans	1,294	1,538
Interest payable – convertible loan	940	-
Amortisation of loan issue costs	262	-
	2,496	1,538

18 Financial Expenses – Company

	2008 US\$000	2007 US\$000
Interest payable – bank loans	1,243	1,491
Interest payable – convertible loan	940	-
Amortisation of loan issue costs	262	-
Interest payable to subsidiary undertakings	8,004	86
	10,449	1,577

19 Share of Loss from Joint Ventures

The Group's joint venture operations are conducted through Amantaytau Goldfields AO ("AGF"). The information disclosed below shows the amounts attributable to the Group and has been extracted from the latest audited financial statements for AGF dated 31 December 2007 together with the unaudited management accounts of AGF dated 31 December 2008. See note 27 and the Financial and Operating Review on page 3 for further information. The information shown below is for the 18 month period ended 31 December 2008 and year ended 30 June 2007

	2008 Group US\$000	2007 Group US\$000
Revenue	43,290	18,885
Operating loss before exceptional costs	(617)	(3,213)
Exceptional Costs	(1,453)	-
Operating loss	(2,070)	(3,213)
Taxation	(202)	-
Loss after tax	(2,272)	(3,213)
Dividend paid	-	-
Net earnings retained	(2,272)	(3,213)

Revenue comprises the Group's share of the proceeds that AGF received for the sale of gold and precious metals. Further details of production, sales and achieved prices are included within the Financial and Operating Review on page 3. All known taxation liabilities for the year have been included above (also see note 44 for a discussion of the tax risks).

Notes forming part of the financial statements

for the 18 month period ended
31 December 2008

20 Taxation

	2008 Group US\$000	2007 Group US\$000
Recognised in the Income Statement		
Current tax expense	-	(55)
Deferred tax expense	-	-
Total tax charge	-	(55)
Reconciliation of effective tax rates		
Loss before tax	(54,388)	(18,911)
Tax using the domestic rate of corporation tax of 28% (2007 - 30%)	(15,229)	(5,673)
Effect of:		
Expenses not deductible for tax purposes	240,599	11,430
Income and losses not charged to tax	(229,443)	-
Accelerated capital allowances in excess of depreciation and other timing differences	3	5
Losses carried forward	4,070	-
Other adjustments	-	(5,817)
Tax charge for the year	-	(55)

The Group has trading losses available for offset against future income of approximately \$19.6 million (2007: \$7.7 million), \$5.5 million at the Company's corporation tax rate of 28% (2007: \$2.3 million).

21 Taxation

	2008 Company US\$000	2007 Company US\$000
Recognised in the income statement		
Current tax expense	-	-
Deferred tax expense	-	-
Total tax charge	-	-
Reconciliation of effective tax rates		
Loss before tax	(427,327)	(11,740)
Tax using the domestic rate of corporation tax of 28% (2007 - 30%)	(119,652)	(3,522)
Effect of:		
Expenses not deductible for tax purposes	115,809	3,072
Accelerated capital allowances in excess of depreciation and other timing differences	3	5
Losses carried forward	3,840	-
Other adjustments	-	445
Tax charge for the year	-	-

The Company has trading losses available for offset against future income of approximately \$18.8 million (2007: \$4.9 million), \$5.3 million at the Company's corporation tax rate of 28% (2007: \$1.5 million).

Notes forming part of the financial statements

for the 18 month period ended
31 December 2008

22 Loss Per Share

The calculation of the basic loss per share is based upon the net loss after tax and minority interests attributable to ordinary shareholders of US\$ 54,388,000 (2007 - a loss of US\$18,908,000) and a weighted average number of shares in issue for the year of 371,731,589 (2007- 302,578,528).

	2008 Group	2007 Group
Basic loss per share (cents)	(14.57)	(6.25)
Loss attributable to equity shareholders	(\$54,388,000)	(\$18,908,000)
	Number	Number
Weighted average number of shares in issue	373,257,305	302,578,528

Diluted earnings per share

The diluted loss per share is the same as the basic loss per share as the loss for the period and for 2007 has an anti-dilutive effect.

23 Intangible Assets

	2008 Goodwill Group US\$000	2007 Goodwill Group US\$000
Balance at 30 June	3,068	3,068
Arising on the acquisition of the balance of the Marakand minority interest (note 49)	1,671	-
Impairment charge recognised in the period (note 9)	(4,739)	-
Balance at 31 December	-	3,068

The goodwill arose as the result of the acquisition of the Marakand Minerals Limited minority interest. The carrying value of the goodwill has been reviewed for potential impairment, and the goodwill is now considered to be fully impaired. The review was conducted in accordance with accounting policy 2(m) and note 9.

Notes forming part of the financial statements

for the 18 month period ended
31 December 2008

24 Property, Plant and Equipment – Group

	Mining equipment US\$000	Office furniture & equipment US\$000	Total US\$000
Cost			
At 1 July 2006	5,262	165	5,427
Additions	-	-	-
Disposals	(4,413)	-	(4,413)
At 30 June 2007	849	165	1,014
At 1 July 2007	849	165	1,014
Additions	-	3	3
Disposals	-	(14)	(14)
At 31 December 2008	849	154	1,003
Depreciation			
At 1 July 2006	99	101	200
Charge for the year	170	36	206
At 30 June 2007	269	137	406
At 1 July 2007	269	137	406
Charge for the period	255	28	283
Disposals	-	(14)	(14)
At 31 December 2008	524	151	675
Net book value			
At 31 December 2008	325	3	328
At 30 June 2007	580	28	608

Assets with a cost of \$849,000, accumulated depreciation of \$524,000 and a net book value of \$325,000 are held under finance leases. No assets have been revalued.

Notes forming part of the financial statements

for the 18 month period ended
31 December 2008

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25 Property, Plant and Equipment – Company

	Office furniture and equipment US\$000
Cost	
At 1 July 2006 and 30 June 2007	151
Additions	-
Disposals	-
At 1 July 2007	151
Additions	3
Disposals	-
At 31 December 2008	154
Depreciation	
At 1 July 2006	91
Charge for the year	32
At 30 June 2007	123
At 1 July 2007	123
Charge for the period	28
At 31 December 2008	151
Net book value	
At 31 December 2008	3
At 30 June 2007	28

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

26 Exploration and Mining Development Properties

	Kyrgyzstan Jerooy Group US\$000	Uzbekistan Amantaytau Group US\$000	Uzbekistan Aristantau and Balpantau Group US\$000	Uzbekistan Khandiza Group US\$000	Total Group US\$000
Cost					
At 1 July 2006	50,198	11,302	687	28,456	90,643
Additions	8,864	-	-	-	8,864
Disposals	(59,062)	-	-	-	(59,062)
At 30 June 2007	-	11,302	687	28,456	40,445
At 1 July 2007	-	11,302	687	28,456	40,445
Impairment of mining rights	-	(436)	-	(28,456)	(28,892)
Transfer to interests in joint venture (note 27)	-	(10,866)	-	-	(10,866)
At 31 December 2008	-	-	687	-	687

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

Under Uzbek law the Group has obtained the rights to the licenses for the development of Aristantau and Balpantau. The issue of these licenses is expected.

Notes forming part of the financial statements

for the 18 month period ended
31 December 2008

27 Investment in Joint Venture

	Investment Group US\$000	Loans Group US\$000	Total Group US\$000
Cost			
At 1 July 2006	23,213	23,862	47,075
Group's share of losses (note 19)	(3,213)	-	(3,213)
Amounts advanced	-	6,330	6,330
Amounts repaid	-	(7,665)	(7,665)
At 30 June 2007	20,000	22,527	42,527
At 1 July 2007	20,000	22,527	42,527
Group's share of Losses (note 19)	(2,272)	-	(2,272)
Adjustment to carrying value of investment (see below)	(8,548)	-	(8,548)
Expenditure transferred from exploration and mining development properties (note 26)	10,866	-	10,866
Amounts advanced	-	4,408	4,408
At 31 December 2008	20,046	26,935	46,981

The interest in joint venture is the Group's 50% attributable interest in AGF. The Group has recognised in retained earnings cumulative profit after tax of \$12,305,800 (2007 - \$14,578,000) in respect of the joint venture. The loans are categorised as loans and receivables. At the balance sheet date none of the loans are past due but not impaired.

The value of the Group's investment in AGF has been subject to an impairment review by determining the recoverable amount using 'value in use' calculations. The key assumptions are those regarding the discount rates, gold price and the successful completion of the project. All these are discussed in more detail in the Directors' Report.

Management estimates discount rates using pre-tax rates of 10% that reflects market assessments, time value of money and risks specific to the project.

The Group has conducted sensitivity analyses on the impairment test of the investment carrying value using discount rates of up to 20% which indicates sufficient headroom available. Using a gold price sensitivity of the forward curve, there is also no indication of impairment.

Investment	Country of incorporation	Type of shares held	% Held 2008	% Held 2007	Accounting reference date
Amantaytau Goldfields AO	Uzbekistan	Ordinary	50%	50%	31 December
Further information in respect of AGF (50% share)					
					2008 Group US\$000
Non-current assets					2007 Group US\$000
Exploration and mining development properties					6,214
Mining properties					14,942
					7,275
					27,197
Current assets					18,579
					5,020
Total assets					39,735
					39,492
Non-current liabilities					(8,466)
Current liabilities					(18,964)
					(12,425)
					(12,490)
Total liabilities					(27,430)
					(24,915)
Net assets					12,305
					14,577
Amounts charged to AGF:					
Fees for management and technical services					4,772
Interest					2,287
					2,642
					2,229
					7,414
					4,516
Amounts due from AGF:					
Investment loan account					26,935
Trade and other debtors					15,064
					12,232
					41,999
					34,759

At 31 December 2008 AGF have a liability to the Group in respect of unpaid dividends of \$3.0 million (2007: 3.0 million). This dividend is included within the Group's investment in AGF.

Notes forming part of the financial statements

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27 Investment in Joint Venture continued

AGF had committed and contracted capital commitments of \$1.8 million at 31 December 2008.

The contingent liabilities of AGF at 31 December 2008 are set out in note 51. The general risks of operating in Uzbekistan are discussed in note 44.

Included in the disclosure of AGF's net assets in 2007 was the group's cost of investment of \$ 5.423 million. This analysis has been restated.

Further information in respect of AGF:

	Loans Company US\$000
Cost	
At 1 July 2006	8,447
Amounts advanced	3,246
At 30 June 2007	11,693
At 1 July 2007	11,693
Amounts advanced	2,405
At 31 December 2008	14,098

The loans are categorised as loans and receivables. At the balance sheet date none of the loans are past due but not impaired.

Further information in respect of AGF:

	2008 Company US\$000	2007 Company US\$000
Amounts charged to AGF:		
Interest	1,512	1,486
Amounts due from AGF:		
Investment loan account	14,098	11,693
Trade and other debtors	1,539	2,981
	15,637	14,674

AGF had committed and contracted capital commitments of \$1.8 million at 31 December 2008.

The contingent liabilities of AGF at 31 December 2008 are set out in note 51. The general risks of operating in Uzbekistan are discussed in note 44.

28 Investment in Subsidiaries

	2008 Company US\$000	2007 Company US\$000
At 1 July	445,129	445,129
Investment – Marakand minerals Limited (note 48)	2,850	-
Impairment provision - Marakand Minerals Limited	(31,969)	-
Impairment provision – Oxus Holdings (Malta) Limited	(340,284)	-
At 31 December (2007: 30 June)	75,726	445,129

In the period the Company recognised full impairment of its investment in Marakand Minerals Limited which owns the Khandiza project. The Company has also adjusted the value of its investment in Oxus Holdings (Malta) Limited to match the carrying value of the Group's investment in AGF, given that AGF is the only investment of Oxus Holdings (Malta) Limited. Financial models in respect of AGF's operations, using a discount rate of 10% pre-tax and gold prices of \$850/oz have been prepared and the board is satisfied that the Group's share of the resultant net present values exceed the current carrying value of the investment. The exceptional charge to the Company income statement also includes an amount of \$29,176,000 transferred from the revaluation reserve. The impairment charge is a result of a fundamental change in the key assumptions due to changing market conditions, particularly in respect of discount rates and commodity prices during the current period which have necessitated the write down.

As discussed in note 27 impairment models have been sensitised for discount rates of up to 20% gold prices of the forward price curve. Whilst the value in use still indicates sufficient headroom to gold price sensitivities using a discount rate of 15% or 20% will reduce the headroom significantly.

All of the impairment losses were recognised in the income statement. All impairment losses relate to the Group's sole business segment, mining operations in Uzbekistan.

Notes forming part of the financial statements

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

Subsidiary	Registered	Holding
Oxus Holdings (Malta) Limited	Malta	100%
Marakand Minerals Limited	Guernsey	100%

The following companies are subsidiary undertakings of Oxus Holdings (Malta) Limited:

Oxus Resources Corporation	British Virgin Islands	100%
Oxus Mining Supplies Limited	Isle of Man	100%

The following Company is a subsidiary undertaking of Oxus Resources Corporation:

Oxus Services Limited	England	100%
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The following Company is a subsidiary undertaking of Oxus Mining Supplies Limited:

Oxus Delaware LLC	Delaware, USA	100%
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The following Company is a subsidiary undertaking of Marakand Minerals Limited:

Khandiza Services Limited	Uzbekistan	100%
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29 Available-for-sale Investments

	2008 Group US\$000	2007 Group US\$000
At 1 July	5,171	3,348
Additions	-	4,307
Disposals	(5,171)	(285)
Adjustment to market fair value	-	(2,199)
At 31 December	-	5,171

Analysis of investments held:

Eurogold Limited	-	864
KazakhGold Group Limited Global Depositary Receipts	-	4,307
	-	5,171

During the period the Group sold its investments in Kazakhgold and Eurogold.(note 6)

30 Available-for-sale Investments at Cost

	2008 Group US\$000	2007 Group US\$000
At 1 July 2006 and 31 December 2008	895	895

Analysis of investments held:

Rosehill Energy Limited	895	895
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Rosehill Energy Limited is unlisted and incorporated in the Isle of Man. The Group holds 12.5 million ordinary shares representing 11.24% of the total capital of the Company.

Since the year end Tethys Petroleum Limited (a company listed on the Toronto Stock Exchange) has acquired Rosehill's operating subsidiary. The Group received 1,685,772 shares valued at approximately Canadian dollars 0.50 in Tethys, in exchange for its Rosehill shares. 50% of these shares are subject to a no-sale lock-up for 6 months from 9 April 2009 and 50% for 12 months. The Tethys offer valued the Group's shareholding in Rosehill provisionally at US\$ 1.1million at the date of the offer; however the final outcome will depend upon the value of the Tethys shares after the expiry of the 'lock up' arrangements. The investment is held at cost being the Group's best estimate of the consideration shares taking into account the higher cost value of the Tethys shares and restriction on the Group's ability to dispose of the shares.

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31 Trade and Other Receivables

	2008 Group US\$000	2007 Group US\$000
Trade debtors	91	674
Amounts due from joint venture (note 27)	15,064	12,232
Amounts due from related party	1,356	-
Other debtors	90	1,857
Prepayments	282	9
	16,883	14,772

The amounts due from related party comprise amounts due, adjusted for interest, from Zeromax GmbH in respect of monies due to the Group from the issue of convertible loan notes (note 38). The trade and other receivable balances are categorised as loans and receivables. At the balance sheet date none of the trade and other receivable balances is past due but not impaired.

32 Trade and Other Receivables

	2008 Company US\$000	2007 Company US\$000
Trade debtors	64	281
Amounts due from Group undertakings	-	37,038
Amounts due from joint venture (note 27)	1,539	2,981
Amounts due from related party	1,356	-
Other debtors	75	694
Prepayments	282	-
	3,316	40,994

The amounts due from related party comprise amounts due, adjusted for interest, from Zeromax GmbH in respect of monies due to the Group from the issue of convertible loan notes (note 38). The trade and other receivable balances are categorised as loans and receivables. At the balance sheet date none of the trade and other receivable balances is past due but not impaired.

33 Current Assets – Available for Sale Investments

	2008 Group and Company US\$000	2007 Group and Company US\$000
At 1 July		-
Additions at fair value	-	68,353
Adjustment to market value on 22 June 2007	-	(2,657)
Disposal as dividend in specie		(65,696)
At 31 December	-	-

The investment comprised 3,321,344 KazakhGold Group Limited's GDRs received as consideration for the sale of Norox Mining Company Limited and certain assets to KazakhGold Group Limited. These GDRs were allocated to the payment of a dividend in specie to the shareholders of the Company. The GDRs were valued at the market price of these securities on 22 June 2007, the record date for the dividend.

34 Cash and Cash Equivalents

	2008 Group US\$000	2007 Group US\$000
Cash at bank	1,873	800
Bank deposits	8,000	10,081
	9,873	10,881

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

Notes forming part of the financial statements

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35 Cash and Cash Equivalents

	2008 Company US\$000	2007 Company US\$000
Cash at bank	285	-
Bank deposits	8,000	10,081
	8,285	10,081

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

36a Authorised Share Capital

	Group and Company Number 2008	Group and Company Number 2007	Group and Company US\$000 2008	Group and Company US\$000 2007
Ordinary shares of £0.01	600,000,000	400,000,000	8,687	8,000

36b Issued and Fully Paid Share Capital

	Group and Company Number 2008	Group and Company Number 2007	Group and Company US\$000 2008	Group and Company US\$000 2007
At 1 July	365,399,173	298,120,198	6,104	4,774
Stock options exercised (1)	66,666	206,667	1	5
Warrants exercised (2)	5,000,000	10,000,000	100	198
Other shares issued	8,752,225	57,000,000	175	1,125
Marakand Minerals Limited (3)	2,221,621	-	45	-
Conversion of directors remuneration to shares	-	72,308	-	2
At 31 December 2008 and 30 June 2007	381,439,685	365,399,173	6,425	6,104

1. Arising from the Company's employee share option schemes.
2. In the period all of the Company's outstanding warrants in respect of 5,000,000 ordinary shares were exercised at the warrant strike price of £0.1525.
3. In the period the Company issued 2,221,621 ordinary shares in consideration for the acquisition of the minority interest in Marakand Minerals Limited at a price of £0.5225. See also note 49.

Capital Structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital and details of employee share schemes are shown above. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company. There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Company's Articles of Association, the Combined Code, the Companies Acts and related legislation. The directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

The convertible loan note issued by the Company could result in a maximum number of new ordinary shares being issued of 26,315,798, see also note 38. Share options outstanding at 31 December 2008 could result in the issue of a maximum of 16,961,000 ordinary shares, see also note 37. These shares, if issued, will rank pari passu with existing ordinary shares.

37 Share Options

	Number of options 2008	Exercise price GBP 2008	Number of options 2007	Exercise price GBP 2007
At 1 July	9,747,666		12,599,333	
Granted in period	785,000	£0.54	100,000	£0.54
Granted in period	8,720,000	£0.25	-	-
Granted in period	400,000	£0.2225	-	-
Granted in the period	600,000	£0.165	-	-
Exercised in period	(33,333)	£0.235	-	-
Exercised in period	(33,333)	£0.225	(66,667)	£0.225
Exercised in period	-	-	(140,000)	£0.12
Lapsed in period	(225,000)	£0.54	(40,000)	£0.54
Cancelled in period	(3,000,000)	£0.54	(2,705,000)	£0.54
At 31 December and 30 June	16,961,000		9,747,666	

Notes forming part of the financial statements

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37 Share Options continued

All the options granted are defined under IFRS2 as being equity-settled. 31 December 2008 the number of options which were exercisable was 7,657,667. Options exercised had a weighted average market price of £0.23.

All options issued by Marakand Minerals Limited were exercised or lapsed during the period following the acquisition of the minority interests in Marakand Minerals Limited by the Group.

Options which have vested are determinable by length of service conditions. The remaining options (9,303,333) have been issued in respect various exercise conditions including length of service and the commencement of production at AGF's Sulphides operation.

The Black Scholes Model has been used to determine the fair-value of the share-based payments in the period. In 2007 a binomial model was used. The change to the Black Scholes model is considered to be better suited to the determination of current unvested options which will vest only upon the commencement of production at AGF's Sulphides operation. The inputs into the Black Scholes are as follows:

Oxus Gold PLC share options

Option price (GBP)	Average grant date share price (GBP)	Average expected volatility (% pa)	Average risk-free interest rate (% pa)	Average dividend yield (% pa)	Average implied option life (years)	Average fair value per option (GBP)	Amount expensed in the 2008 accounts (\$'000)
£0.165	£0.110	70%	3.5%	0.0%	1.9	£0.029	4
£0.250	£0.250	90%	5.0%	5.0%	1.2	£0.083	649
£0.540	£0.547	61%	4.4%	5.0%	2.2	£0.195	180
£0.620	£0.610	45%	4.3%	5.0%	1.4	£0.177	13
Adjustment for changes in assumptions in respect of vesting conditions, cancellations							118
Total charge for the period (2007 - \$218,000)							964
Foreign exchange movement							17
Credit to capital reserve							981

On 9 February 2009 the Company issued further options over 2,749,100 ordinary shares expected to vest in an average of 1.47 years, with a life of five years and an exercise price of £0.15. In the period the Company issued share options exercisable at £0.25 in respect of 5,900,000 shares to directors of the Company. Further details of share options held by directors are disclosed in the Directors Report on page 16.

38a Interest-bearing Loans and Borrowings

	Current Group US\$000 2008	Current Group US\$000 2007	Non-current Group US\$000 2008	Non-current Group US\$000 2007
Convertible loan notes	-	-	17,667	-
Lease finance	157	-	167	-
Nedbank Corporate Loan Facility	6,250	5,000	-	8,750
	6,407	5,000	17,834	8,750

Interest-bearing loans and borrowings

	Current Company US\$000 2008	Current Company US\$000 2007	Non-current Company US\$000 2008	Non-current Company US\$000 2007
Convertible loan notes	-	-	17,667	-
Nedbank Corporate Loan Facility	6,250	5,000	-	8,750
	6,250	5,000	17,667	8,750

On 14 May 2008 the Company completed a placement of 8.0% unsecured convertible loan notes in units of \$250,000 each at par, due May 2010 (the "Notes"), for gross proceeds of \$18.5 million. The Notes are convertible into new ordinary shares of the Company at a price of 37 pence per share converted at a fixed exchange rate in accordance with the terms of the contract. At the holder's option, the Notes may be converted on the earlier of a written request from the holder to convert, or first drawdown on the project finance facility to construct the underground sulphides project at AGF. The Notes will be redeemed on 14 May 2010 if not converted. If all the Notes are converted, the maximum number of new shares that would be issued is 26,315,789. An amount of \$566,000 has been recognised in equity representing the fair-value of the element of the convertible loan notes allocated to the option to convert. The amount outstanding on the loan notes on 12 May 2009 was \$17.2 million.

Notes forming part of the financial statements

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38a Interest-Bearing Loans and Borrowings continued

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 3 month LIBOR. The loan is secured on the Group's shares in, and loans to, AGF, and other subsidiary company shares and loans. The losses incurred by the Group have resulted in a technical breach of the loan covenants, in particular the interest cover and debt service cover covenants, agreed with Nedbank at the inception of the loan. The Company continues to service the loan under its normal terms and there has been no request from Nedbank for early settlement. As a result of these breaches the Group and Company have classified the non-current proportion of the loan of \$1.25 million, representing the final instalment, as a current liability.

The amount outstanding on the Nedbank loan on 14 May 2009 was \$3.75 million.

The lease finance is in respect of mining equipment owned by a Group company. The lease finance is repayable by quarterly instalments ending on 30 November 2010. The interest rate is fixed at 7.7%. Based on the repayment dates on these leases, the difference between the minimum lease payment and present value of the lease payments is not considered to be material for the Group.

38b Effective Interest Rates and Repricing Analysis

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

	Effective Interest rate	Group & Company Total US\$000 2008	Group & Company Current US\$000 2008	Group & Company 1-2 Years US\$000 2008	Group & Company 2-5 Years US\$000 2008
Cash at bank and other deposits	0.5%	9,873	9,873	-	-
Convertible loan notes	8.0%	17,667	-	17,667	-
Nedbank Corporate Loan Facility	3.8%	6,250	6,250	-	-
Finance lease (Group only)	7.7%	324	157	167	-

	Effective Interest rate	Group & Company Total US\$000 2008	Group & Company Current US\$000 2008	Group & Company 1-2 Years US\$000 2008	Group & Company 2-5 Years US\$000 2008
Cash at bank and other deposits	0.5%	8,285	8,285	-	-
Convertible loan notes	8.0%	17,667	-	17,667	-
Nedbank Corporate Loan Facility	3.8%	6,250	6,250	-	-

The fair-value of the income-earning financial assets and the interest-bearing financial liabilities is not materially different from the values attributed to these items in the financial statements. The contractual cash flows, including interest, arising in respect of interest-bearing borrowings for both Group and Company are:

	Total US\$000 2008	Current US\$000 2008	1-2 Years US\$000 2008	2-5 Years US\$000 2008
Convertible loan notes (unconverted)	20,720	1,480	19,240	-
Nedbank Corporate Loan Facility	6,428	5,166	1,262	-

The lease finance (Group only) is repayable in quarterly instalments of \$44,000 until 30 November 2010.

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39 AGF Phase 2 Project Development Fund

	Group and Company US\$000 2008	Group and Company US\$000 2007
AGF Phase 2 Project Development Fund	10,866	10,866

At 31 December 2008 the Phase 2 Project Development Fund was \$10,866,379 (2007 - \$10,866,379). AGF signed a hedge gold off-take agreement with various lending banks in April 2003. As a result AGF sold gold at prices below the market price of gold. The fund represents the Uzbek Government's share of the lost revenue to be settled by the Company.

The Company originally committed to transfer the monies to the fund over the period to May 2008. Discussions are ongoing with the Uzbek Government with a view to determining new deferred payment terms. The Company continues to recognise the fund as a current liability. The Group no longer enters into any form of hedging arrangement in respect of gold prices.

40 Trade and other Payables

	2008 Group US\$000	2007 Group US\$000
Trade creditors	1,041	2,804
Other creditors	25	3,781
Accruals	1,178	68
	2,244	6,653

The directors consider that there is no material difference between the fair values and book values of Trade and other payables.

41 Amounts due to Group Undertakings

	2008 Company US\$000	2007 Company US\$000
Loan notes issued to Oxus Resources Corporation	35,978	65,687
Other group liabilities	4,319	-
	40,297	65,687

The loan notes were issued to Oxus Resources Corporation on 22 June 2007, the loan notes are unsecured and carry a coupon based upon 6 months US\$ LIBOR. The loan notes are redeemable in whole or in part on or after 22 June 2008 at the Company's option or upon receiving one month's notice of redemption from the loan note holder. It is not the intention of either the Company or Oxus Resources Corporation to redeem all or part of the loan notes in the foreseeable future.

42 Trade and other Payables

	2008 Company US\$000	2007 Company US\$000
Trade creditors	758	2,299
Other creditors	-	2,672
Accruals	1,147	72
	1,905	5,043

The directors consider that there is no material difference between the fair values and book values of Trade and other payables.

43 Proposed Dividend

	2008 Group and Company US\$000	2007 Group and Company US\$000
Dividend in specie (see note 33)	-	65,696

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

Notes forming part of the financial statements

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44 Risk and Sensitivity Analysis

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

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

Foreign Currency Risk

Foreign exchange risk arises due to the Group's primary revenues being in US dollars whilst the principal operating costs incurred by its joint venture operation in Uzbekistan are denominated in the Uzbek local currency which is the principal functional currency of this operation.

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

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

Liquidity Risk

Liquidity risk is monitored by the Group to ensure that the Group has sufficient resources to meet its financial obligations as they fall due.

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

The board monitors its liquidity requirements through monthly management accounts, periodic cash flow forecasts and weekly statements of liquidity. Further details in respect of the Group's and Company's principal exposure in respect of investment loans and trade and other receivables is set out in note 27.

Market Operational Risks

The Group operated primarily in Uzbekistan (2007: Uzbekistan and Kyrgyzstan - see note 5). The nature of the Group's investments requires the commitment of significant funding through its investment in joint-venture operations and exploration and evaluation expenditure in Uzbekistan. It is the nature of mining operations that each project is long-term. It may be many years before the exploration and mining development properties held either directly by the Group or through investment in joint venture operations are proven to be viable and for progress to reach commercial production. To control these risks the board arranges for the provision of technical support, directly or through appointed agents, to these mining development operations and also commissions technical research and feasibility studies both prior to entering into these commitments and subsequently in the life of these projects.

There also exists a risk that the market perception of the relevant market risk discount rate used in the assessment of asset values in Uzbekistan might increase.

Market Price Risk

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

Credit Risk

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

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

Fair Value and Cash Flow Interest Rate Risk

The Group utilises or intends to utilise fixed and variable rate loans. The board intends to repay all variable rate borrowings within one year. The Group's principal fixed rate borrowing are the convertible loan notes issued in the period. The board sets a policy for each material borrowing dependent upon the prevailing market conditions and the terms available in respect of each particular financial instrument and the interest rates attaching thereto. The board seeks to achieve an appropriate balance of exposure to these risks. An analysis of the effect of interest rate movements in respect of the Group and Company borrowings is set out below:

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Interest Rate Table

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's and the Company's loss before tax through the impact on floating rate borrowings which comprise only the Nedbank loan facility. There is no impact on the Group's equity.

	Change in rate	Effect US\$000
Nedbank loan facility	+ 0.5%	(31)
	+ 1.0%	(62)
	+ 1.5%	(94)
Nedbank loan facility	- 0.5%	31
	- 1.0%	62
	- 1.5%	94

45 Commitments and contingencies

Uzbekistan Taxation contingencies

(i) Inherent uncertainties in interpreting tax legislation

The Group, through its joint venture operations, is subject to uncertainties relating to the determination of its tax liabilities.

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

(ii) Possible additional tax liabilities

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

(iii) Known tax disputes

In 2006 the Uzbek Government introduced two decrees that removed the tax privileges previously granted to AGF, the Group's joint venture operation. As a result, AGF is currently operating under the regular Uzbek tax regime. On 1 January 2009 the VAT regime for precious metal exporting companies was changed from zero-rated to exempt, affecting AGF's ability to recover its input VAT. AGF's legal advisers maintain that AGF is protected under Uzbek law from adverse changes to its investment environment until 2010, and AGF is applying to the relevant authorities, based on the 10 year legal protection, to have some of these privileges confirmed or reinstated as applicable, including the continued application of the zero-rated VAT regime. AGF has recognised a receivable in respect of VAT totalling \$5.8 million relating to input VAT recoverable up to 31 December 2008.

(c) Insurance

AGF has the following principal insurance policies in place:

- (i) All Risks Physical Loss or Damage on plant and equipment including loss consequent upon such damage;
- (ii) All Risks on gold, silver and other precious metals in whatever form whilst in transit or storage in Uzbekistan and during shipment to the final purchaser overseas;
- (iii) Public and Employers' Liability in respect of operations in Uzbekistan and ex-patriate and local employees.

During 2008, AGF changed from insuring these risks with policies directly into the London market, to insuring them with a major Uzbek insurance company, which in turn has a direct re-insurance of the AGF policies with the London market in order to comply with new Uzbek insurance laws.

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

(d) Environmental Contingencies

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

Notes forming part of the financial statements

for the 18 month period ended
31 December 2008

46 Operating Leases

	2008 Group US\$000	2007 Group US\$000
Non-cancellable operating lease liabilities are as follows:		
Less than one year	284	306
Between one to two years	370	298
Between three and five years	660	744
Over five years	220	-
	1,534	1,348

Operating Leases

	2008 Company US\$000	2007 Company US\$000
Non-cancellable operating lease liabilities, which are not discounted, are as follows:		
Non-cancellable operating lease liabilities are as follows:		
Less than one year	110	306
Between one to two years	220	298
Between three and five years	660	744
Over five years	220	-
	1,210	1,348

47 Capital Commitments

The Group and the Company had no capital commitments outstanding at 31 December 2008.

AGF had committed and contracted capital commitments of \$1.8 million at 31 December 2008.

48 Guarantees made on behalf of the AGF Joint Venture

On 4 July 2005 the Company guaranteed \$643,000 to Atlas Copco Customer Finance AB for hire purchase payments on two drill rigs acquired by AGF over a five year period to November 2010. There is no difference between cost and current fair value.

49 Acquisition

Marakand Mineral Limited

On 18 October 2007 the Company announced that it had made an offer to acquire the shares of the minority shareholders of Marakand Minerals Limited ("MML"), which was listed on the London Alternative Investment Market, representing 15.96% of the ordinary share capital of MML that it did not then own. This offer was accepted.

The terms of the offer were 0.135 ordinary shares in the Company to be exchanged for every 1 MML share held. On 18 October 2007 the closing price of the Company's ordinary shares was £0.5225 which valued the offer at £0.074 for each MML share. The market price of the MML shares on 18 October 2007 was £0.0588 per share. The fair values on 18 October 2007 of the proportion of identifiable net assets and liabilities acquired were as follows:

	Book Value US\$000	Fair Value Adjustment US\$000	Fair Value US\$000
Feasibility Studies	1,503	-	1,503
Trade and other receivables	1	-	1
Trade and other payables	(49)	-	(49)
Cash and cash equivalents	1	-	1
Acquisition on Group minority interest	(277)	-	(277)
Net identifiable assets and liabilities	1,179	-	1,179
Consideration shares			2,349
Costs and fees			501
Total consideration			2,850
Goodwill (see note 23)			1,671

The goodwill arising on acquisition has been fully impaired following a reassessment of the Group's ability to obtain the relevant mining licenses. See also notes (9) and (23).

Notes forming part of the financial statements

for the 18 month period ended 31 December 2008

50 Contingent Asset

In May 2007 the Group disposed of its interests in Kyrgyzstan (the Jerooy project), Turkey and Romania to KazakhGold Group Limited. KazakhGold is contracted to pay additional consideration of up to \$80 million conditional upon KazakhGold or a nominee acquiring a license to mine, or acquiring a Company or entity that has the benefit of a license to mine, the Jerooy deposit and commencing development or production at this site.

No amounts have been recognised in these financial statements for this contingent asset. There have been no changes to this position known to the Company.

51 Contingent Liabilities

A former director, William Trew, is suing the Company for £175,000 plus interest alleged to be outstanding under the terms of a settlement agreement governing his resignation in December 2007. The claim is being vigorously defended on the basis that Mr Trew was in breach of an express term of the agreement by failing to assist the Company in the Eurogold legal proceedings in which he was a principal witness, and which the proceedings were later settled out of court. The Company has filed a counterclaim claiming a sum of £118,600 which had already been paid under the agreement, and damages for breach of contract.

MAED Limited, a Company in which Mr Trew has a material beneficial interest, has brought a claim against the Company for an amount of \$374,000 plus interest, alleging that it is entitled to an early completion bonus under a contract relating to the construction of a plant at AGF during 2003 and 2004. The Company is vigorously defending the claim and believes that it has no merit.

52 Post-balance Sheet Events

On 10 April 2009 the Group's strategic partner, Zeromax, made available a loan facility of 7 billion Uzbek soums (approximately \$ 4.8 million) to AGF. The loan facility is unsecured, interest free and repayable on 1 March 2010.

On 6 February 2009 the Company issued warrants to subscribe for 2,500,000 shares at £0.15 per share to both Fairfax IS plc and Fox-Davies Capital Limited as part of their remuneration for 2009. Fairfax is the nominated adviser and broker to the Company and Fox-Davies Capital Limited is joint broker.

53 Related Party Transactions

	2008 US\$000	2007 US\$000
Key Management personnel salaries and benefits		
Salaries	237	-
Other benefits	3	-
Share-based payments	75	-
	315	-
	Coupon	Accrued
	2008	interest
	US\$000	2008
		Total
		2008
		US\$000
Interests in the Company's convertible loan notes		
RAB Special Situation (Master) Fund Limited	6,000	63
Zeromax GmbH	4,500	89
		6,063
		4,589

Since the year-end Zeromax GmbH has paid a further \$1.3 million in respect of the convertible loan notes previously subscribed for.

In the period Zeromax GmbH also provided a loan of \$3.0 million to the Company. This was converted to 6,030,151 ordinary shares in the Company on 29 April 2008.

60 Notice of Annual General Meeting

Notice is hereby given that the ninth Annual General Meeting of Oxus Gold plc (the "Company") will be held at The Washington Mayfair Hotel, 5 Curzon Street, London W1J 5HE on 16 June 2009 at 11.30 a.m. for the purpose of considering and if approved, passing, the following resolutions, all of which will be proposed as ordinary resolutions:

1. To receive the Directors' Report and audited accounts for the 18 month period ended 31 December 2008, together with the report of the auditors on those accounts.
2. To re-elect Mr James McBurney as a director of the Company.
3. To re-elect Mr Miradil Djalalov as a director of the Company.
4. To re-elect Mr Oliver Prior as a director of the Company.
5. To re-appoint Deloitte LLP as auditors of the Company to hold office from the conclusion of the Meeting until the conclusion of the next Annual General Meeting at which audited accounts are laid before the Meeting.
6. To authorise the Directors to fix the remuneration of the Auditors.

16 May 2009

By Order of the Board

Registered Office:
52 Charles Street
London W1J 5EU

J Chandhok Secretary

Notes

1. A member is entitled to appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member. If a member wishes to appoint more than one proxy then the proxy form may be photocopied.
2. A Form of Proxy is provided with this Notice for members. Completion and return of the Form of Proxy will not prevent a member from attending the meeting and voting in person. To be effective, the Form of Proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy of such authority) must be received by post or (during normal business hours only) by hand at the Company's registrars, Capita Registrars PLC, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, UK not less than 48 hours before the time of the holding of the meeting or any adjournment thereof. Completion and posting of the Form of Proxy will not preclude shareholders from attending and voting at the meeting should they wish to do so.
3. Pursuant to Regulation 41(1) of the Uncertificated Securities Regulations 2001 (2001 No. 3755), the Company has specified that only those members registered on the register of members of the Company at 6.00p.m. on 14 June 2009 (or, if the meeting is adjourned, at 6.00p.m. on the day two days prior to the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the register of members after the relevant time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
4. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.
5. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Services Authority. As a result, any member holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Services Authority.
6. Copies of the service agreements and letters of appointment between the Company and its Directors will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays, Sundays and Bank Holidays excluded) until the date of the meeting and also on the date and at the place of the meeting from 10.30a.m. until the conclusion of the meeting.

Explanatory Notes to the Resolutions

Resolution 1: Report and Accounts

The Directors present to shareholders at the Annual General Meeting the Directors' Report and Accounts and the Auditors' Report for the 18 months ended 31 December 2008.

Resolutions 2 to 4: Re-election of Directors

James McBurney who was appointed on 1 February 2009, retires in accordance with the Company's articles of association and offers himself up for re-election. Miradil Djalalov and Oliver Prior are retiring by rotation at the Annual General Meeting in accordance with the Company's Articles of Association, and are offering themselves for re-election. All members of the Board are required to submit themselves for re-election at least once every three years. [Brief biographical details of each of the Directors standing for re-election appear on page • of the annual report and accounts.]

Resolutions 5 & 6: Re-appointment and remuneration of Auditors

The Company is required at each general meeting at which accounts are presented to appoint auditors to hold office until the next such meeting. Deloitte LLP have indicated their willingness to continue in office. Accordingly, resolution 5 reappoints Deloitte LLP as auditors to the Company and resolution 6 authorises the Directors to fix their remuneration.

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