



news release

For immediate release: 22 October 2007

OXUS GOLD PLC

LONDON: 22 October 2007 – Oxus Gold Plc, (“Oxus”) (OXS.L) is pleased to report that its 84% owned subsidiary, Marakand Minerals Limited (“Marakand” or the “Company”) has today issued a statement announcing the convening of an Extraordinary General Meeting (“EGM”) to amend its Articles of Association to enable Oxus to compulsorily acquire those ordinary shares of Marakand which it does not currently own. Extracts from the Marakand EGM circular are repeated here for the benefit of the Oxus shareholders.

Extract from Extraordinary General Meeting Circular

Proposed Amendment to the Articles

Introduction

The board of Marakand announces that it has convened an Extraordinary General Meeting on 12 November 2007 to propose an amendment to the Articles of Association of the Company (“Articles”) to enable Oxus Gold plc to compulsorily acquire the 16,459,073 ordinary shares of Marakand (“Ordinary Shares”) which it does not currently own (“Remaining Shares”) in exchange for new Oxus ordinary shares. The Remaining Shares represent approximately 15.96 per cent. of Marakand’s issued share capital. Assuming the resolution is passed at the EGM and following completion of the acquisition Oxus intends to cancel admission of the Ordinary Shares on AIM.

Background to the Proposal

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

The Khandiza deposit contains, above a 2 per cent. zinc cut off, a JORC classified and audited Measured and Indicated Resource containing 11.8Mt at an average grade of 7.66 per cent. zinc, 3.65 per cent. lead, 0.91 per cent. copper, 129 g/t silver and 0.38 g/t gold, plus an Inferred Resource containing 2.6Mt at an average grade of 5.36 per cent. zinc, 2.81 per cent. lead, 0.65 per cent. copper, 161 g/t silver and 0.38 g/t gold.

Marakand obtained its interest in Khandiza under the Primary Exploration Agreement. The Primary Exploration Agreement was originally entered into on 14 December 1996 between Goscomgeology (the State Committee of Geology and Mineral resources for the Republic of Uzbekistan) and Oxus Resources Corporation (“ORC”), which assigned it to Oxus Services Limited (“OSL”) on 1 July 2002.

The Primary Exploration Agreement provides Marakand, together with Oxus and ORC, with rights to conduct geological prospecting, prepare a feasibility study and negotiate with Goscomgeology regarding the obtaining of an exploration licence and the development of mining operations on the Khandiza deposit.

The feasibility study was satisfactorily completed and submitted to the Uzbek Government as scheduled in October 2004. Subsequent progress on the project has been limited. In August 2006, the Uzbek Government issued Presidential Decree 442, transferring the rights to develop the Khandiza deposit and related assets from Goscomgeology to the State-owned

Almalyk Mining and Metallurgical Combinat. Since then, Marakand has been seeking to clarify the nature of its continued role in the project with the Uzbek Government, but has had no response.

With the further passage of time, and difficulties in engaging with the Uzbek Government, it appears increasingly unlikely that Marakand will be involved in the future development of the Khandiza deposit.

In the event that Marakand has no future role in the Khandiza project, and in light of the disposal of its exploration assets in Turkey, announced on 26 April 2007, Marakand would become a dormant company with no activities. However Marakand remains the owner of the rights to the feasibility study and the environmental and social impact assessment undertaken in relation to the Khandiza project, together with associated geological exploration data, results of all technical and engineering studies and financial analyses carried out subsequent to June 1996. As at 30 June 2007, the book value of these studies was US\$9,405,000.

Following the various cost control measures which have been implemented since January 2007, Marakand now has no full time employees. William Charter and Oliver Prior are directors of Marakand and will continue to be directors of Marakand until Marakand is de-listed from AIM.

Marakand has today announced, in respect of the year ended 30 June 2007, a loss before tax of approximately US\$19.4 million, after writing off approximately US\$19.1 million in respect of the Khandiza project. Net assets at 30 June 2007 amounted to approximately US\$9.4 million.

Reasons for the Proposal

Oxus wishes to acquire the Remaining Shares, both to simplify the structure of the Oxus group and eliminate unnecessary costs.

To do this Marakand has called the EGM to amend the Articles to insert a provision enabling a shareholder who owns more than 75 per cent. of the issued Ordinary Shares (being Oxus) to compulsorily acquire the Remaining Shares in Marakand. This is the simplest and most cost effective method of acquiring the Remaining Shares since they are held by more than 930 shareholders.

The Resolution will amend the Articles to permit a shareholder (being Oxus in practice) who has acquired not less than 75 per cent. of the outstanding issued share capital of the Company ("Acquiring Shareholder") to give notice ("Acquisition Notice") to the minority Shareholders that it desires to acquire the Remaining Shares. To pass the Resolution 75 per cent. of votes cast by Shareholders at the EGM must approve the amendment.

Where an Acquisition Notice has been given by the Acquiring Shareholder it will be entitled and bound to acquire the Remaining Shares on the terms of the Acquisition Notice. The Directors understand that, provided the Resolution is passed, it is the intention of Oxus to serve an Acquisition Notice on or around 19 November 2007. In this event the amended Articles would oblige Oxus to acquire the Remaining Shares.

Upon successfully acquiring the Remaining Shares, Oxus intends to cancel the admission of the Ordinary Shares on AIM.

Given that the longer term future of Marakand is in doubt, the Directors believe that Oxus ordinary shares offer greater prospects of value accretion and have more liquidity in the market than shares in Marakand. Furthermore, Oxus, as a bigger entity, is in a better position to pursue recognition of Marakand's rights in respect of the Khandiza deposit with Marakand as a 100 per cent. subsidiary of Oxus.

Terms of the Acquisition

Subject to the passing of the resolution, Oxus intends to acquire the Remaining Shares on the

following basis:

For each 1 Ordinary Share held on the date of acquisition 0.135 new Oxus ordinary share(s).

Fractional entitlements to new Oxus Ordinary Shares will not be allotted or issued to shareholders. It is Oxus' intention to round down the number of Oxus ordinary shares to be received by any such shareholder.

On the basis of Oxus' closing share price of 52.25 pence on 18 October 2007, the terms of the acquisition value the entire issued share capital of Marakand at approximately £7.3 million and the Remaining Shares at approximately £1.2 million. The terms of the acquisition represent a premium of approximately 20 per cent to Marakand's closing share price of 5.875 pence on 18 October 2007.

The Directors, who have been so advised by Arden Partners plc ("Arden Partners"), believe that the terms of the acquisition represent a fair and reasonable price for a minority stake in Marakand, particularly in light it appearing increasingly unlikely that Marakand will have a role in the Khandiza project. If Marakand does not have a role in the Khandiza project then it would become a dormant company with no significant assets, other than the Khandiza feasibility study and environmental and social impact assessment, and limited, if any, prospects.

Remaining Shares

The 16,459,073 Remaining Shares will be acquired by Oxus pursuant to the Acquisition Notice fully paid and free from all liens, charges, equitable interests, encumbrances and any other third party rights of any nature whatsoever and together with all rights attaching thereto including, without limitation, the right to receive in full and retain all dividends and other distributions (if any) declared, made or paid after the date of acquisition.

New Oxus ordinary shares

The new Oxus ordinary shares will be issued free from all liens, charges, equitable interests and encumbrances and any other third party rights of any nature whatsoever. The new Oxus ordinary shares will be issued credited as fully paid and will rank pari passu in all respects with existing Oxus ordinary shares, including the right to receive in full and retain all dividends and other distributions (if any) declared, made or paid after the date of acquisition.

The maximum possible number of new Oxus ordinary shares which could be issued in relation to the acquisition is up to 2,221,795 new Oxus ordinary shares, representing approximately 0.6 per cent. of the existing issued share capital of Oxus. Application will be made for such shares to be admitted to trading on AIM.

Information on the Oxus Group

Oxus is a UK-registered public company based in the UK, whose shares are traded on AIM. Based on the closing price of Oxus ordinary shares on 18 October 2007 Oxus has a market capitalisation of approximately £191 million. The Oxus Group was established in 1996 and gained admission to AIM in 2001. Its principal area of activity is central Asia, primarily Uzbekistan where it is in a 50/50 joint venture, Amantaytau Goldfields AO, ("AGF"), with the Uzbekistan Government to develop several mining operations in the Tien Shan gold belt near Zarafshan.

Financial Information relating to Oxus and Marakand

The audited accounts of Marakand for the three years ended on 30 June 2006 and also the unaudited preliminary results for the year ended 30 June 2007 are available on Marakand's website (www.marakand.co.uk) and can be obtained in hard copy from Oxus' head office at 105 Piccadilly, London W1Y 7NJ.

Save as disclosed in this document and in Marakand's preliminary results for the year ended 30 June 2007, so far as the Directors are aware, there have been no material changes in the financial or trading position of Marakand since 30 June 2006, the date to which its last published audited accounts were prepared.

The audited accounts of Oxus for the three years ended on 30 June 2006 and also the unaudited preliminary results for the year ended 30 June 2007 are available on Oxus' website (www.oxusgold.co.uk) and can be obtained in hard copy from Oxus' head office at 105 Piccadilly, London W1Y 7NJ.

Save as disclosed in this document and in Oxus' preliminary results for the year ended 30 June 2007, so far as the directors of Oxus are aware, there have been no material changes in the financial or trading position of Oxus since 30 June 2006, the date to which its last published audited accounts were prepared.

Oxus outlook

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

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

Marakand Share Option Scheme

There are no outstanding options under Marakand's Share Option Scheme. Previously, outstanding options amounted to 3,550,000, which were all issued to current/former directors of Oxus or Marakand. The rights to these options have now been waived by those who were entitled to these options.

Board Recommendation

The Board of Directors, comprising William Charter who is independent of Oxus and Oliver Prior who is a non executive director of Oxus, believe that the proposed change to the Articles in the context of the Acquisition is fair and reasonable. They therefore unanimously recommend that Shareholders vote in favour of the Resolution, as they intend to do in respect of their own beneficial shareholdings amounting, in aggregate, to 620,175 Ordinary Shares, representing approximately 0.6 per cent of the Company's existing issued share capital.

In addition, the Directors, who have been so advised by Arden Partners, believe that the terms of the Acquisition are fair and reasonable. In providing its advice to the Directors, Arden Partners has taken into account the commercial assessments of the Directors.

Circular to shareholders

A circular to shareholders of Marakand describing the proposals in greater detail and convening the extraordinary general meeting on 12 November 2007 will be dispatched today.

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