Oxus Gold plc
Annual Report & Accounts 2009

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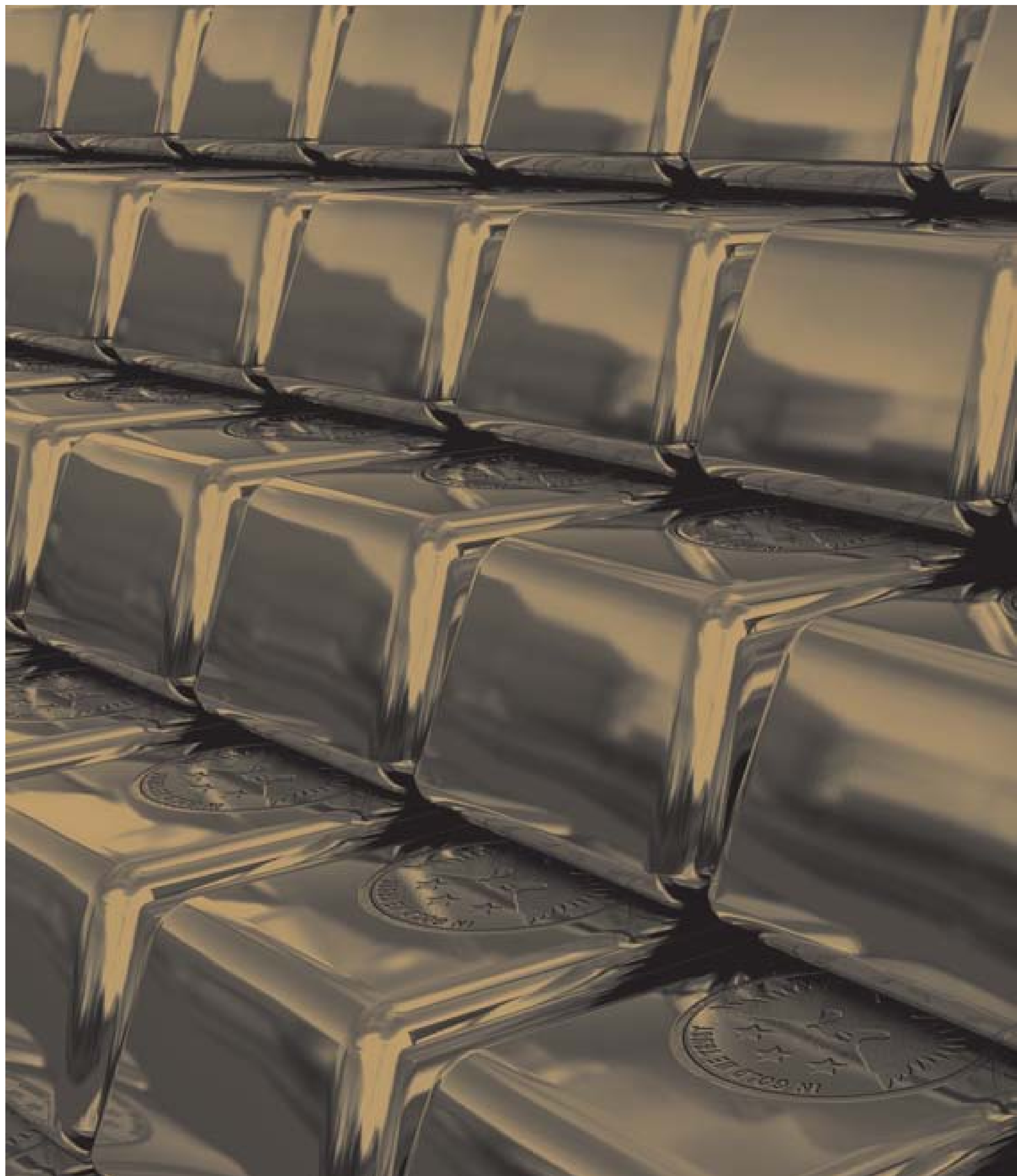

Summary

Conditional financing agreement signed with Chinese consortium to invest and arrange up to $185 million in new financing in order to expand AGF's operations, including the development of an underground mine.

AGF returns to profitability, reporting an operating profit before exceptional items of $10.96 million for the year ended 31 December 2009 (2008: $2.70 million), and a net profit after exceptional items and tax of $1.02 million (2008: loss of $610,000).

Mining at AGF recommences following refining, export and sale of 18.2 tonnes of stockpiled silver doré.

Five year exploration programme underway at AGF with $2.5 million budgeted to be spent during 2010.

AGF is targeting an increase in gold production to 300,000 ounces per annum, and to increase gold reserves from 2.4 million ounces to over 7 million ounces, during the next three to five years.

The Group reports a loss for the year ended 31 December 2009 of $5.84 million (2008: loss of $54.39 million).

Oxus now accounts for AGF using 50% proportionate consolidation.

Chairman's statement

Conditional financing agreement signed with Chinese consortium to invest and arrange up to $185 million in new financing in order to expand AGF's operations, including the development of an underground mine.

2009 has proved to be a turning point for the Oxus Group.

I am delighted to report that on 6 January 2010 Oxus signed a conditional agreement with the Chinese CITIC Group to provide up to $185 million in equity and debt financing. This was achieved despite what has been an extremely difficult period to raise finance to develop mineral projects. This financing will enable Oxus to construct its first underground mine at the 50% owned Amantaytau Goldfields ("AGF") joint venture in Uzbekistan, to expand existing open pit heap leach operations, and to undertake a very substantial exploration programme within the AGF licence area.

The construction of the underground mine will take approximately 18 months from first draw down of funds, which is dependent on finalising an appropriate foreign investment agreement with the Uzbek Government. Discussions with the Government are well underway and we anticipate concluding this agreement in the near future.

Shareholders have already demonstrated their support for the CITIC transaction at an EGM held in January 2010, as have our convertible loan note holders, who have restructured the terms of their notes. In addition Nedbank has agreed to convert the balance of its corporate loan facility into shares of the Company subject to closing the CITIC transaction.

The directors of your Company believe that with the injection of the funding and technical support offered by the incoming investors, the Oxus Group will be able substantially to increase the value of the Group for the benefit of shareholders, employees and the economy of Uzbekistan.

During the year under review AGF finally refined and sold the majority of the 18.2 tonnes of stockpiled silver doré that had accumulated at the mine. The balance was refined and sold in the first quarter of 2010. The cash flow generated enabled AGF to settle long outstanding creditors and to recommence heap leach operations in November 2009, which had been temporarily suspended since January 2009. The carbon-in-pulp plant was also shut down as planned and will now be refurbished and modified to treat the sulphide ore from the underground mine. As a result of further metallurgical testwork and economic analysis, AGF decided not to process the Sarybatyr deposit through this plant, but to heap leach it instead. The amended feasibility study in this respect has been resubmitted to the appropriate authorities in order to obtain the relevant mining permit. In the meantime mining at Nukrakon (formerly Vysokovoltnoye) has recommenced at a reduced rate of 35,000 tonnes per month pending the approval to mine Sarybatyr and further exploration work on the surrounding oxide deposits.

Oxus and AGF have also undertaken a comprehensive review of the 24 million ounces of gold potential identified within the AGF licence area. A detailed five year exploration programme has been drawn up with a total budget of some $22 million and the objective of increasing AGF's JORC classified proven and probable gold reserves from the current 2.4 million ounces to 7 million ounces, after allowing for depletion from current and future mining. $2.5 million has been budgeted for 2010 which will come from existing cash resources. Over the same five year period, and with the injection of the new financing, we are planning to increase AGF's gold production to approximately 300,000 ounces per annum. As stated above, we believe that this exciting programme will finally unlock substantial value for all stakeholders.

Management within the Oxus Group continues to focus on cost control and, wherever possible, costs will continue to be trimmed to ensure that the Group maintains an optimal cash position whilst awaiting first draw down on the CITIC financing. As part of this cost cutting exercise one of the stated intentions during the past year was to strengthen our management team in Uzbekistan and to reduce our reliance on both the London and Malta offices. I am pleased to confirm that where possible this has been achieved, and as we expand AGF's mining and exploration operations going forward, we will continue to relocate appropriate management to Uzbekistan.

I would like to express my thanks to the board of directors for their wise counsel over the past twelve months and to all our staff in London, Malta and Uzbekistan for their dedication and hard work.

Richard Shead
Executive Chairman

7 June 2010

Financial & operating review

For the year ended 31 December 2009 the Company has accounted for its joint venture, Amantaytau Goldfields ("AGF"), using proportionate consolidation, rather than equity accounting. Comparatives for the eighteen month period ended 31 December 2008 and the year ended 30 June 2007 have been restated to reflect this change in accounting policy, as required by revised IAS 1.

Having divested itself of certain other assets in previous reporting periods, the Group's sole activity is now the development of its 50% interest in AGF in Uzbekistan. It is expected that, in future reporting periods, activities at AGF will be significantly expanded. As a result, the directors consider that proportionate consolidation of 50% of AGF's income, expenditure, assets and liabilities more properly reflects the Group's business in its financial statements.

Group comparatives are for the eighteen month period ended 31 December 2008. However, AGF has always reported on a calendar year end basis, to 31 December. See reconciliation in note 7 to the financial statements.

Oxus now accounts for AGF using 50% proportionate consolidation.

Financial Review

Results for the Year

The Group reports gross revenue of $13.26 million for the year ended 31 December 2009 (18 month period ended 31 December 2008: $43.07 million). Gross revenue represents 50% of the proceeds received from the export and sale of gold and silver bullion by AGF.

The Group reports a loss for the year ended 31 December 2009 of $5.84 million (1.52 cents per share loss) against a loss of $54.39 million (14.57 cents per share loss) for the 18 month period ended 31 December 2008. The loss for the year is after charging $2.65 million in respect of exceptional AGF restructuring costs, net interest costs of $1.42 million and tax of $0.32 million (2008: $43.63 million, $0.88 million and $0.22 million). The tax charge relates to AGF in Uzbekistan.

AGF reports an operating profit before exceptional items for the year ended 31 December 2009 of $10.96 million (year ended 31 December 2008: $2.70 million; 18 month period ended 31 December 2008: $7.27 million) and a profit after exceptional items and tax of $1.02 million (year ended 31 December 2008: loss of $0.61 million; 18 month period ended 31 December 2008: loss of $4.54 million). 50% of these amounts have been reflected in the Group's results (see reconciliation in note 7 to the financial statements). Total Group assets decreased to $72.46 million (2008: $84.98 million) including cash and cash equivalents of $9.63 million (2008: $9.94 million).

Corporate Activities

During the year the Company issued 4,623,175 ordinary shares, representing fees and salaries of directors and senior management capitalised as part of a cash preservation strategy. The total number of shares in issue at 31 December 2009 was 386,062,860. Since the year end a further 10,123,425 ordinary shares have been issued, of which 8,164,425 represented capitalised interest on the Company's convertible loan notes and the balance represented capitalised fees and salaries of directors and senior management.

On 7 January 2010 the Company announced that it had signed a conditional agreement with a consortium of Chinese investors to invest and arrange financing in a total aggregate amount of up to approximately $185 million (the "Financing"). These funds will be used to provide working capital to the Company and to finance and develop AGF's operations in Uzbekistan, including the expansion of open pit heap leach mining operations, the development of one or more underground mines, and an accelerated exploration programme, thereby enabling AGF over the next 3-5 years to target an increase in annual production to approximately 300,000 ounces of gold, and an increase in AGF's gold reserves from 2.4 million ounces to over 7 million ounces (after allowing for mining depletion).

Under the terms of the Financing the consortium will invest approximately $85 million by subscription to new ordinary shares and convertible loan notes in the Company. In addition, the consortium will be granted warrants to subscribe for new ordinary shares in the Company for approximately $20 million in return for an undertaking to arrange a further minimum of $80 million in project finance.

The consortium consists of CITIC Construction Co Ltd, Baiyin Non-Ferrous Group Co Ltd, and Chang Xin Yuan Su (Tianjin) Equity Investment Fund Management LP. CITIC and Baiyin are ultimately owned and controlled by the Government of the People's Republic of China. Chang Xin is a private equity fund registered in China and managed by Long March Investment Consulting (Beijing) Co Ltd.

Pursuant to the Financing, the consortium will subscribe for 573,000,000 new ordinary shares in the Company at 6p per share and for $30 million of convertible loan notes, convertible at 7p per share into 267,857,142 new ordinary shares. The notes will earn interest at US LIBOR + 3% per annum. In addition the consortium will be issued with warrants to subscribe for a further 89,285,714 new ordinary shares at 7p per share, and 62,500,000 new ordinary shares at 10p per share, subject to arranging a further $80 million in project finance.

Financial & operating review continued

AGF returns to profitability, reporting an operating profit before exceptional items of $10.96 million for the year ended 31 December 2009 (2008: $2.70 million), and a net profit after exceptional items and tax of $1.02 million (2008: loss of $610,000).

The Company's shareholders approved the terms of the Financing at an EGM held on 26 January 2010. However, the Financing, which has a backstop date of 31 December 2010, is conditional upon the signing of a Foreign Investment Agreement ("FIA") with the Uzbek Government, setting out various tax, fiscal, licensing and other matters in respect of the AGF joint venture, and the customary regulatory approvals from the Government of the People's Republic of China. A draft of the FIA has been submitted to the Uzbek Government and appropriate discussions as to final form and content are underway. The directors believe that the FIA will be concluded and signed in a satisfactory form in the near future, following which the appropriate approvals from the Chinese Government will be forthcoming.

At the EGM on 26 January 2010 the Company's shareholders also approved a 1:7 share consolidation, subject to the Financing closing by 31 December 2010.

In May 2008 the Company issued convertible loan notes in the principal amount of $18.5 million. These notes were convertible into ordinary shares of the Company at 37p per share, earned interest at 8% per annum and were repayable, if not converted, in May 2010. The notes have now been restructured such that they are now convertible at 12p per share, earn interest at US LIBOR + 3% per annum, and the repayment date has been extended to May 2013. If all the notes are converted the maximum number of new ordinary shares that would be issued is 96,354,166. The noteholders have the option to revert to the original terms of the notes if the Financing, or an alternative financing in a minimum amount of $80 million, does not occur by 31 December 2010.

Each of Zeromax GmbH 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 and subsequent restructuring of the terms 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 and subsequent restructuring were fair and reasonable insofar as the Company's shareholders were concerned.

At 31 December 2009, the Company owed Nedbank $2.5 million against a $20 million corporate loan facility. Since the year end Nedbank has agreed to convert this amount into ordinary shares of the Company, at 6p per share, subject to the Financing closing by 31 December 2010.

The directors continue to undertake a number of measures in order to preserve cash until such time as the Group's operations are fully funded. These measures include a continued reduction in the size of the board, and all directors and most senior management (including those at AGF) continuing to be paid approximately 20% of their salaries or fees in shares, rather than cash. Further cost reduction measures will be pursued wherever appropriate. At 7 May 2010, the Group's cash resources stood at approximately $6.7 million.

Review of AGF's Operations

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

In January 2009 the carbon-in-pulp ("CIP") plant operation was shut down as planned. AGF decided not to process the Sarybatyr open pit oxide ore through the plant as metallurgical testwork and an economic analysis demonstrated that this deposit will be more profitably processed by heap leaching. AGF therefore does not plan to operate the CIP plant until it is converted into a bio-oxidation plant to treat sulphide ore from the proposed underground mine at Amantaytau Severny and Centralny. In order to reduce costs the associated labour force, with the exception of those required to carry out care and maintenance, was laid off on a temporary basis.

Stacking at the Nukrakon (formerly Vysokovoltnoye) heap leach operation was also stopped in January 2009, although the heaps were irrigated until March 2009. The decision was taken pending the refining of an accumulated stockpile of 18.2 tonnes of silver doré, which AGF had been unable to process through the in-country Almalyk silver refinery on a timely basis. Agreement was reached with the Almalyk refinery on further processing in July 2009, following which the stockpile has been refined, exported and sold. Further stacking and irrigation resumed in November 2009, utilising previously mined and stockpiled ore. At 31 December 2009 a total of 13,806 tonnes of ore containing a head grade of 1.01 grammes per tonne ("g/t") of gold and 76.7 g/t of silver had been stacked on the heap leach pads. Since the year end a further 86,596 tonnes of ore had been stacked by 30 April 2010, containing a head grade of 0.92 g/t of gold and 78.2 g/t of silver. An extension to the mining contract with BCM International has also been signed and mining operations restarted in early May 2010.

As a result AGF's operations during 2009 and the early part of 2010 largely reflect the refining, export and sale of the stockpile of 18.2 tonnes of silver doré, containing some 6,700 ounces of gold and 568,000 ounces of silver, and the export and sale of 3,860 ounces of gold and 56,750 ounces of silver previously reported as locked-up in the furnace at Almalyk, which amounts have now been recovered following a scheduled refurbishment of the smelter.

During the year to 31 December 2009 AGF produced 4,000 ounces of gold and 170,299 ounces of silver (year to 31 December 2008: 50,540 ounces of gold and 938,853 ounces of silver) and sold

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16,073 ounces of gold and 664,121 ounces of silver (2008: 54,133 ounces of gold and 723,418 ounces of silver). Gross revenue was $26.53 million (2008: $58.90 million). Of the sales in 2009, 4,415 ounces of gold and 55,951 ounces of silver had been produced in 2008. In addition 386 ounces of gold were recovered from the Navoi Combinat's GMZ-2 gold refinery.

AGF reports an operating profit before exceptional items of $10.96 million for the year ended 31 December 2009 (2008: $2.70 million), and a profit after exceptional restructuring costs and tax of $1.02 million (2008: loss of $0.61 million).

Future Open Pit Oxide Operations
Mining of open pit oxides recommenced at the Nukrakon (formerly Vysokovoltnoye) heap leach project in early May 2010, mining higher grade material at a rate of 35,000 tonnes per month from the Nukrakon Orezone No 7 pits. An amended feasibility study in respect of heap leaching Sarybatyr has been resubmitted to the appropriate authorities in order to obtain the mining licence, and exploration work on the surrounding oxide deposits has also commenced. Once the appropriate approvals have been obtained AGF plans to mine the Sarybatyr deposit, which has a Proven and Probable Oxide Reserve of 1.61 million tonnes at an average grade of 1.88 g/t gold, and then the balance of the Nukrakon deposit and a further six deposits in the immediate vicinity (Nukrakon Orezone No 4, Central Karasai, Western Karasai, Tumshuktau, Yasaul and Taskazgan). This one million tonne per annum operation is expected to produce a total of 340,000 ounces of gold equivalent over a twelve year period. Economic appraisals are being carried out to determine the optimum throughput of this operation, with the possibility of increasing the monthly throughput from 80,000 to 120,000 tonnes by the installation of additional crushing equipment.

In parallel to the Nukrakon operation, a second one million tonne per annum heap leach plant is being considered for commissioning at Asaukak during 2011. This operation would produce a further 250,000 ounces of gold over a ten year period from the existing stockpile of Asaukak ore (1.32 million tonnes at 0.64 g/t, containing 27,000 ounces of gold) and subsequent mining of surrounding deposits, to include Aksai, Northern Asaukak, Sredinny, North Eastern and Northern Daugystau.

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, and producing an average of 230,000 ounces of gold per annum.

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, and producing an average of 100,000 ounces of gold per annum, until expanded to process a larger tonnage.

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.

WAI November 2008 Updated BFS
The November 2008 study assumes 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. The mine design is based on 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 would be 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.

Mining at AGF recommences following refining, export and sale of 18.2 tonnes of stockpiled silver doré.

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Five year exploration programme underway at AGF with $2.5 million budgeted to be spent during 2010.

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 this 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.

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 is assumed to 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 Addendum to the BFS
The May 2009 addendum to the study assumes 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. 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 based on 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 (of South Africa) 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 assumed. The addendum 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 analyses 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 is assumed to 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 of ore 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.

Whichever study is adopted, construction of the underground mine will take approximately 18 months from first draw down of the Financing, following which gold production would commence immediately and build up rapidly to the planned production level.

Exploration
A five year exploration programme and budget for the period 2010 to 2014 has been submitted to the State Committee of Geology and Mineral Resources of the Republic of Uzbekistan. The objective of the programme is to accelerate the conversion of mineral resources to reserves and in so doing accelerate the preparation of deposits for production, and to define new resources. AGF is targeting an increase in JORC classified gold reserves from the current 2.4 million ounces to 7 million ounces as a result of the drilling programme, after allowing for mining depletion. The total

Financial & operating review continued

exploration potential (JORC and Soviet classified) at AGF is currently identified as approximately 24 million ounces of gold and 480 million ounces of silver.

Within the 192 sq km licence area of AGF the exploration work being proposed is:

- 35,250 linear metres of trenching (including 8,250m in 2010);
- 183,625 metres of inclined hole reverse circulation ("RC") drilling, using a new Explorac 220 drill rig purchased from Atlas Copco, to target both oxides and underlying sulphides (including 27,625m in 2010);
- 52,425 metres of inclined surface deep hole core drilling, principally around Amantaytau Severny, utilising AGF's existing Atlas Copco CS14 drill rig, plus the planned acquisition of a second CS14 drill rig in 2011 (including 4,575m in 2010);
- 30,713 metres of underground core drilling starting in 2011 from the proposed access development into the Amantaytau Severny underground mine, utilising AGF's existing Atlas Copco U6 underground drill rig, and with the acquisition of a second U6 underground drill rig planned in 2012.

Trenching programme
About 1,000 linear metres per month of trenching are proposed, which commenced in early May 2010 with infill trenching at Sarybatyr to redefine on surface the hangwall and footwall contacts prior to the start of open pit mining operations. The next priority will be to carry out further trenching in the Nukrakon, Yasaul and Taskazgan areas, before resuming and completing work started in 2008 in the Asaukak and North Daugystau areas.

Exploration drilling
AGF's drilling strategies are as follows:

- inclined hole RC drilling, both within and around AGF's open pit mining operations for short hole 'orebody definition drilling' and in-pit grade control, and drilling of the transition and primary sulphides immediately below the oxide open-pits, as well as deeper RC exploration drilling of both oxides and sulphides;
- deep hole core drilling to intersect mineralisation below and adjacent to the Amantaytau Severny underground mine, initially targeting the interval between 500m and 900m below surface, below the existing Severny reserves. Some of this drilling is expected to be carried out from underground, once progress is made with the proposed decline.

A new Atlas Copco Explorac 220 RC drill rig has been purchased and is scheduled to be delivered to the AGF mine during June 2010. This rig is capable of drilling 4.5" (114mm) diameter to 300m depth, and initially will carry out all AGF's RC drilling. Oxus is further considering the purchase of a crawler mounted Explorac R50 RC rig which will work within and around AGF's open pit mining operations for short hole 'orebody definition drilling' and in-pit grade control.

Additional drilling equipment is being purchased for AGF's existing CS14 surface drill rig, principally enabling the rig to start a deep sulphide core drilling programme around the Amantaytau Severny underground mine, to confirm the continuity of sulphide gold resources at depth. It is proposed that the Explorac 220 will pre-drill the top 150m (approx) of Mesozoic sediments at Amantaytau Severny, where holes will be cased off, prior to the CS14 rig proceeding with drilling to intersect the sulphide resources between 500m and 900m below surface.

Discussions are being carried out with international drilling contractors with regard to the supply of drilling supervision and lead drillers, training and technical support. AGF is planning 150m per day RC drilling with the Explorac 220 drill rig and 540m per month core drilling with the CS14 drill rig.

A diesel power pack is being purchased for AGF's existing U6 underground drill rig to enable this rig to be used on surface prior to going underground, and for carrying out geotechnical and metallurgical core drilling.

The overall budget for the five year exploration programme, including grade control drilling, is approximately $22 million, of which $2.5 million has been committed from current cash resources to be spent during the remainder of 2010.

GIS and Database Management System
The Group has taken the decision to establish a Geological Information System ("GIS") together with a comprehensive mineral resource database for AGF's exploration area and contained deposits and occurrences. In cooperation with specialist advisers, Oxus will be placing experienced GIS geologists and technicians in the exploration geology department to work alongside and train local AGF staff.

Reserves and Resources
At 31 December 2009 the Precious Metal Ore Reserve and Mineral Resource statements of AGF (of which 50% are attributable to Oxus), and as agreed by independent mineral consultants, Wardell Armstrong International, are as presented on the following pages:

AGF is targeting an increase in gold production to 300,000 ounces per annum, and to increase gold reserves from 2.4 million ounces to over 7 million ounces, during the next three to five years.

Financial & operating review continued

Amantaytau Goldields Precious metal ore reserves as at 31 December 2009 (50% attribtable to Oxus)

Amantaytau Goldfields (AGF)		Proven reserves					Probable reserves					Proven and probable				
	Cut off		Grade g/t		Contained Kozs			Grade g/t		Contained Kozs			Grade g/t		Contained Kozs	
	g/t Au	Mt	Gold	Silver	Gold	Silver	Mt	Gold	Silver	Gold	Silver	Mt	Gold	Silver	Gold	Silver
Asaukak Oxide Heap Leach																
Asaukak (15% Dilution, 95% Ore Recovery)	0.50	0.01	1.18	1.4	1	1	0.16	1.34	1.4	7	7	0.18	1.33	1.4	8	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	3.8	5	11	0.91	1.74	2.5	51	72	1.00	1.76	2.6	56	83
Sub-Total Asaukak Heap Leach		**1.42**	**0.72**	**0.2**	**33**	**11**	**1.07**	**1.68**	**2.3**	**58**	**79**	**2.49**	**1.14**	**1.1**	**91**	**91**
Vysokovoltnoye Silver-Gold Heap Leach																
Vysokovoltnoye OB4 (8% Dilution, 95% Ore Recovery)	0.60	0.66	1.33	28.0	28	591	1.77	1.21	26.2	69	1,493	2.43	1.25	26.6	97	2,083
Vysokovoltnoye OB7 (15% Dilution, 95% Ore Recovery)	0.50	0.04	1.00	72.2	1	98	1.64	0.96	38.7	51	2,036	1.68	0.96	39.5	52	2,134
Stockpiled ore at Vysokovoltnoye	0.60	0.06	0.89	104.7	2	205						0.08	0.89	106.3	2	205
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 Vysokovoltnoye Heap Leach		**1.51**	**1.73**	**18.4**	**84**	**894**	**4.27**	**1.19**	**25.7**	**164**	**3,529**	**5.78**	**1.33**	**23.8**	**248**	**4,423**
Total AGF Oxide Reserves		**2.92**	**1.25**	**9.6**	**117**	**905**	**5.34**	**1.29**	**21.0**	**222**	**3,608**	**8.27**	**1.27**	**17.0**	**339**	**4,513**
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	5.4	4	7	0.68	2.67	3.3	58	71	0.72	2.69	3.4	62	77
Total Sulphide Reserves		**0.88**	**7.40**	**0.2**	**210**	**7**	**8.99**	**6.53**	**0.2**	**1,887**	**71**	**9.87**	**6.61**	**0.2**	**2,097**	**77**
Total AGF reserves					**327**	**912**				**2,109**	**3,679**				**2,436**	**4,591**
Total Oxus attributable reserves (50%)					**164**	**456**				**1,054**	**1,840**				**1,218**	**2,295**

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 Vysokovoltnoye OB7, included is an ‘in-pit inferred sulphide resource (transition zone)’ but subject to further metallurgical testwork :

Amantaytau Goldfields (AGF)

	Cut off		Grade g/t		Contained Kozs	
	g/t Au	Mt	Gold	Silver	Gold	Silver
Oxides						
Sarybatyr (15% Dilution, 95% Recovery)	0.60	0.65	1.96		41	
Asaukak (15% Dilution, 95% Recovery)	0.50	0.07	1.18	1.3	3	3
Vysokovoltnoye OB7 (15% Dilution, 95% Recovery)	0.50	0.16	1.00	10.2	5	53
Sub-Total oxide ‘in-pit inferred’ resources		**0.88**	**1.72**	**2.0**	**49**	**56**
Sulphides						
Vysokovoltnoye OB7 (15% Dilution, 95% Recovery)	1.42	0.10	0.95	106.9	3	353
Asaukak Open-Pit Expansion (15% dilution, 95% Recovery)	1.42	0.04	2.37	3.4	3	5
Sub-Total sulphide ‘in-pit inferred’ resources		**0.15**	**1.38**	**75.7**	**7**	**358**
Total ‘in-pit inferred resources’		**1.03**	**1.68**	**12.5**	**56**	**414**
Total Oxus attributable in-pt inferred resources’ (50%)					**28**	**207**

Note: Vysokovoltnoye 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		Grade g/t		Contained Kozs	
	g/t Au	Mt	Gold	Silver	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 Rserve (50%)					**442**	

Financial & operating review continued

Amantaytau Goldfields Precious metal mineral resources as at 31 December 2009 (50% attributable to Oxus)

JORC Classified		Measured reserves					Indicated reserves					Inferred resources					Expl results	
Deposits	Cutt off		Grad g/t		kozs			Grad g/t		kozs			Grad g/t		kozs		kozs	
Amanataytau Goldfields	g/t Au	Mt	Gold	Silver	Gold	Silver	Mt	Gold	Silver	Gold	Silver	Mt	Gold	Silver	Gold	Silver	Gold	Silver
Oxides																		
Asaukak	0.50	0.02	1.23	1.3	1	1	0.35	1.43	1.2	16	13	0.22	1.34	1.2	10	8		
Uzunbulak	0.60	0.12	1.93	4.0	7	15	1.94	1.52	2.8	95	175	1.28	1.29	2.1	53	88		
Amantaytau Centralny	0.40	0.29	2.40	-	22	-	0.29	2.39	-	22	-	0.31	1.56	-	15	-		
Sarybatyr	0.60	0.73	2.46	-	57	-	0.87	1.79	-	50	-	0.78	2.14	-	54	-		
Vysokovoltnoye OB4	0.60	1.22	1.29	34.1	50	1,332	3.63	1.20	27.7	140	3,236	0.59	1.43	22.6	27	430		
Vysokovoltnoye OB7	0.50*	0.06	0.95	61.7	2	117	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	-	58	-	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	-	1,966	301
AGF - 7 Exploration Targets	0.60	-	0.00	-	-	-	-	0.00	-	-	-	-	0.00	-	-	-	453	25,114
Total Oxides		**3.65**	**1.69**	**12.5**	**198**	**1,465**	**17.14**	**1.30**	**11.4**	**719**	**6,288**	**16.28**	**1.35**	**1.4**	**709**	**731**	**2,419**	**25,415**
Sulphides																		
Severny	2.00	0.94	8.99	-	272	-	7.95	7.98	-	2,040	-	0.67	5.70	-	123	-		
Centralny	2.00	1.99	4.75	-	304	-	2.62	4.46	-	376	-	3.11	4.28	-	428	-		
Asaukak	1.50	0.06	3.03	4.6	6	9	1.42	2.68	2.6	122	121	0.70	2.54	2.5	57	56		
Uzunbulak	0.60	0.06	3.56	5.6	6	10	1.50	1.92	3.6	93	172	8.08	2.83	5.6	736	1,451		
Sarybatyr	1.50											2.31	2.58		192			
Vysokovoltnoye OB4	0.60	3.71	1.26	33.7	151	4,019	7.28	1.13	35.9	265	8,389	3.85	1.08	32.1	133	3,961		
Vysokovoltnoye OB7	0.50*	-	0.00	-	-	-	6.12	0.98	73.1	193	14.391	5.74	0.84	51.4	155	9,488		
AGF - 7 deposits (sulphides only)		-	0.00	-	-	-	-	0.00	-	-	-	-	0.00	-	-	-	5,171	46,683
Total Sulphides		**6.75**	**3.40**	**18.6**	**738**	**4,037**	**26.89**	**3.57**	**26.7**	**3,089**	**23,072**	**24.47**	**2.32**	**19.0**	**1,824**	**14,975**	**5,171**	**46,683**
Total Amantaytau Goldfields		**10.41**	**2.80**	**16.4**	**937**	**5,502**	**44.04**	**2.69**	**20.7**	**3,809**	**29,361**	**40.75**	**1.93**	**12.0**	**2,533**	**15,706**	**7,590**	**72,098**
OXUS attributable (50%)					**468**	**2,751**				**1,904**	**14,680**				**1,267**	**7,853**	**3,795**	**36,049**

Soviet/Uzbek Classified Resources (Additional to JORC)	P1 kozs Gold	P1 kozs Silver	P2 kozs Gold	P2 kozs Silver
AGF Sulphides	**5,841**	**314,604**	**3,745**	**45,110**
OXUS attributable (50%)	**2,921**	**157,302**	**1,873**	**22,555**

Notes: Asaukak and Vysokovoltnoye OB7 resources take into consideration depletion up to 31st December 2008.
Vysokovoltnoye OB7 oxide and sulphide cut off grades are 0.5 g/t for gold, and 18 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.

Financial & operating review continued

AGF's Proven and Probable Ore Reserves as of 31 December 2009 (50% attributable to Oxus) are:

- Oxide ores : 339,000 ounces gold and 4.513 million ounces silver
- Sulphide ores : 2.097 million ounces gold and 77,000 ounces silver
- Combined : 2.436 million ounces gold and 4.591 million ounces silver

During the year ended 31 December 2009 the only changes to reserves are the depletion due to stacking of 13,806 tonnes of stockpiled oxide ore at Nukrakon (formerly Vysokovoltnoye) at an average grade of 1.01 g/t gold and 76.8 g/t silver, being 450 ounces gold and 34,000 ounces silver. In anticipation of processing Sarybatyr ore at Nukrakon, the Sarybatyr oxide reserves are included into the Nukrakon silver-gold heap leach reserve base.

AGF's Measured and Indicated Mineral Resources as of 31 December 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
- Combined : 4.745 million ounces gold and 34.863 million ounces silver

AGF's Inferred Mineral Resources as of 31 December 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
- Combined : 2.533 million ounces gold and 15.706 million ounces silver

There have been no changes to the Mineral Resources through depletion, remodelling or exploration since 31 December 2008.

Other Activity

Amantaytau Goldfields / Oxus Gold Scholarship Foundation

Oxus Gold plc has created and is sponsoring the Amantaytau Goldfields / Oxus Gold Scholarship Foundation in cooperation with Westminster International University in Tashkent ("WIUT"). The Patron of the Foundation is His Royal Highness Prince Michael of Kent GCVO.

The Foundation has been established to award scholarships to support undergraduate and postgraduate studies at WIUT for selected students from the Navoi Province of Uzbekistan, where AGF has its mining operations. In October 2009 the Foundation's first scholar graduated. The Foundation has also opened a Regional Learning Centre in Zarafshan, the local town to AGF's operations, in order to teach English, maths and other subjects to local students and to improve the English language teaching skills of the local teachers. WIUT is managing the Learning Centre on AGF's behalf and the first courses commenced in April 2010, with approximately 60 students already enrolled.

WIUT was established in 2002 and is unique in the Central Asian region in that the degrees that it awards are fully internationally accredited since the University is a validated institution of the University of Westminster in London. The degrees are therefore the same as those in London. WIUT currently has some 750 students from Uzbekistan and neighbouring countries, studying a variety of business and economic subjects.

Board of Directors and Company Secretary

On 31 January 2009, Jonathan Kipps, Finance Director and Company Secretary, resigned as a director of the Company. On 1 February 2009 Jyoti Chandhok, a chartered management accountant, was appointed Company Secretary, 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.

Richard Wilkins served as Chief Executive Officer until 1 July 2009 and as Finance Director thereafter. Richard Wilkins also assumed the role of Company Secretary from 1 April 2010.

John Donald, Chief Operating Officer, retired on 31 March 2010 but has agreed to consult for the Group until 31 December 2010. The position of Chief Operating Officer will remain vacant pending completion of the Financing.

The board would like to express its gratitude to both Jonathan Kipps and John Donald for their respective services to the Group.

Annual General Meeting

The Company's tenth Annual General Meeting will be held on 30 June 2010 at 11.00 am at The Chesterfield Hotel, 35 Charles Street, London W1J 5EB.

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 S 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 year ended 31 December 2009.

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. Mining was temporarily suspended during the year pending the refining of a stockpile of approximately 18.2 tonnes of silver doré and the recovery of precious metal locked-up in the furnace at the refinery. As a result, a total of 4,000 ounces of gold and 170,299 ounces of silver were produced during the year from AGF's open pit mines, but a total of 16,073 ounces of gold and 664,121 ounces of silver were sold, for total revenue of $26.5 million, 50% of which is attributable to Oxus. During the year discussions continued with potential financiers in respect of the provision of finance to expand AGF's operations, including the development of an underground mine for which a bankable feasibility study has been completed. These discussions resulted in the Company signing a conditional agreement in January 2010 with a consortium of Chinese investors to invest and arrange up to a total of approximately $185 million.

Further information on the activities of the Group and a review of business developments are included in the Chairman's Statement and the Operating and Financial 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 year are set out in the Consolidated Income Statement on page 23.

The directors are not recommending the payment of a dividend in respect of the year under review (2008: nil).

Change in Accounting Policy

In the year ended 31 December 2009 the directors have elected to account for AGF using proportionate consolidation, rather than equity accounting. Comparatives for the 18 month period ended 31 December 2008 and the year ended 30 June 2007 have been restated to reflect this change in accounting policy, as required by revised IAS 1.

Having divested itself of certain other assets in previous reporting periods, the Group's sole activity is now the development of its 50% interest in AGF in Uzbekistan. It is expected that, in future reporting periods, activities at AGF will be significantly expanded. As a result the directors consider that proportionate consolidation of 50% of AGF's income, expenditure, assets and liabilities more properly reflects the Group's business in its audited financial statements.

Directors and their Interests

The directors who served during the year were:

Miradil S Djalalov	Non-executive	
John C Donald	Chief Operating Officer	(retired 31 March 2010)
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	
Richard V L Wilkins	Finance Director	

Richard Shead served as non-executive chairman until 1 February 2009 and as executive chairman thereafter. Richard Wilkins served as chief executive officer until 1 July 2009 and as finance director thereafter. Jonathan Kipps served as company secretary until 31 January 2009. Jyoti Chandhok served as company secretary from 1 February 2009 until 31 March 2010, and Richard Wilkins as company secretary thereafter.

On 7 May 2010 the directors' interests in the equity share capital of the Company were:

	Ordinary shares Number	Options over ordinary shares Number
Miradil S Djalalov	198,747	250,000
James R G McBurney	100,143	250,000
Oliver C Prior	223,884	250,000
Richard B Shead	1,949,210	3,000,000
Richard V L Wilkins	4,875,047	2,000,000

Miradil Djalalov is also the owner of Zeromax GmbH, which owns 71,799,513 ordinary shares in the Company.

Directors' report continued

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

Both Richard Shead and Richard Wilkins have service contracts with an unexpired term of more than one year. Richard Shead's contract commenced on 1 February 2009 and expires on 31 January 2012, and Richard Wilkins' contract commenced on 12 June 2003 and has been extended to 30 June 2011.

Share Capital

Details of the Company's share capital are disclosed in note 28 to the Financial Statements.

On 7 May 2010 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	106,885,574	26.98%
Zeromax GmbH	71,799,513	18.12%
Flamborough Properties Limited	21,617,556	5.46%
L-R Managers LLC	17,449,649	4.40%
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 10 to the Financial Statements.

Directors' report continued

Employee Consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings and employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. The Group also operates an employee share option scheme.

The Group is committed to providing equal opportunity for individuals in all aspects of employment. The Group gives every consideration to applications for employment by disabled persons where the requirements of the job may be adequately filled by a disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under similar terms and conditions and to provide training, career development and promotion wherever appropriate.

Charitable and Political Donations

The Company has created and is sponsoring the Amantaytau Goldfields / Oxus Gold Scholarship Foundation. Further details relating to this Foundation are set out in the Financial and Operating Review.

The Company also provides financial assistance from time to time to the Uzbek British Trade and Industry Council, a government body whose purpose is to further business ties between Uzbekistan and Great Britain, and the British Uzbek Society, a non-profit making organisation which serves to strengthen cultural and social ties between the two countries.

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 2006.

Payments to Creditors

The Group'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 Group at 31 December 2009 represented 178 (2008: 60) days of annual purchases. Post year end trade creditors have been paid in full.

Financial Risk Management and Capital Structure

Details of the Group's policies towards financial risk management and its capital structure are disclosed in notes 28 and 34 to the Financial Statements. The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Financial and Operating Review. The Group's principal risks are summarised in the Going Concern section below and further details given in the Financial and Operating Review.

Post balance sheet events

For details of all post balance sheet events refer to note 41 to the financial statements.

Going Concern

The Company and Group's activities are dependent on their ability to generate or raise the appropriate finance to support such activities, and on the issuance and maintenance of appropriate mining and operating licences and permits.

AGF's existing open pit heap leach operations at Nukrakon (formerly Vysokovoltnoye) are largely self supporting now that the accumulated stockpile of silver doré has been refined, exported and sold, precious metals previously locked-up in the furnace at the refinery have been recovered, exported and sold, and some $3.1 million of previously paid VAT has been recovered by AGF and offset against other payments due to the Uzbek State. However, the expansion of open pit operations (at Sarybatyr and Asaukak) and the development of the proposed underground mine at Severny and Centralny will be dependent on finance being made available and on the issuance of the appropriate licences at the relevant time.

On 7 January 2010 the Company announced that it had signed a conditional agreement with a consortium of Chinese investors to invest and arrange financing in a total aggregate amount of up to approximately $185 million (the "Financing"). These funds will be used to provide working capital to the Company and to finance and develop AGF's operations in Uzbekistan, including the expansion of open pit heap leach mining operations, the development of one or more underground mines, and an accelerated exploration programme, thereby enabling AGF over the next 3-5 years to target an increase in annual production to approximately 300,000 ounces of gold, and an increase in gold reserves from 2.4 million ounces to over 7 million ounces (after allowing for mining depletion).

Directors' report continued

The Financing is conditional upon, inter alia, the signing of a Foreign Investment Agreement ("FIA") with the Uzbek Government, setting out various tax, fiscal, licensing and other matters in respect of the AGF joint venture, and the customary regulatory approvals from the Government of the People's Republic of China. A draft of the FIA has been submitted to the Uzbek Government and appropriate discussions as to final form and content are underway. The directors believe that the FIA will be concluded and signed in a satisfactory form in the near future, following which the appropriate approvals from the Chinese Government will be forthcoming. It is intended that the FIA will address all the relevant mining and operating licences and permits.

In May 2008 the Company issued convertible loan notes in the principal amount of $18.5 million. These notes were convertible into ordinary shares of the Company at 37p per share, earned interest at 8% per annum and were repayable, if not converted, in May 2010. The notes have now been restructured such that they are convertible at 12p per share, earn interest at US LIBOR + 3% per annum, and the repayment date has been extended to May 2013. Should the Financing, or an alternative in a minimum amount of $80 million, not occur by 31 December 2010, the noteholders have the option to revert to the original terms.

At 31 December 2009, the Company owed Nedbank $2.5 million against a $20 million corporate loan facility. Since the year end Nedbank has agreed to convert this amount into ordinary shares of the Company, subject to the Financing closing by 31 December 2010.

The directors continue to undertake a number of measures in order to preserve cash until such time as the Group's operations are fully funded. These measures include a continued reduction in the size of the board, and all directors and most senior management (including those at AGF) continuing to be paid approximately 20% of their salaries or fees in shares, rather than cash. Further cost reduction measures will be pursued wherever appropriate. At 7 May 2010, the Group's cash resources stood at approximately $6.7 million.

The directors' assumption that the Financing, FIA, conversion of the convertible loan notes and the Nedbank debt, will be completed by 31 December 2010, is integral to the Company and Group meeting their forecast cashflows for the 12 months following the signing of these financial statements. Should there be 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 Company and Group's ability to continue as a going concern and, therefore, maybe unable to realise its assets and discharge its liabilities in the normal course of the business.

After making suitable enquiries, and based on the current status of the 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 and to significantly expand its operations. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Auditors

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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

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.

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) Limited. Joined the board in February 2009.

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

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Directors, company secretary and advisers continued

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Bankers
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PO Box 20, HSBC House
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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 laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have, as required by the AIM Rules for Companies (the "AIM Rules"), prepared the Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have also elected to prepare the Company financial statements in accordance with those standards. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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 IFRS 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

We confirm to the best of our knowledge:

1. the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

2. the management report, which is incorporated into the directors' report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Richard Shead
Executive Chairman

7 June 2010

Richard Wilkins
Finance Director

7 June 2010

Financial Statements

Independent auditors' report to the shareholders of Oxus Gold plc

We have audited the financial statements of Oxus Gold plc for the year ended 31 December 2009 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements, the Consolidated and Parent Company Statements of Changes in Equity and the related notes 1 to 41. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2009 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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 1 to the financial statements concerning the Group's and Company's ability to continue as a going concern. The Group's and the Company's ability to continue as a going concern is dependent upon:

- approval of the Foreign Investment Agreement;
- approval of the financing by the Chinese Government; and
- the ability to repay the Nedbank debt, the convertible loan notes and other creditors if CITIC financing is not approved.

The Group has signed a conditional financing agreement with CITIC and the approval processes of the Foreign Investment Agreement are currently on-going. These conditions, along with other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Deborah Thomas (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
7 June 2010

Consolidated income statement
for the year ended 31 December 2009

	Note	**Year ended 31 December 2009 US$000**	18 Months ended 31 December 2008 US$000 (restated)
Revenue	7	**13,265**	43,074
Cost of sales		**(4,654)**	(33,377)
Gross profit		**8,611**	9,697
Other operating income		**261**	4,860
Administrative expenses		**(8,743)**	(20,095)
Other operating expenses			
Other operating expenses		**(1,726)**	(4,123)
Exceptional items:			
Gain on sale of investments	11	**138**	1,336
Net Jerooy arbitration settlement and costs	12	**-**	3,339
Eurogold settlement and costs	13	**-**	(8,357)
Impairment of Khandiza mining property	14	**-**	(28,456)
Impairment of goodwill in Marakand Minerals		**-**	(1,487)
AGF restructuring costs and penalties	15	**(2,645)**	(10,001)
Total operating expenses		**(12,715)**	(62,984)
Operating loss	8	**(4,104)**	(53,287)
Financial income	16	**511**	1,611
Financial expense	17	**(1,931)**	(2,495)
Loss before tax		**(5,524)**	(54,171)
Taxation	18	**(320)**	(217)
Loss for the year / period		**(5,844)**	(54,388)
Basic loss per share (US cents)	19	**1.52**	14.57
Diluted loss per share (US cents)	19	**1.52**	14.57

Consolidated statement of comprehensive income

	Note	**Year ended 31 December 2009 US$000**	18 Months ended 31 December 2008 US$000 (restated)
Loss for the year		**(5,844)**	(54,388)
Gain on available for sale securities		**195**	-
		5,649	(54,388)

All amounts related to continued operations.

Consolidated Balance Sheet
as at 31 December 2009

	Note	**As at 31 December 2009 US$000**	As at 31 December 2008 US$000 (restated)	As at 30 June 2007 US$000 (restated)
Non-current assets				
Goodwill	20	**-**	-	3,068
Intangible assets	21	**22,808**	22,704	60,309
Property, plant and equipment	22	**17,142**	18,348	20,639
Loans due from joint venture	25	**8,975**	13,468	11,263
Available-for-sale investments	24	**-**	895	6,066
Total non-current assets		**48,925**	55,415	101,345
Current assets				
Trade and other receivables	25	**9,018**	11,499	11,253
Inventory	26	**4,246**	8,130	2,058
Available-for-sale investments	24	**643**	-	65,696
Cash and cash equivalents	27	**9,629**	9,938	11,246
Total current assets		**23,536**	29,567	90,253
Total assets		**72,461**	84,982	191,598
Current liabilities				
Loans and borrowings	30	**22,653**	7,425	5,000
AGF Phase 2 Project Development Fund	31	**9,866**	10,866	10,866
Trade and other payables	32	**5,191**	10,563	13,026
Other provisions	24	**-**	-	65,696
Total current liabilities		**37,710**	28,854	94,588
Non-current liabilities				
Loans and borrowings	30	**478**	17,834	9,912
Deferred tax liabilities		**166**	-	-
Total non-current liabilities		**644**	17,834	9,912
Total net assets		**34,107**	38,294	87,098
Equity				
Share capital	28	**6,497**	6,425	6,104
Share premium		**113,517**	113,040	105,341
Capital reserve		**23,479**	22,566	20,571
Merger reserve		**34,929**	34,929	34,929
Other comprehensive income		**195**	-	-
Retained deficit		**(144,510)**	(138,666)	(84,278)
Equity attributable to ordinary shareholders		**34,107**	38,294	82,667
Minority interests		-	-	4,431
Total equity		**34,107**	38,294	87,098

These financial statements were approved by the board of Oxus Gold plc, registered in England and Wales No. 4056219, on 7 June 2010 and signed on their behalf by:

Richard Shead
Executive Chairman

Richard Wilkins
Finance Director

Company Balance Sheet
as at 31 December 2009

	Note	As at 31 December 2009 US$000	As at 31 December 2008 US$000
Non-current assets			
Property, plant and equipment	22	**33**	3
Investment in subsidiaries	23	**75,726**	75,726
Loans due from joint venture	25	**10,098**	14,098
Total non-current assets		**85,857**	89,827
Current assets			
Trade and other receivables	25	**1,973**	3,316
Cash and cash equivalents	27	**3,179**	8,285
		5,152	11,601
Total assets		**91,009**	101,428
Current liabilities			
Interest-bearing loans and borrowings	30	**20,320**	6,250
AGF Phase 2 Project Development Fund	31	**9,866**	10,866
Amounts due to Group undertakings	33	**39,957**	40,297
Trade and other payables	32	**1,645**	1,905
Total current liabilities		**71,788**	59,318
Non-current liabilities			
Interest-bearing loans and borrowings	30	**-**	17,667
Total net assets		**19,221**	24,443
Equity			
Share capital	28	**6,497**	6,425
Share premium		**113,517**	113,040
Capital reserve		**2,046**	1,133
Retained deficit		**(102,839)**	(96,155)
Total equity		**19,221**	24,443

These financial statements were approved by the board of Oxus Gold plc, registered in England and Wales No. 4056219, on 7 June 2010 and signed on their behalf by:

Richard Shead
Executive Chairman

Richard Wilkins
Finance Director

Consolidated cash flow statement
for the year ended 31 December 2009

	Note	Year ended 31 December 2009 US$000	18 Months ended 31 December 2008 US$000 (restated)
Cash flows from operating activities			
Loss before tax for the year		**(5,524)**	(54,171)
Adjustments for:			
Loss on disposal of property, plant and equipment		**15**	99
Depreciation and amortisation		**1,671**	7,591
Impairment of goodwill		**-**	4,739
Impairment of mining properties and investments		**-**	37,004
Finance costs		**1,931**	2,495
Equity-settled share-based payment expenses		**913**	964
Gain on sale of investments		**(138)**	(1,336)
Provision for doubtful debts		**47**	-
Provision for obsolete inventory		**330**	-
Other reserve movements		**549**	566
Cash flows from operating activities before changes in working capital and provisions		**(206)**	(2,049)
Decrease / (increase) in amounts due from joint venture		**4,493**	(2,205)
Decrease / (increase) in accounts receivable		**2,433**	(246)
Decrease / (increase) in inventories		**3,555**	(6,072)
Decrease in trade and other payables		**(3,745)**	(5,977)
Income tax paid		**(146)**	(734)
Interest paid		**(1,944)**	(1,974)
Net cash generated by (used in) operating activities		**4,440**	(19,257)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(189)**	(2,209)
Investment in exploration properties		**(395)**	(2,589)
Sale of available-for-sale investments		**585**	6,273
Costs of acquisition of Marakand Minerals minority interest		**-**	(501)
Net cash from investing activities		**1**	974
Cash flows from financing activities			
Repayment of bank borrowings		**(4,750)**	(7,500)
Proceeds from short-term borrowings		**-**	2,174
Proceeds from the issue of share capital		**-**	5,670
Proceeds from issue of convertible loan notes		**-**	17,000
Costs of issue of convertible loan notes		**-**	(817)
Proceeds from the sale of warrants		**-**	448
Net cash from financing activities		**(4,750)**	16,975
Net decrease in cash and cash equivalents		**(309)**	(1,308)
Cash and cash equivalents at beginning of year / period		**9,938**	11,246
Cash and cash equivalents at end of year / period	27	**9,629**	9,938

Company cash flow statement
for the year ended 31 December 2009

	Note	Year ended 31 December 2009 US$000	18 Months ended 31 December 2008 US$000
Cash flows from operating activities			
Loss before tax for the year		**(6,684)**	(427,327)
Adjustments for:			
Finance costs		**1,764**	10,187
Equity-settled share-based payment expenses		**913**	964
Depreciation		**35**	28
Impairment of Group investments		**-**	401,429
Amortisation of loan issue costs		**-**	262
Other reserve movements		**546**	566
Cash flow from operating activities before changes in working capital		**(3,426)**	(13,891)
Decrease in amounts due from joint venture		**4,000**	1,442
Decrease / (increase) in trade and other debtors		**385**	(1,500)
Decrease in amounts due to subsidiary undertakings		**(340)**	-
(Decrease) / increase in trade and other payables		**(257)**	378
		3,788	320
Interest paid		**(653)**	(1,923)
Net cash used in operating activities		**(291)**	(15,494)
Cash flows from investing activities			
Investment in plant and equipment		**(65)**	(3)
Investment in joint venture		**-**	(567)
Costs of acquisition of Marakand Minerals minority interest		**-**	(501)
Net cash used in investing activities		**(65)**	(1,071)
Cash flows from financing activities			
Proceeds from the issue of share capital		**-**	5,670
Proceeds from issue of convertible loan notes		**-**	17,000
Costs of issue of convertible loan notes		**-**	(849)
Repayment of bank borrowings		**(4,750)**	(7,500)
Proceeds from the sale of warrants		**-**	448
Net cash raised from by (used in) financing activities		**(4,750)**	14,769
Net decrease in cash and cash equivalents		**(5,106)**	(1,796)
Cash and cash equivalents at the beginning of year / period		**8,285**	10,081
Cash and cash equivalents at the end of year / period	27	**3,179**	8,285

Statement of changes in shareholders' equity - Group
for the year ended 31 December 2009

	Share capital US$000	Share premium US$000	Capital reserve US$000	Revaluation reserve US$000	Merger reserve US$000	Other comprehensive income US$000	Retained earnings/ (deficit) US$000	Shareholders' equity US$000	Minority interest 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 4)	-	-	(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	-	-	448	-	-	-	-	448	-	448
Acquisition of minority interests	-	-	-	-	-	-	-	-	(4,431)	(4,431)
Capital portion of convertible loan	-	-	566	-	-	-	-	566	-	566
Balance at 31 December 2008	6,425	113,040	22,566	-	34,929	-	(138,666)	38,294	-	38,294
Balance at 31 December 2008	6,425	113,040	22,566	-	34,929	-	(138,666)	38,294	-	38,294
Total recognised in income and expense for the period	-	-	-	-	-	-	(5,844)	(5,844)	-	(5,844)
Shares issued in the period	72	477	-	-	-	-	-	549	-	549
Equity-settled share-based payments	-	-	913	-	-	-	-	913	-	913
Gain on available for sale securities	-	-	-	-	-	195	-	195	-	195
Balance at 31 December 2009	**6,497**	**113,517**	**23,479**	**-**	**34,929**	**195**	**(144,510)**	**34,107**	**-**	**34,107**

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 4).

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

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

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

Statement of changes in shareholders' equity - Company
for the year ended 31 December 2009

	Share capital U$000	Share premium US$000	Capital reserves US$000	Revaluation reserves US$000	Retained deficit US$000	Total US$000
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 period	-	-	-	-	(427,327)	(427,327)
Shares issued in the period	321	7,699	-	-	-	8,020
Equity-settled share-based payments	-	-	981	-	-	981
Gain on sale of warrants	-	-	448	-	-	448
Capital portion of convertible loan	-	-	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
Losses after tax for the year	-	-	-	-	(6,684)	(6,684)
Total recognised in income and expenses for the year	-	-	-	-	(6,684)	(6,684)
Shares issued in the year	72	477	-	-	-	549
Equity-settled share-based payments	-	-	913	-	-	913
Balance at 31 December 2009	**6,497**	**113,517**	**2,046**	**-**	**(102,839)**	**19,221**

Share capital is the amount subscribed for shar es at nominal value.

Share premium represents the excess of the amount subscribed for shar e capital over the nominal value of these shar es 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 inter ests, the capital proportion of convertible loans and historic adjustments arisin g from corporate reconstructions prior to the adoption of inter national accounting standards. The capital reserve has been restated (note 4).

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

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

Notes forming part of the financial statements
for the year ended 31 December 2009

1 General information

Oxus Gold plc (the "Company") is a company incorporated in England and Wales under the Companies Act 2006 and throughout the year ended 31 December 2009 was listed on the London AIM stock exchange. The address of the registered office is 52 Charles Street, London, W1J 5EU. The nature of the Group's operations and its principal activities are set out in note 7, the Directors Report and in the Financial and Operating Review and subsidiary undertakings of the Company are set out in note 3 below.

These financial statements are presented in US Dollars because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 3.

Going concern

The Company and Group's activities are dependent on their ability to generate or raise the appropriate finance to support such activities, and on the issuance and maintenance of appropriate mining and operating licences and permits.

AGF's existing open pit heap leach operations at Nukrakon (formerly Vysokovoltnoye) are largely self supporting now that the accumulated stockpile of silver doré has been refined, exported and sold, precious metals previously locked-up in the furnace at the refinery have been recovered, exported and sold, and some $3.1 million of previously paid VAT has been recovered by AGF and offset against other payments due to the Uzbek State. However, the expansion of open pit operations (at Sarybatyr and Asaukak) and the development of the proposed underground mine at Severny and Centralny will be dependent on finance being made available and on the issuance of the appropriate licences at the relevant time.

On 7 January 2010, the Company announced that it had signed a conditional agreement with a consortium of Chinese investors to invest and arrange financing in a total aggregate amount of up to approximately $185 million (the "Financing"). These funds will be used to provide working capital to the Company and to finance and develop AGF's operations in Uzbekistan, including the expansion of open pit heap leach mining operations, the development of one or more underground mines, and an accelerated exploration programme, thereby enabling AGF over the next 3-5 years to target an increase in annual production to approximately 300,000 ounces of gold, and an increase in gold reserves from 2.4 million ounces to over 7 million ounces (after allowing for mining depletion).

The Financing is conditional upon the signing of a Foreign Investment Agreement ("FIA") with the Uzbek Government, setting out various tax, fiscal, licensing and other matters in respect of the AGF joint venture, and the customary regulatory approvals from the Government of the People's Republic of China. A draft of the FIA has been submitted to the Uzbek Government and appropriate discussions as to final form and content are underway. The directors believe that the FIA will be concluded and signed in a satisfactory form in the near future, following which the appropriate approvals from the Chinese Government will be forthcoming. It is intended that the FIA will address all the relevant mining and operating licences and permits.

In May 2008, the Company issued convertible loan notes in the principal amount of $18.5 million. These notes were convertible into ordinary shares of the Company at 37p per share, earned interest at 8% per annum and were repayable, if not converted, in May 2010. The notes have now been restructured such that they are convertible at 12p per share, earn interest at US LIBOR + 3% per annum, and the repayment date has been extended to May 2013. Should the Financing, or an alternative in a minimum amount of $80 million, not occur by 31 December 2010, the noteholders have the option to revert to the original terms.

At 31 December 2009, the Company owed Nedbank $2.5 million against a $20 million corporate loan facility. Since the year end Nedbank has agreed to convert this amount into ordinary shares of the Company, subject to the Financing closing by 31 December 2010.

The directors continue to undertake a number of measures in order to preserve cash until such time as the Group's operations are fully funded. These measures include a continued reduction in the size of the board, and all directors and most senior management (including those at AGF) continuing to be paid approximately 20% of their salaries or fees in shares, rather than cash. Further cost reduction measures will be pursued wherever appropriate. At 7 May 2010, the Group's cash resources stood at approximately $6.7 million.

The directors' assumption that the Financing, FIA, conversion of the convertible loan notes and the Nedbank debt, will be completed by 31 December 2010, is integral to the Company and Group meeting their forecast cashflows for the 12 months following the signing of these financial statements. Should there be 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 Company and Group's ability to continue as a going concern and, therefore, maybe unable to realise its assets and discharge its liabilities in the normal course of the business.

After making suitable enquiries, and based on the current status of the 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 and to significantly expand its operations. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

2 New and revised International Financial Reporting Standards

(a) Adoption of new and revised International Financial Reporting Standards

The Group has adopted with effect from 1 January 2009, IFRS 2 Share Based Payment, IFRS 8 Operating Segments, IAS 1 Presentation of Financial Statements – Revised, IAS 1 Presentation of Financial Statements Improvements, IFRS 7 Financial Instruments: Disclosures – Amendments and IAS 23 Borrowing Costs.

IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the board of directors to allocate resources to segments and assess their performance. In contrast, the predecessor standard (IAS 14 Segment Reporting) required the Group to identify two sets of segments (business and geographical), using a risks and rewards approach, with the Group's system of internal financial reporting to the board of directors serving only as a starting point for the identification of such segments.

The board of directors reviews the performance of the Group based on two business segments: the mining, extraction and production of oxide ore and the corporate operations.

Notes forming part of the financial statements
for the year ended 31 December 2009

The board of directors evaluates the performance of the Group principally with reference to revenue generated, earnings before interest, tax, depreciation and amortisation ("EBITDA"), expected capital costs and forecast production. Segment result represents the EBITDA for each segment and excludes any allocation of central administration costs and overheads. Segmental disclosures are presented in note 7.

The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The application of these disclosures does not require any restatement of the comparatives disclosed in these accounts.

The adoption of IAS 23 (as revised in 2007) Borrowing Costs during the year has not resulted in a material impact on the financial statements of the Group.

(b) New IFRS accounting standards and interpretations not yet adopted
At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not been adopted by the EU):

IFRS 3 (as revised in 2008) Business Combinations (effective for annual periods beginning on or after 1 July 2009)
IFRS 9 Financial Instruments (effective for periods beginning on or after 1 January 2013)
IAS 27 (as revised in 2008) Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009)
IAS 28 (as revised in 2008) Investments in Associates (effective for annual periods beginning on or after 1 July 2009)
Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (effective date of 1 January 2010)
Amendments to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (effective for annual periods beginning on or after 1 July 2009)
Amendments to IAS 7 Statement of Cash Flows (effective date of 1 January 2010)

The directors anticipate that the adoption of these standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

3 Significant accounting policies
(a) Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain assets and financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

The Group has taken advantage of the exemption under section 405 of the Companies Act 2006 and consequently the income statement of the parent company is not presented as part of these financial statements. The loss of the parent company for the financial year amounted to $6.7 million (2008: $427.3 million).

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

Subsidiary	Country of incorporation	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 Ltd	Malta	100%
Oxus Mining Supplies Limited	Isle of Man	100%
The following companies are subsidiary or joint venture undertakings of Oxus Resources Corporation Ltd:		
Oxus Services Limited	England	100%
Amantaytau Goldfields AO	Uzbekistan	50%

On 30 October 2009 Oxus Resources Corporation, previously incorporated in the British Virgin Islands, was redomiciled in Malta as Oxus Resources Corporation Ltd.

(b) Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) (together the "Group") made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity. Minority interests consist of the amount of those interests at the date of the original business combination and the minority interest's share of changes in equity since the date of the combination.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition, or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra group transactions, balances, income and expenses are eliminated on consolidation.

Notes forming part of the financial statements
for the year ended 31 December 2009

3 Significant accounting policies continued

(c) Joint venture entities

During the period, the Group held interest in a joint venture entity. A joint venture entity 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 ventures under a contractual arrangement.

As discussed in note 5 below, the Group changed accounting policy and moved from the equity method of accounting to proportionate consolidation in 2009. The Group's share of the assets, liabilities, income, expenditure and cash flows of such jointly controlled entities are accounted for using proportionate consolidation. Proportionate consolidation combines the Group's share of results of the joint venture entity on a line by line basis with similar items in the Group's financial statements. The transactions and balances outstanding between the Group and the joint venture are eliminated to the extent of the Group's interest in the joint venture.

(d) 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 'p' below).

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

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

(e) Foreign currencies

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in US Dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments / hedge accounting); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to minority interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Sale of goods

Revenue represents the net invoice value of goods and is measured at the fair value of consideration received or receivable, after deducting discounts, volume rebates, value added tax and other sales taxes.

A sale is recognised when the significant risks and rewards of ownership have passed, and when revenue can be measured reliably. This is generally when title and any insurance risk have passed to the customer, and the goods have been delivered to a contractually agreed location.

Notes forming part of the financial statements
for the year ended 31 December 2009

Dividend and interest revenue
Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income
The Group's policy for recognition of revenue from operating leases is described below.

(g) Leasing
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor
Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee
Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.
In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(h) Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and released to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(i) Operating profit
Operating profit or loss is stated before charging restructuring costs and after the share of results of associates but before investment income and finance costs.

(j) Finance income
Finance income comprises interest income on funds invested and foreign exchange gains. Interest income is recognised in the income statement as it accrues, using the effective interest rate method.

(k) Finance costs
Financing costs comprise interest payable on borrowings calculated using the effective interest rate method, the accumulation of interest on provisions and foreign exchange losses.

(l) Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

Notes forming part of the financial statements
for the year ended 31 December 2009

3 Significant accounting policies continued

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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.

(m) 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 and investments in subsidiary undertakings, restructuring costs and the results and costs relating to litigation.

(n) Intangible assets

Mineral rights acquired and exploration and evaluation expenditure capitalised

Mineral rights and exploration and evaluation costs arise from expenditure incurred prior to development activities and include the cost of acquiring and maintaining the rights to explore, investigate, examine and evaluate an area for mineralisation.

Exploration and evaluation expenditure in the relevant area of interest comprises costs which are directly attributable to:

- Researching and analysing existing exploration data;
- Conducting geological studies, exploratory drilling and sampling;
- Examining and testing extraction and treatment methods; and
- Compiling pre-feasibility and feasibility studies.

Exploration and evaluation expenditure also includes the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects. Capitalised costs, including general and administrative costs, are only allocated to the extent that those costs can be related directly to operational activities in the relevant area of interest, and where the existence of a commercially viable mineral deposit has been established.

No amortisation charge is recognised in respect of these intangible assets. Mineral rights and exploration and evaluation expenditure are capitalised within intangible assets until such time that the activities have reached a stage which permits a reasonable assessment of the existence of commercially exploitable reserves. Once this has occurred, the respective costs previously held as intangible assets are transferred to mine development costs in property, plant and equipment.

Capitalised exploration and evaluation expenditure is assessed for impairment in accordance with the indicators set out in IFRS 6 Exploration for and Evaluation of Mineral Reserves. In circumstances where a property is abandoned, the cumulative costs relating to the property are written off.

Mineral rights acquired through a business combination or an asset acquisition are capitalised separately from goodwill if the asset is separable or arises from contractual or legal rights and the fair value can be measured reliably on initial recognition.

(o) Property, plant and equipment

On initial recognition, land, property, plant and equipment are valued at cost, being the purchase price and the directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary for the asset to be capable of operating in the manner intended by the Group.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use and transferred to the appropriate category 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.

Notes forming part of the financial statements
for the year ended 31 December 2009

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 income and is provided so as to write off the cost, less estimated residual values, of property, plant and equipment as follows:

Mining assets, except for certain mining equipment and buildings, where economic benefits from the asset are not consumed in a pattern which is linked to the production level, are depreciated using a units of production method based on estimated economically recoverable reserves, which results in a depreciation charge proportional to the depletion of reserves. In applying the units of production method, depreciation is normally calculated using the quantity of material processed at the mine in the period as a percentage of the total quantity of material to be extracted in current and future periods based on proven and probable reserves.

Depreciation on all other assets is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

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.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

(p) Impairment of tangible and intangible assets
At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets 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. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

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 and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(q) Inventories
Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(r) Cash and cash equivalents
Cash and cash equivalents comprise cash in hand and on demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash.

(s) Financial instruments
Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial Assets
All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Notes forming part of the financial statements
for the year ended 31 December 2009

3 Significant accounting policies continued

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:
- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘other gains and losses’ line item in the income statement. Fair value is determined in the manner described in note 6

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

Available for sale financial assets

Listed shares and listed redeemable notes held by the Group that are traded in an active market are classified as being AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the balance sheet date. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as ‘loans and receivables’. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed and unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group’s past experience of collecting payments as well as observable changes in national or local economic conditions that correlate with default on receivables.

Notes forming part of the financial statements
for the year ended 31 December 2009

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

Reclassification of financial assets
The Group has reclassified certain non-derivative financial assets out of held for trading (part of the FVPTL category) to AFS financial assets. Reclassification is only permitted in rare circumstances and where the asset is no longer held for the purpose of selling in the short-term. In all cases, reclassifications of financial assets are limited to debt instruments. Reclassifications are accounted for at the fair value of the financial asset at the date of reclassification.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Compound instruments
The component parts of compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

Financial liabilities
Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

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.

Notes forming part of the financial statements
for the year ended 31 December 2009

3 Significant accounting policies continued
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.

Trade payables
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(t) Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(u) Restructurings
A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

(v) Onerous contracts
Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

(w) 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.

(x) 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 Jerooy 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.

(y) Share-based payments
The Group has applied the requirements of IFRS 2 Share-based Payment.

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.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

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.

4 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.

Notes forming part of the financial statements
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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

5 Change in accounting policy

Prior to the year ended 31 December 2009, the Group used the equity method to account for its interests in joint ventures. During 2009, the Group changed its accounting policy for accounting for its interest in the Amantaytau Goldfields ("AGF") joint venture, so as to apply proportionate consolidation. In the board's view, proportionate consolidation provides a reliable and more relevant presentation of the Group's results and its operating activity than the equity method. Therefore, the Group decided to make a voluntary change in the accounting policy and the new accounting policy was applied retrospectively.

Comparatives for the eighteen month period ended 31 December 2008 and the year ended 30 June 2007 have been restated to reflect this change in accounting policy in line with IAS 1.

The change in policy had no effect on net assets or profit recognised by the Group in 2008 and 2007 financial statements..

6 Accounting estimates and judgments

Many of the amounts included in the financial statements involve the use of judgment and/or estimation. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience but actual results may differ from the amounts included in the financial statements. Information about such judgments and estimation is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarised 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 the Republic of 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 34.

Mineral resources
There are a number of uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Group's control. Such estimation is a subjective process, and the accuracy of any reserve or resource estimates is a function of the quantity and quality of available data and of the assumptions made and judgments used in technical and geological interpretation. There can be no assurance that mineral resources can be upgraded to proven and probable reserves and subsequently mined and recovered.

Mining licences
The issue of mining licences 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 Gosgortechnadzor (State Industries and Mine Inspectorate) on 26 December 2006 granting AGF the right to apply for mining licence 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 of the Cabinet of Ministers on 2 March 2009 requested Gosgortechnadzor to prepare all the relevant documents for the issuance of new mining licences to AGF. The financial statements have been prepared on the assumption that the relevant licences 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 2009. 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.

Notes forming part of the financial statements
for the year ended 31 December 2009

6 Accounting estimates and judgments continued

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.

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 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 34, 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 29.

7 Segmental analysis

Business segments

The Group has 2 reportable segments under IFRS 8:

- Precious Metals segment, comprising gold & silver operations at different stages, from field exploration through to mine development and precious metals production. The Precious Metals segment includes the Group's principal mining, development and exploration activities in Uzbekistan through its interest in AGF.
- The Corporate segment includes corporate division primarily serving administrative and fund raising functions to support precious metals mining operations. The future revenue generated by the corporate segment will include revenue from lease of mining equipment to AGF and other third parties.

The Group only operated in the United Kingdom and Malta in support of its operations in Uzbekistan and all activities are in respect of precious metals mining operations.

Segment information

Segment information about the Group's reportable segments is presented below. Amounts reported for the prior year have been restated to conform with the requirements of IFRS 8.

Notes forming part of the financial statements
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Year ended 31 December 2009

	Precious Metals* US$000	Corporate US$000	Consolidated US$000
Gold sales	8,010	-	8,010
Silver sales	5,255	-	5,255
Total Group revenue from external customers	**13,265**	**-**	**13,265**
Cost of sales	(4,654)	-	(4,654)
Net operating expenses and exceptional items	(7,293)	(5,422)	(12,715)
Including:			
Depreciation and amortisation	(57)	(35)	(92)
AGF restructuring costs and penalties	(4,161)	1,516	(2,645)
Exploration and evaluation costs	(279)	(1,202)	(1,481)
Operating profit/(loss)	1,318	(5,422)	(4,104)
Net finance income/(expense)	(10)	(1,410)	(1,420)
Taxation	(320)	-	(320)
Segment result	**988**	**(6,832)**	**(5,844)**
At 31 December 2009			
Segment assets	43,233	29,228	72,461
Segment liabilities	6,802	31,552	38,354
Net assets	**36,431**	**(2,324)**	**34,107**
Average number of employees	140	12	152

Eighteen months ended 31 December 2008

	Precious Metals* US$000	Corporate US$000	Consolidated US$000
Gold sales	32,786	-	32,786
Silver sales	10,288	-	10,288
Total Group revenue from external customers	43,074	-	43,074
Cost of sales	(33,377)	-	(33,377)
Net operating expenses and exceptional items	(16,061)	(46,923)	(62,984)
Including:			
Depreciation and amortization	(93)	(28)	(121)
AGF restructuring costs	(10,001)	-	(10,001)
Impairment	-	(29,943)	(29,943)
Exploration and evaluation costs amortized	(279)	(3,657)	(3,936)
Operating loss	(6,364)	(46,923)	(53,287)
Net finance income/(expense)	-	(884)	(884)
Taxation	(217)	-	(217)
Segment result	(6,581)	(47,807)	(54,388)
At 31 December 2008			
Segment assets	50,380	34,602	84,982
Segment liabilities	9,336	37,352	46,688
Net assets	41,044	(2,750)	38,294
Average number of employees	292	12	304

* AGF reported revenue and operating profit before exceptional items for the year ended 31 December 2009 of $26.53 million and $ 10.96 million, respectively, (18 month period ended 31 December 2008: revenue of $86.15 million and operating profit before exceptional items of $7.27 million) and a profit after exceptional items and tax of $1.02 million (18 month period ended 31 December 2008: loss of $4.54 million), 50% of which is attributable to Oxus.

Revenue reported above for the year ended 31 December 2009 and the 18 months ended 31 December 2008 represents revenue generated from external customers. There were no inter-segment sales in the year (2008: nil). All revenue relates to the sale of gold and silver produced by AGF.

Notes forming part of the financial statements
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7 Segmental analysis continued

Group Review analysis is set out below:

Precious Metals segment reconciliation to AGF

	Year ended 31 December 2009 US$000	18 Months ended 31 December 2008 US$000
Segment operating profit/(loss)	**1,318**	(6,364)
Exceptional items	**4,161**	10,001
AGF operating profit/(loss) pre exceptional attributable to Oxus (50%)	**5,479**	3,637
AGF operating profit/(loss) pre exceptional (100%)	**10,958**	7,274

At 30 June 2007 segment assets and liabilities wer e as follows:

	Precious Metals US$000	Corporate US$000	Consolidated US$000
At 30 June 2007			
Segment assets	44,915	146,683	191,598
Segment liabilities	7,534	96,966	104,500
Net assets	37,381	49,717	87,098

Entity wide disclosures

Non-current assets by location of asset (a)

	2009 US$000	2008 US$000	2007 US$000
At 31 December (2007: 30 June)			
Uzbekistan	39,075	40,037	80,340
United Kingdom	875	1,015	3,676
	39,950	41,052	84,016

(a) Excluding financial instruments and deferr ed tax assets.

Information about major customers
During the year ended 31 December 2009 and the 18 month period ended 31 December 2008, the Gr oup generated revenues from the sales of gold and silver to only one financial institution, Standar d Bank London Limited, which pays the spot price for the metal pr omptly against delivery to London, and in accordance with the contractual terms.

8 Operating loss

Operating loss for the year has been arrived at after char ging / (crediting):

	Note	Year ended 31 December 2009 US$000	18 Months ended 31 December 2008 US$000
Staff costs (excluding share-based compensation)	9	**3,966**	8,803
Taxes other than income tax		**2,045**	4,931
Depreciation and amortisation		**1,671**	7,591
Exploration and evaluation costs		**1,481**	3,935
Share based payments (1)		**896**	964
Professional fees		**525**	2,368
Rent		**470**	1,190
Provision for obsolete inventory		**330**	-
Foreign exchange (gains) / losses		**(298)**	188
Repairs and maintenance		**154**	55
Office supplies		**143**	337
Communication expenses		**128**	231
Auditors remuneration (2)		**224**	158

(1) The amount in respect of share-based payments is non-cash and r elates solely to equity settled arrangements.

(2) The audit remuneration was for audit services only. Fees payable to Company auditors for the audit of the Company and its s ubsidiaries financial statements comprised $157,000 (2008: $138,000). Non-audit services payable to the Company auditors comprised $67,000 (2008: $18,000).

Included in other income for the eighteen month period to 31 December 2008 is a management fee of $2.6 million ear ned by the Group by providing management services to AGF thr oughout the period. No such fee was char ged by the Group in 2009.

Notes forming part of the financial statements
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9 Staff costs

	Note	Year ended 31 December 2009 US$000	18 Months ended 31 December 2008 US$000
Staff other than directors and key management personnel			
Wages and salaries		**2,170**	4,489
Social security costs		**463**	771
Payments in lieu of pension		**41**	85
Share-based compensation		**356**	416
		3,030	5,761
Directors and key management personnel			
Wages and salaries		**1,247**	3,119
Social security costs		**45**	84
Payments in lieu of pension		**-**	255
Share-based compensation		**540**	548
		1,832	4,006
Total staff costs		**4,862**	9,767

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, being the directors of the Group.

10 Directors' remuneration

	Note	Year ended 31 December 2009 US$000	18 Months ended 31 December 2008 US$000
Wages and salaries (including bonus and benefits)		**1,196**	3,027
Social security		**44**	84
Payments in lieu of pension		**-**	255
Share-based payment expense		**540**	548
		1,780	3,914
The emoluments of the chairman were:		**336**	133
The emoluments of the highest paid director were:		**336**	833

Details of share options and interests in the Company's shares of each director are shown in the directors' report on page 14.

Name	Salary 2009 $000	Other Compensation 2009 $000	Bonus 2009 $000	Total 2009 $000
Richard Shead	**336**	**-**	**-**	**336**
John Donald	**314**	**4**	**-**	**318**
Richard Wilkins	**332**	**4**	**-**	**336**
Oliver Prior	**61**	**-**	**-**	**61**
Miradil Djalalov	**59**	**-**	**-**	**59**
James McBurney	**57**	**-**	**-**	**57**
Jonathan Kipps	**29**	**-**	**-**	**29**

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

Remuneration for 2009 represents a 12 month period. Remuneration for 2008 represents an 18 month period.

Notes forming part of the financial statements
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10 Directors' remuneration continued

From 1 October 2008 and up to June 2009 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. Post year end the Company reached a settlement with Mr. Trew in respect of his compensation for loss of office (see note 39).

No bonus has been declared or paid in the years ended 31 December 2009 and 2008.

11 Gain on sale of investments

During the year ended 31 December 2009 the Group sold part of its investment in Tethys Petroleum Limited for gross proceeds of $548,000 and a gain on sale of $138,000. The investment is classified as 'available-for-sale' and the fair value of the remaining investment comprised $643,000 at 31 December 2009.

During the year ended 31 December 2008 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 $6.27 million. Both investments were classified as 'available-for-sale'.

12 Net Jerooy arbitration settlement and costs

The Group has settled its arbitration claim against the Kyrgyz Republic under the United Kingdom - Kyrgyz Republic Bilateral Investment Treaty. During the course of 2008, the Group received compensation of $5 million offset by additional legal costs of $1.66 million.

13 Eurogold settlement and costs

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.

The charge to the income statement in 2008 is comprised of:

	18 months ended 31 December 2008 US$000
Legal settlement (cash)	6,174
Legal settlement (shares)	1,074
Legal fees and associated costs	1,109
	8,357

14 Impairment of Khandiza mining property and goodwill in Marakand

	18 months ended 31 December 2008 US$000
Khandiza project (note 21)	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 made a full provision against the carrying value of its investment in the Khandiza project as, during 2008, it became increasingly uncertain whether the Group will be invited to participate in the future development of this asset. The Group also provided in full against goodwill ($4.74 million) and other assets ($1.18 million) held in respect of Marakand Minerals Limited net of minority interests ($4.43 million) acquired on 18 October 2007.

Notes forming part of the financial statements
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15 AGF restructuring costs and penalties

	Note	**Year ended 31 December 2009 US$000**	18 Months ended 31 December 2008 US$000
CIP plant standby costs		**2,638**	1,453
Penalties		**7**	-
Impairment of AGF assets		**-**	8,548
		2,645	10,001

In January 2009 the carbon-in-pulp plant operation at AGF was shut down as planned. AGF does not plan to operate the plant again until it is converted into a bio-oxidation plant to treat the sulphide ore from the proposed underground mine. In order to reduce costs the associated labour force, with the exception of those required to carry out care and maintenance, was laid off on a temporary basis. The costs associated with the CIP plant care and maintenance are not operating costs and have been disclosed separately as restructuring costs.

In accordance with the minutes of a general meeting of AGF shareholders held on 15 June 2006 it was resolved to pay dividends based on the operating results of AGF for 2005. As at 31 December 2009, AGF had not paid the dividends to certain of the shareholders, including Oxus Resources Corporation. Therefore, in accordance with a resolution approved by the AGF shareholders in April 2010, a penalty for late payment of dividends has been accrued by AGF in the amount of $2.02 million, of which $1.54 million was due to the Group and proportionately consolidated into the Group's results.

During 2008 the value of the Group's investment in AGF was subject to an impairment review by determining the recoverable amount using 'value in use' calculations. The key assumptions used were those relating to discount rates, the gold price and the successful financing and development of the underground mine at AGF. A similar review was conducted in 2009 and no further impairment was considered necessary.

16 Financial income

	Year ended 31 December 2009 US$000	18 Months ended 31 December 2008 US$000
Interest receivable from joint venture	**481**	1,321
Interest receivable – other	**30**	290
	511	1,611

17 Financial expense

	Year ended 31 December 2009 US$000	18 Months ended 31 December 2008 US$000
Interest payable – bank loans	**209**	1,293
Interest payable – convertible loan notes	**1,722**	940
Amortisation of loan issue costs	**-**	262
	1,931	2,495

18 Taxation

	Year ended 31 December 2009 US$000	18 Months ended 31 December 2008 US$000
Current tax		
UK current tax	**-**	-
Uzbekistan current tax	**154**	217
	154	217
Deferred tax		
Reversal and origination of timing differences (Uzbekistan)	**166**	-
Total tax charge	**320**	217

Notes forming part of the financial statements
for the year ended 31 December 2009

18 Taxation continued

The charge for the year / period can be reconciled to the loss per the income statement as follows:

	Year ended 31 December 2009 US$000	18 Months ended 31 December 2008 US$000
Loss before tax	**(5,524)**	(54,171)
Tax at the UK corporation tax rate of 28%	**(1,547)**	(15,168)
Effect of:		
Expenses not deductible for tax purposes	**935**	240,599
Income and losses not charged to tax	**(275)**	(229,443)
Accelerated capital allowances in excess of depreciation and other timing differences	**(9)**	3
Losses carried forward	**1,559**	4,070
Effect of different tax rate of joint venture operating in other jurisdiction	**(983)**	(278)
Tax expense for the period	**(320)**	(217)

The Group has trading losses available for offset against future income of approximately $24.6 million (2008: $19.6 million), $6.9 million at the Company's corporation tax rate of 28% (2008: $5.5 million).

19 Loss per share

The calculation of the basic loss per share is based on the following data:

	Year ended 31 December 2009 US$	18 Months ended 31 December 2008 US$
Loss for the period attributable to equity shareholders	**(5,844,000)**	(54,388,000)
Weighted average number of ordinary shares	**382,800,886**	373,257,305
Basic and diluted loss per ordinary share (US cents)	**(1.52)**	(14.57)

Impact of change in accounting policy

The change in the Group's accounting policy during the year is described in detail in note 5. The change in accounting policy had no impact on the reported net loss.

20 Goodwill

The goodwill of $3,068,000 arose as the result of the acquisition of the Marakand Minerals Limited minority interest. The carrying value of the goodwill was reviewed for potential impairment in 2008, and the goodwill was considered to be fully impaired as of 31 December 2008.

21 Intangible assets

	Mining licences US$'000	Sulphide project US$'000	Oxide project US$'000	Khandiza (Kyrgyzstan) US$'000	Jerooy (Kyrgyzstan) US$'000	Total US$'000
Cost						
At 1 July 2006	2,909	23,445	2,754	28,456	50,198	107,762
Additions	-	3,764	-	-	8,864	12,628
Disposals	-	-	-	-	(59,062)	(59,062)
At 30 June 2007	2,909	27,209	2,754	28,456	-	61,328
Additions	-	2,589	-	-	-	2,589
Disposals	(2)	-	-	-	-	(2)
Transfer to mining assets	-	-	(2,754)	-	-	(2,754)
At 31 December 2008	2,907	29,798	-	-	-	61,161
Additions	-	395	-	-	-	395
At 31 December 2009	**2,907**	**30,193**	**-**	**28,456**	**-**	**61,556**

Notes forming part of the financial statements
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	Mining licences US$'000	Sulphide project US$'000	Oxide project US$'000	Khandiza (Kyrgyzstan) US$'000	Jerooy (Kyrgyzstan) US$'000	Total US$'000
Amortisation and impairment loss						
At 1 July 2006	728	-	-	-	-	728
Amortisation charge for the year	291	-	-	-	-	291
At 30 June 2007	1,019	-	-	-	-	1,019
Amortisation charge for the year	436	-	-	-	-	436
Impairment	-	8,548	-	28,456	-	37,004
Disposals	(2)	-	-	-	-	(2)
At 31 December 2008	1,453	8,548	-	28,456	-	38,457
Amortisation charge for the year	291	-	-	-	-	291
At 31 December 2009	**1,744**	**8,548**	**-**	**28,456**	**-**	**38,748**
Net book value						
At 30 June 2007	1,890	27,209	2,754	28,456	-	60,309
At 31 December 2008	1,454	21,250	-	-	-	22,704
At 31 December 2009	**1,163**	**21,645**	**-**	**-**	**-**	**22,808**

The Group tests intangible and tangible assets for impairment annually, or more frequently, if there are indications that assets might be impaired.

The recoverable amount of cash-generating units is determined based on value-in-use calculations. These calculations correspond to the present value of estimated future net cash flows based on estimated life of project budgets and business plans approved by management. Management has determined budgeted cash flows based on the expected production profile of existing and future mining projects using a discount rate of 11.4% (2008: 7%), being an estimate of the Group's after tax weighted average cost of capital, and a gold price of $1,000/oz (2008: $ 850/oz).

Based on the impairment tests carried out at 31 December 2009 no impairment was indicated for the existing mining assets.

22 Property, plant and equipment

a. Group

	Mining equipment US$000	Other US$000	Assets under construction US$000	Total US$000
Cost				
At 30 June 2006	24,381	1,075	5,418	30,874
Additions	-	19	815	834
Transfers from assets under construction	106	17	(123)	-
Disposals	(4,738)	(7)	-	(4,745)
At 30 June 2007	19,749	1,104	6,110	26,963
Additions	1,818	391	-	2,209
Transfer from assets under construction	1,755	480	(2,235)	-
Transfer from intangible assets	2,754	-	-	2,754
Disposals	-	-	(99)	(99)
At 31 December 2008	26,076	1,975	3,776	31,827
Additions	110	79	-	189
Disposals	(18)	(50)	-	(68)
At 31 December 2009	**26,168**	**2,004**	**3,776**	**31,948**
Depreciation				
At 30 June 2006	3,881	448	-	4,329
Charge for the year	1,826	169	-	1,995
At 30 June 2007	5,707	617	-	6,324
Charge for the year	6,830	325	-	7,155
At 31 December 2008	12,537	942	-	13,479
Charge for the year	1,100	280	-	1,380
Disposals	-	(53)	-	(53)
At 31 December 2009	**13,637**	**1,169**	**-**	**14,806**
Net book value				
At 30 June 2007	14,042	487	6,110	20,639
At 31 December 2008	13,539	1,033	3,776	18,348
At 31 December 2009	**12,531**	**835**	**3,776**	**17,142**

Notes forming part of the financial statements
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22 Property, plant and equipment continued
b. Company

	Office furniture and equipment US$000
Cost	
At 30 June 2007	151
Additions	3
At 31 December 2008	154
Additions	65
At 31 December 2009	**219**
Depreciation	
At 30 June 2007	123
Charge for the year	28
At 31 December 2008	151
Charge for the year	35
At 31 December 2009	**186**
Net book value	
At 30 June 2007	28
At 31 December 2008	3
At 31 December 2009	**33**

23 Investment in subsidiaries

Company	2009 US$000	2008 US$000
At the beginning of period	**75,726**	445,129
Investment – Marakand Minerals Limited	-	2,850
Impairment provision - Marakand Minerals Limited	-	(31,969)
Impairment provision – Oxus Holdings (Malta) Limited	-	(340,284)
At 31 December	**75,726**	75,726

Subsidiary undertakings of the Company are set out in note 3. In 2008 the Company recognised full impairment of its investment in Marakand Minerals Limited which was developing the Khandiza base metals project. In 2008 the Company also adjusted the value of its investment in Oxus Holdings (Malta) Limited to match the Group's share of AGF's net assets plus the AGF Phase 2 Project Development Fund (see note 31). The Company tests investments in subsidiaries annually for impairment, or more frequently if there are indications that investments might be impaired. The key assumptions used in impairment tests are set out in note 21.

Based on the impairment tests carried out at 31 December 2009 no impairment was indicated for the Company's investment in subsidiaries.

24 Available-for-sale investments

	Current			Non-Current		
	2009 US$000	2008 US$000	2007 US$000	**2009 US$000**	2008 US$000	2007 US$000
Shares	**643**	-	-	**-**	895	1,759
Global depository receipts	**-**	-	65,696	**-**	-	4,307
At 31 December (2007: 30 June)	**643**	-	65,696	**-**	895	6,066

The investment in shares at 31 December 2009 is held at fair value being the market value of the shares at the time.The market value is derived from quoted prices hence classified as level 1 per IFRS 7.

The Group's investment in Global depository receipts as at 30 June 2007 is investment in 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 during 2008 and related provision was recognised as at 30 June 2007.

Notes forming part of the financial statements
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25 Loans and receivables

a. Group

	2009 US$000	2008 US$000	2007 US$000
Non-current			
Loan due from joint venture	**8,975**	13,468	11,263
Current			
Trade debtors	**7**	99	1,837
Amounts due from joint venture	**6,020**	7,532	6,116
Prepaid taxes and duties	**1,088**	949	-
Advances to suppliers and contractors	**870**	1,022	-
Prepayments for goods and services	**471**	401	9
Amounts due from related party (note 40)	**-**	1,356	-
Other debtors	**562**	140	3,291
	9,018	11,499	11,253

b. Company

	2009 US$000	2008 US$000
Non-current		
Loan due from joint venture	10,098	14,098
Current		
Trade debtors	-	64
Amounts due from joint venture	1,645	1,539
Amounts due from related party (note 40)	-	1,356
Prepayments	317	282
Other debtors	11	75
	1,973	**3,316**

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 40). This amount was settled by Zeromax in 2009.

The trade and other receivable balances are catagorised as loans and receivables. At the balance sheet date none of the trade and other receivable balances is past due but not impaired.

26 Inventory

	2009 US$000	2008 US$000	2007 US$000
Finished products	**828**	4,370	679
Ore stockpiles	**3,374**	3,664	699
Consumables	**44**	96	680
	4,246	8,130	2,058

27 Cash and cash equivalents

a. Group

	2009 US$000	2008 US$000	2007 US$000
Cash at bank	**6,915**	1,938	1,165
Bank deposits	**2,714**	8,000	10,081
	9,629	9,938	11,246

b. Company

	2009 US$000	2008 US$000
Cash at bank	**466**	285
Bank deposits	**2,713**	8,000
	3,179	8,285

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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28 Share capital

a. Authorised share capital

	Group and Company 2009 Number	Group and Company 2008 Number	Group and Company 2007 Number	Group and Company 2009 US$000	Group and Company 2008 US$000	Group and Company 2007 US$000
Ordinary shares of £0.01	**600,000,000**	600,000,000	400,000,000	**8,687**	8,687	8,000

b. Issued and fully paid share capital

	Group and Company 2009 Number	Group and Company 2008 Number	Group and Company 2007 Number	Group and Company 2009 US$000	Group and Company 2008 US$000	Group and Company 2007 US$000
At beginning of the period	**381,439,685**	365,399,173	298,120,198	**6,425**	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	**4,623,175**	-	72,308	**72**	-	2
At 31 December	**386,062,860**	381,439,685	365,399,173	**6,497**	6,425	6,104

1. Arising from the Company's employee share option schemes.
2. In 2008 outstanding warrants in respect of 5,000,000 ordinary shares were exercised at the warrant strike price of £0.1525.
3. In 2008 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.

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 notes issued by the Company could result in a maximum number of new ordinary shares being issued of 96,354,166, see also note 30. Share options outstanding at 31 December 2009 could result in the issue of a maximum of 16,296,000 ordinary shares, see also note 29. These shares, if issued, will rank pari passu with existing ordinary shares.

29 Share options

	2009 Number of options	2009 Exercise price	2008 Number of options	2008 Exercise price US$000	2007 Number of options US$000	2007 Exercise price US$000
At beginning of the period	**16,961,000**		9,747,666	n/a	12,599,333	n/a
Granted in period	**11,725,000**	**£0.0600**	-	n/a	-	n/a
Granted in period	**2,749,000**	**£0.1500**	-	n/a	-	n/a
Granted in period	**-**	**n/a**	785,000	£0.5400	100,000	£0.5400
Granted in period	**-**	**n/a**	8,720,000	£0.2500	-	-
Granted in period	**-**	**n/a**	400,000	£0.2225	-	-
Granted in period	**-**	**n/a**	600,000	£0.1650	-	-
Exercised in period	**-**	**n/a**	(33,333)	£0.2350	-	-
Exercised in period	**-**	**n/a**	(33,333)	£0.2250	(66,667)	£0.2250
Exercised in period	**-**	**n/a**	-	-	(140,000)	£0.1200
Lapsed in period	**(100,000)**	**£0.5400**	(225,000)	£0.540	(40,000)	£0.5400
Lapsed in period	**(50,000)**	**£0.2500**	-	n/a	-	n/a
Expired in period	**(1,550,000)**	**£0.5400**	-	n/a	-	n/a
Expired in period	**(500,000)**	**£0.5575**	-	n/a	-	n/a
Expired in period	**(125,000)**	**£0.2200**	-	n/a	-	n/a
Cancelled in period	**(2,805,000)**	**£0.5400**	(3,000,000)	n/a	(2,705,000)	n/a
Cancelled in period	**(100,000)**	**£0.7875**	-	n/a	-	n/a
Cancelled in period	**(7,020,000)**	**£0.2500**	-	n/a	-	n/a
Cancelled in period	**(400,000)**	**£0.2225**	-	n/a	-	n/a
Cancelled in period	**(400,000)**	**£0.1650**	-	n/a	-	n/a
Cancelled in period	**(2,089,000)**	**£0.1500**	-	n/a	-	n/a
At 31 December (2007: 30 June)	**16,296,000**		16,961,000		9,747,666	

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All the options granted are defined under IFRS 2 as being equity-settled. At 31 December 2009 the number of options which were exercisable was 2,061,000.

Options which have vested are determinable by length of service conditions and various production targets. The remaining options (14,235,000) have been issued in respect of various exercise conditions including drawdown on the funds to construct the underground mine at AGF and the commencement of production at the underground mine.

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

2009	**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**
	£0.1500	£0.11	70%	3.5%	0%	1.9	£0.029	7
	£0.1650	£0.11	70%	3.5%	0%	1.9	£0.029	5
	£0.2500	£0.25	90%	5.0%	5%	1.2	£0.083	124
	£0.0600	£0.07	70%	1.0%	0%	1.8	£0.017	425
Adjustment for changes in assumptions in respect of vesting conditions, cancellations								335
Total charge for the year								896
Foreign exchange movement								17
Credit to capital reserve								**913**

2008	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 2008
	£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								964
Foreign exchange movement								17
Credit to capital reserve								981

Since the year end the Company has issued a further 500,000 options with an exercise price of £0.06.

30 Interest-bearing loans and borrowings

a. Group

	2009 US$000	2008 US$000	2007 US$000
Borrowing at amortised cost			
Convertible loan notes	**17,820**	17,667	-
Finance lease	**-**	324	-
Nedbank corporate loan facility	**2,500**	6,250	13,750
Group share of joint venture borrowings	**2,811**	1,018	1,162
Total borrowings	**23,131**	25,259	14,912
Amount due for settlement within 12 months	**22,653**	7,425	5,000
Amount due for settlement after 12 months	**478**	17,834	9,912

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30 Interest-bearing loans and borrowings continued
b. Company

	2009 US$000	2008 US$000
Borrowing at amortised cost		
Convertible loan notes	**17,820**	17,667
Nedbank corporate loan facility	**2,500**	6,250
Total borrowings	**20,320**	23,917
Amount due for settlement within 12 months	**20,320**	6,250
Amount due for settlement after 12 months	**-**	17,667

On 14 May 2008 the Company completed a placement of 8.0% unsecur ed 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 wer e convertible into a maximum of 26,315,789 new or dinary shares of the Company at a price of £0.37 per share. On 26 January 2010, the Company completed a r estructuring of the Notes such that they ar e now convertible at £0.12 per share, earn interest at US LIBOR + 3% per annum, and the r epayment date has been extended to May 2013. As a r esult of the restructuring, if all the Notes are converted, a total of 96,354,166 new or dinary shares in the Company would be issued. The noteholders have the option to revert to the original terms of the Notes if the pr oposed financing with the CITIC Gr oup (see Note 41), or an alter native financing in a mini mum amount of $80 million, does not occur by 31 December 2010.

The Company has a $20 million corporate loan facility with Nedbank Limited. The loan is being r epaid over four years from drawdown and has an interest rate of 2.75% above 3 month LIBOR. The loan is secur ed 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 breach of the loan covenants, in particular the inter est cover and debt service cover covenants, agreed with Nedbank at the inception of the loan. At 31 December 2009, $2.5 million r emained outstanding against the loan and is classified as due less than one year, which amount Nedbank has agr eed since the year end to capitalise into a maximum of 30,224 ,865 shares, subject to the proposed financing with the CITIC Gr oup closing by 31 December 2010.

The lease finance is in respect of mining equipment owned by a Gr oup company. The lease finance was repayable by quarterly instalments which ended in 2009. The interest rate was fixed at 7.7%.

The fair-value of the income-earning financial assets and the inter est-bearing financial liabilities is not materially dif ferent from the values attributed to these items in the financial statements.

31 AGF Phase 2 project development fund

	Current and Company US$000 2009	Current and Company US$000 2008	Current Group and Company US$000 2007
AGF Phase 2 Project Development Fund	**9,866**	10,866	10,866

At 31 December 2009 the Phase 2 Pr oject Development Fund was $9.87 million (2008 - $10.87 million). The Fund, payable to the Uz bekistan Government for access to mineral rights, was cr eated in July 2004.

The Company originally committed to transfer the monies to the Fund over the period to May 2008. Discussions ar e ongoing with the Uzbek Government with a view to determining new deferr ed payment terms, including the terms of a contingent liability to penalty inte rest equivalent to 5% per annum from 1 November 2008 on over due amounts in accordance with the original agreement signed between the Company and the Ministry of Finance of Uzbekistan in July 2004. The Company continues to r ecognise the Fund as a curr ent liability and paid $1.0 million to the Uzbek Government during 2009. The Gr oup no longer enters into any form of hedging arrangement in r espect of gold prices.

32 Trade and other payables
a. Group

	2009 US$000	2008 US$000	2007 US$000
Trade creditors	**2,275**	5,531	5,887
Other creditors	**2,236**	1,280	5,138
Taxes and duties payable	**497**	2,572	1,695
Accruals	**183**	1,180	306
	5,191	10,563	13,026

Notes forming part of the financial statements
for the year ended 31 December 2009

b. Company

	2009 US$000	2008 US$000
Trade creditors	**480**	758
Other creditors	**-**	-
Accruals	**1,165**	1,147
	1,645	1,905

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

33 Amounts due to group undertakings

Company	2009 US$000	2008 US$000
Loan notes issued to Oxus Resource Corporation	**36,267**	35,978
Other Group liabilities	**3,690**	4,319
	39,957	40,297

The loan notes were issued to Oxus Resources Corporation on 22 June 2007. The 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 the either the Company or Oxus Resources Corporation to redeem all or part of the loan notes in the foreseeable future.

34 Risk and sensitivity analysis

The Group and Company 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 25.

Market operational risks
The Group operated primarily in Uzbekistan (2007: Uzbekistan and Kyrgyzstan).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.

Commodity price risk
Cash flows are forecast using forecast prices for gold and silver. Sensitivities are performed using a variety of commodity price assumptions to highlight commodity price risk.

Notes forming part of the financial statements
for the year ended 31 December 2009

34 Risk and sensitivity analysis continued

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'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. Standard Bank pays AGF against delivery of precious metals.

The Group is exposed to credit risk in respect of management and administrative 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 in the table below.

Interest rate table

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's 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%	(12)
	+ 1.0%	(25)
	+ 1.5%	(37)
Nedbank loan facility	- 0.5%	12
	- 1.0%	25
	- 1.5%	37

Uzbekistan taxation risks

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) **AGF tax regime**

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.

Insurance

AGF has the following principal insurance policies in place:

- All Risks Physical Loss or Damage on plant and equipment including loss consequent upon such damage;
- 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;
- Public and Employers' Liability in respect of operations in Uzbekistan and ex-patriate and local employees.

Notes forming part of the financial statements
for the year ended 31 December 2009

From 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 local Uzbek insurers.

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.

35 Operating leases
Non-cancellable operating lease liabilities, which are not discounted, are as follows:

a. Group

	2009 US$000	2008 US$000
Less than one year	**302**	284
Between one to two years	**242**	370
Between three and five years	**726**	660
Over five years	**60**	220
	1,330	1,534

b. Company

	2009 US$000	2008 US$000
Less than one year	**242**	110
Between one to two years	**242**	220
Between three and five years	**726**	660
Over five years	**60**	220
	1,270	1,210

36 Capital commitments
The Group and the Company had no capital commitments outstanding at 31 December 2009.

AGF had no committed and contracted capital commitments as at 31 December 2009 (2008: $1.8 million).

37 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.

38 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.

39 Contingent liability
A former director, William Trew, sued the Company for £175,000 plus interest alleged to be outstanding under the terms of a settlement agreement governing his resignation in December 2007. In addition, MAED Limited, a Company in which Mr. Trew has a material beneficial interest, 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 was vigorously defending these claims but since the year end has reached an amicable arrangement with Mr Trew and MAED Limited to settle. As a result there is no further dispute between the parties.

No amounts have been recognised in these financial statements for this contingent liability apart from fees from legal advisers.

Notes forming part of the financial statements
for the year ended 31 December 2009

40 Related party transactions
Interests in the Company's convertible loan notes

2009	Coupon US$000	Accrued interest US$000	Total US$000
RAB Special Situation (Master) Fund Limited	**6,000**	485	**6,485**
Zeromax GmbH	**6,000**	364	**6,364**

2008	Coupon US$000	Accrued interest US$000	Total US$000
RAB Special Situation (Master) Fund Limited	**6,000**	63	**6,063**
Zeromax GmbH	**4,500**	89	**4,589**

During 2009 Zeromax GmbH paid a further $1.3 million in respect of the convertible loan notes previously subscribed for.

In 2009 Zeromax provided no loans to the Company (2008: $3.0 million). The loan provided in 2008 was converted to 6,030,151 ordinary shares in the Company on 29 April 2008.

On 10 April 2009 Zeromax made available a loan facility of 7 billion Uzbek soums (approximately $4.6 million) to AGF. The loan facility is unsecured, interest free and repayable, unless extended, on 31 December 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. Fairfax is the Company's AIM nominated adviser and broker, and Fox-Davies has served as a joint broker.

The Group has a related party relationship with its subsidiaries and joint venture. Transactions between the Group entities are eliminated on consolidation and are not included in this note. Transactions with the joint venture and balances outstanding as receivable from the joint venture, which were not eliminated to the extent of the Group's interest in the joint venture, are disclosed in notes 8, 15, 16 and 25.

As at 31 December 2009, the Company had loans receivable from joint venture of $10,098,000 (2008: $14,098,000) (note 25). Interest income earned by the Company on these loans during 2009 comprised $621,000 (2008: $1,512,000).

41. Post-balance sheet events
Conditional agreement to provide financing
On 6 January 2010 the Company entered into a conditional agreement with a consortium of Chinese investors (the "CITIC Group") to invest and arrange financing in a total aggregate amount of up to approximately $185 million (the "Financing"). The consortium consists of CITIC Construction Co Ltd, Baiyin Non-Ferrous Group Co Ltd, and Chang Xin Yuan Su (Tianjin) Equity Investment Fund Management LP. CITIC and Baiyin are ultimately owned by the Government of the People's Republic of China. Chang Xin is a private equity fund registered in China and managed by Long March Investment Consulting (Beijing) Co Ltd.

Under the terms of the Financing, the CITIC Group will invest approximately $85 million by subscription to purchase 573,000,000 new ordinary shares in the Company at £0.06 per share and the purchase of $30 million of convertible loan notes in the Company, convertible at £0.07 per share into 267,857,142 shares. The notes will earn interest at US LIBOR + 3% per annum. In addition, the CITIC Group will be issued with warrants to subscribe for a further 89,285,714 new ordinary shares at £0.07 per share, and 62,500,000 new ordinary shares at £0.10 per share, subject to arranging a further $80 million in project finance.

The funds will be used to provide working capital to the Company and to finance and develop AGF's operations in Uzbekistan, including the expansion of existing open pit heap leach mining operations, the development of one or more underground mines, and an accelerated exploration programme.

The Company's shareholders approved the terms of the Financing at an extraordinary general meeting held on 26 January 2010. The Financing, which has a backstop date of 31 December 2010, is conditional upon, inter alia, the signing of a foreign investment agreement with the Uzbek Government, setting out various tax, fiscal, licensing and other matters in respect of the AGF joint venture, and the customary regulatory approvals from the Government of the People's Republic of China.

At the EGM on 26 January 2010 the Company's shareholders also approved a 1:7 share consolidation, subject to the Financing closing, in order to reduce the number of shares outstanding after the Financing.

Restructuring of convertible loan notes
On 26 January 2010 the Company restructured the terms of its 8.0% unsecured convertible loan notes (see note 30).

Nedbank corporate loan facility
On 12 April 2010 Nedbank Limited agreed to capitalise the outstanding balance of its corporate loan facility, subject to the Financing closing (see note 30).

Other litigation
Since the year end the Company has settled its dispute with Mr. Trew, a former director, and MAED Ltd (see note 39).

Notice of Annual General Meeting

Oxus Gold plc

(Incorporated in England and Wales with registered number 04056219)

Notice is hereby given that the 2010 Annual General Meeting (the **Meeting**) of the Company will be held at The Chesterfield Hotel, 35 Charles Street, London W1J 5EB on 30 June 2010 at 11.00 a.m.

As ordinary business:

To consider and, if thought fit, pass the following Resolutions as or dinary resolutions:

1. To receive the report of the Directors and the audited accounts of the Company for the year ended 31 December 2009 together with the report of the Auditors on those audited accounts.

2. To re elect Mr Richard Shead as a Director.

3. To re elect Mr Richard Wilkins as a Director.

4. To re appoint Deloitte LLP as Auditors to hold of fice from the conclusion of the Meeting to the conclusion of the next meeting at which accounts are laid before the meeting.

5. To authorise the Directors to fix the remuneration of the Auditors.

As special business:

6. THAT the Directors be and they are hereby generally and unconditionally authorised in accordance with section 551 Companies Act 2006 (**CA 2006**) to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shar es in the Company up to an aggregate nominal amount of £1,188,558. The authority conferred on the Directors under this Resolution shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or on 30 June 2011, whichever is the earlier save that the Company may befor e such expiry make an of fer or agreement which would or might require shares to be allotted or rights to subscribe for, or to convert any security into, shar es to be granted after such expiry and the Dir ectors may allot shares or grant rights to subscribe for, or to convert any security into, shar es (as the case may be) in pursuance of such an of fer or agreement as if the authority conferred hereby had not expired.

To consider and, if thought fit, to pass the following Resolutions as special resolutions:

7. That, subject to the passing of Resolution 6 above, the Dir ectors be and they are hereby empowered pursuant to section 570 and section 573 CA 2006 to allot equity securities (within the meaning of section 560 CA 2006) for cash pursuant to the authority conferr ed by Resolution 6, as if section 561(1) CA 2006 did not apply to any such allotment, provided that this power:

   (A) shall be limited to the allotment of equity securities in connection with an offer of equity securities:

   (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

   (ii) to holders of other equity securities as r equired by the rights of those securities or as the Dir ectors otherwise consider necessary,

   and so that the Directors may impose any limits or r estrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter (including any such pr oblems arising by virtue of equity securities being represented by depositary receipts);

   (B) shall be limited to the allotment of equity securities otherwise than under paragraph (A) of this Resolution 7 up to an aggr egate nominal amount of £792,372; and

   (C) shall apply in relation to a sale of shar es which is an allotment of equity securities by virtue of section 560(3) CA 2006 as if in the first paragraph of this Resolution the wor ds “subject to the passing of Resolution 6 above” wer e omitted,

   and shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or on 30 June 2011 whichever is the earlier, except that the Company may before such expiry make an of fer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferr ed hereby had not expired.

8. That the Articles of Association pr oduced to the Meeting and initialled by the Chairman of the Meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association (including those pr ovisions of the Company’s Memorandum of Association which, by virtue of section 28 Companies Act 2006, are treated as provisions of the Company’s Articles of Association).

By Order of the Board,

7 June 2010
Registered office:
52 Charles Street,
London W1J 5EU

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 but must attend the Meeting for the member's vote to be counted. 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.

2. A Form of Proxy is provided with this Notice for members. If a member wishes to appoint more than one proxy, this Form may be photocopied. To be valid, 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, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time of the holding of the Meeting or any adjournment thereof. Completion and return of the Form of Proxy will not preclude members from attending and voting at the Meeting should they wish to do so. Amended instructions must also be received by the Company's registrars by the deadline for receipt of Forms of Proxy.

3. Pursuant to Regulation 41(1) of the Uncertificated Securities Regulations 2001 (as amended), the Company has specified that only those members registered on the register of members of the Company at 11.00 a.m. on 28 June 2010 (the **Specified Time**) (or, if the Meeting is adjourned to a time more than 48 hours after the Specified Time, by 11.00 a.m. on the day which is two days prior to the time of 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. If the Meeting is adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purposes of determining the number of votes they may cast) at the adjourned meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

5. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in Notes 2 and 3 above. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

6. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings (www.euroclear.com/CREST).

7. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

8. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.

9. Any electronic address provided either in this Notice or in any related documents (including the Form of Proxy) may not be used to communicate with the Company for any purposes other than those expressly stated.

10. Copies of the service agreements and letters of appointment between the Company and its Directors and a copy of the proposed new Articles of Association of the Company, with a copy of the existing Memorandum and Articles of Association marked to show the changes being proposed in Resolution 8 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 10.45 a.m. until the conclusion of the Meeting.

Explanatory notes to Resolutions

Explanatory notes to Resolutions

Ordinary business

Annual report and accounts (Resolution 1)
The Directors present to shareholders at the Meeting the annual report and accounts for the year ended 31 December 2009 together with the Directors' and Auditors' reports on the annual report and accounts.

Reappointment of Directors (Resolutions 2 and 3)
Under the Company's Articles of Association, one third of the Directors are required to retire by rotation each year and, in addition, no Director may serve for more than three years without being re-elected by shareholders. Mr Richard Shead and Mr Richard Wilkins will each retire by rotation this year in accordance with the Articles of Association and are proposed for re-election through separate resolutions numbered 2 and 3.

Biographical details of all the Directors standing for re-election appear on page 18 of the Annual Report and Accounts. Following a full performance evaluation during the year, the Board considers that each of the Directors standing for re-election continues to make an effective and valuable contribution and that they demonstrate commitment to their respective roles.

Auditors (Resolutions 4 and 5)
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 have indicated their willingness to continue in office. Accordingly, Resolution 4 reappoints Deloitte as auditors to the Company and Resolution 5 authorises the Directors to fix their remuneration.

Special business

Authority of Directors to allot shares (Resolution 6)
The authority given to the Directors to allot further shares in the capital of the Company requires the prior authorisation of the shareholders in general meeting under section 551 Companies Act 2006. Upon the passing of Resolution 6, the Directors will have authority to allot shares up to a maximum of £1,188,558, which is approximately 30 per cent of the current issued ordinary share capital as at 4 June 2010 being the latest practicable date before the publication of this Notice. This authority will expire immediately following the annual general meeting in 2011 or on 30 June 2011, whichever is the earlier.

The Directors will continue to seek to renew this authority at each annual general meeting, in accordance with current best practice.

Disapplication of pre-emption rights (Resolution 7)
If the Directors wish to exercise the authority under Resolution 6 and offer shares (or sell any shares which the Company may purchase and elect to hold as treasury shares) for cash, the Companies Act 2006 requires that unless shareholders have given specific authority for the waiver of the statutory pre-emption rights, the new shares be offered first to existing shareholders in proportion to their existing shareholdings. In certain circumstances, it may be in the best interests of the Company to allot new shares (or to grant rights over shares) for cash without first offering them to existing shareholders in proportion to their holdings.

Resolution 7 would authorise the Directors to do this by allowing the Directors to allot shares for cash (i) by way of a rights issue (subject to certain exclusions), (ii) by way of an open offer or other offer of securities (not being a rights issue) in favour of existing shareholders in proportion to their shareholdings (subject to certain exclusions) and (iii) to persons other than existing shareholders up to an aggregate nominal value of £792,372 which is equivalent to approximately 20 per cent of the issued share capital of the Company on 4 June 2010, being the latest practicable date prior to the printing of this Notice.

If given, the authority will expire at the conclusion of the next annual general meeting in 2011 or on 30 June 2011, if earlier. The Directors intend to renew such power at successive AGMs in accordance with current best practice.

New Articles of Association (Resolution 8)
We have reviewed our Articles of Association in light of the full implementation of the Companies Act 2006. As a result of that review we have decided to adopt a new set of Articles of Association. An explanation of the main changes between the proposed and existing Articles of Association is set out in the Appendix on page 60 of this document. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which will merely reflect changes made by the Companies Act 2006 or the Shareholders' Rights Regulations, or conform the language of the proposed Articles of Association with that used in the model articles for public companies produced by the Department for Business, Innovation and Skills have not been noted in the Appendix. The proposed Articles of Association showing all the changes to the existing Articles of Association are available for inspection, as noted on page 58 of this document.

Action to be taken
You will find enclosed a Form of Proxy for use at the Meeting. Please complete, sign and return the enclosed form as soon as possible in accordance with the instructions printed thereon, whether or not you intend to be present at the Meeting. Forms of Proxy should be returned so as to be received by Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and in any event no later than 48 hours before the time appointed for holding the Meeting, that is to say, no later than 11.00 a.m. on 28 June 2010.

Appendix
Explanatory Notes of Principal Changes to the Company's Articles of Association

Set out below is a summary of the principal changes in the proposed Articles of Association (**New Articles**). References to article numbers are those used in the New Articles (except where reference is made to a provision in the existing Articles of Association (**Current Articles**) which has been deleted).

1 The Company's objects
The provisions regulating the operations of the Company were until 1 October 2009 set out in the Company's memorandum and articles of association.

The Companies Act 2006 (**CA 2006**) significantly reduces the constitutional significance of a company's memorandum. The CA 2006 provides that the memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the CA 2006 the majority of the previous provisions of the memorandum, most notably the objects clause, are deemed to be part of the company's articles of association with effect from 1 October 2009.

Further the CA 2006 states that, unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause (together with all other provisions of its memorandum which, by virtue of the CA 2006, are treated as forming part of the Company's articles of association as of 1 October 2009). This will be achieved by the adoption of New Articles which contain no such provisions other than a statement regarding the limited liability of shareholders.

2 Articles which duplicate statutory provisions
Provisions in the Current Articles which replicate provisions contained in the CA 2006 are in the main to be removed in the New Articles or amended to bring them into line with the CA 2006.

3 Treasury Shares
UK public companies whose shares are admitted to trading on AIM which buy back their own shares are now permitted, subject to certain restrictions, to hold up to 10 per cent. of their issued shares in treasury rather than cancelling them as previously required. Such treasury shares may be later resold for cash, transferred for the purposes of or pursuant to an employee share scheme, or cancelled. As with the issue of new shares, sales of treasury shares for cash are subject to shareholders' statutory pre-emption rights contained in the CA 2006 except in so far as such rights are waived by shareholders. The New Articles contain provisions reflecting the Company's ability to hold treasury shares. These provisions will be of no consequence until such a time as the Company decides to hold treasury shares.

4 Shares in uncertificated form
Since the Current Articles were adopted, the Uncertificated Securities Regulations 2001 (the Regulations) have come into force. These Regulations replaced the Uncertificated Securities Regulations 1995, which established the legal framework for the CREST settlement system. The Regulations allow shares in companies to be issued, held, registered, converted to, transferred or otherwise dealt with in uncertificated form and allow shares to be converted from uncertificated form to certificated form in accordance with the Regulations and practices instituted by the operator of the relevant system. The fact that the Current Articles do not contain provisions in relation to uncertificated shares does not prevent the Company's shares being dealt with through CREST pursuant to the Regulations, however the New Articles contain specific provisions in this regard intended to reflect the legislation described above and to clarify how certificated and uncertificated shares may be dealt with in certain circumstances.

5 Authorised share capital and unissued shares (Former Articles 4 and 7)
The CA 2006 removes the concept of authorised share capital. As with the objects clause (see paragraph 1), the statement of authorised share capital previously contained in a company's memorandum of association is deemed with effect from 1 October 2009 to be a provision of the company's articles of association (and takes effect as setting out the maximum number of shares that may be allotted by the company). The adoption of the New Articles will have the effect of removing this provision. Directors will still be limited as to the number of shares they can at any time allot because an allotment authority continues to be required under the CA 2006, save in respect of employee share schemes.

6 Redeemable shares (Article 6 and Former Article 6)
Under the Companies Act 1985 (**CA 1985**), if a company wished to issue redeemable shares, it had to include in its articles the terms and manner of redemption. The CA 2006 enables directors to determine such matters instead provided they are so authorised by the articles. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the directors would need shareholders' authority to issue new shares in the usual way. In addition, the Initial Redeemable Share rights contained in Former Article 6 have been removed as the Company no longer has any redeemable shares in issue.

7 Extinction of claims (Article 30)
The New Articles provide (for the avoidance of doubt) that forfeiture of a share will involve the extinction of all interests in, and all claims and demands against the Company in respect of, the share concerned.

8 Disclosure of interests in shares (Article 32)
The New Articles contain more detailed and up-to-date provisions in relation to the Company's ability to issue a notice to a shareholder (or any other person appearing to be interested in shares held by a shareholder) pursuant to section 793 of the CA 2006 requiring such person to provide information about his or her interests in the Company's shares.

9 Share Transfers (Article 37)
The New Articles provide that directors must provide reasons for any refusal to register a transfer of shares in accordance with the CA 2006.

10 Suspension of registration of share transfers (Former Article 39)
The Current Articles permit the directors to suspend the registration of transfers for up to 30 days in any year, reflecting a provision of the CA 1985. Under the CA 2006 share transfers must be registered as soon as practicable. Accordingly, the provision which allowed the Company to suspend the registration of transfers has been removed in the New Articles.

11 Authority to purchase own shares, consolidate and sub-divide shares, and reduce share capital (Former Articles 46, 47, 48 and 53)
Under the CA 1985, a company required specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. The Current Articles include these enabling provisions. Under the CA 2006 a company will only require shareholder authority to do any of these things and it will no longer be necessary for articles to contain enabling provisions. Accordingly the relevant enabling provisions have been removed in the New Articles.

12 Stock (Former Articles 49, 50, 51 and 52)
The Current Articles contain certain provisions dealing with stock and unclassified shares. These provisions are not included in the New Articles as they are not relevant in light of the Company's current share capital.

13 Electronic conduct of meetings (Article 59)
Amendments made to the CA 2006 by the Shareholders' Rights Regulations specifically provide for the holding and conducting of electronic meetings. The Current Articles have been amended to reflect more closely the relevant provisions.

14 Voting by proxies on a show of hands (Article 70)
Under the CA 2006 as amended by the Shareholders' Rights Regulations, each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The New Articles reflect these changes and contain a provision clarifying how the provision of the CA 2006 giving a proxy a second vote on a show of hands should apply to discretionary authorities.

15 Timing for submission of proxy appointments (Article 72)
Article 72 has been amended to permit the directors to specify, in a notice of meeting, that in determining the time for delivery of proxy appointments, no account shall be taken of non-working days. This brings the provisions relating to timing for proxy appointments into line with the provisions of Article 147 (see paragraph 23) regarding determining which persons may attend and vote at a general meeting.

16 Validity of votes by proxies and corporate representatives (Article 75)
Under the CA 2006 as amended by the Shareholders' Rights Regulations, proxies have an obligation to vote in accordance with the instructions given to them by the member appointing them. The New Articles contain a provision stating that the Company is not required to enquire whether a proxy or corporate representative has voted in accordance with instructions given to him and that votes cast by a proxy or corporate representative will be valid even if he has not voted in accordance with these instructions.

The New Articles also provide that any objection to the qualification of a person voting must be made at the meeting at which the vote objected to is tendered or at the time any poll is taken and that the chairman's decision is final and binding. The New Articles require a member to provide reasonable evidence of his and his proxy's identity and also specify what a member must provide by way of evidence if a proxy is appointed by a person acting in behalf of a member.

17 Appointment and duties of President (Articles 76 and 77)
The New Articles include a provision enabling the Board to appoint a current or former director to the position of President on such terms as to remuneration and other matters as the Board may think fit. The role of President is of an advisory nature and does not carry any managerial powers or duties in relation to the Company.

18 No shareholding qualification for Directors (Former Article 91)
There is no longer any requirement for a company's articles to contain a negative statement if the directors do not need to own shares in the company. This negative statement (contained in the Current Articles) has therefore been removed from the New Articles.

19 Director not to retire on account of age (Former Article 112)
Previously under the CA 1985, a director was required to retire at the age of 70 unless a contrary provision was contained in a company's articles of association. The Current Articles include such a provision. The provisions in the CA 1985 have now been repealed so it will no longer be necessary for articles to contain an enabling provision and accordingly, this has been removed in the New Articles.

20 Directors' interests (Articles 122-129)
The articles dealing with directors' conflicts of interest have been amended in line with market practice. Under the New Articles certain conflicts of interest do not need to be authorised, for example an interest as a director of a group company. Generally the nature and extent of any conflict of interest must be disclosed before it can be authorised or before it is permitted without being authorised but the New Articles provide for some situations in which disclosure is not required where knowledge can be presumed and disclosure is unlikely to be necessary. The New Articles also allow the board to exercise voting rights in group companies without restriction e.g. so as to appoint a director to the board of a group company without this counting as a conflict requiring authorisation.

21 Execution of documents (Article 133)
The New Articles contain more up-to-date provisions in relation to the Company's ability to execute documents and, in particular, reflect the ability of companies (under the CA 2006) to execute deeds by the signature of a single Director, provided that signature is appropriately witnessed.

22 Use of seals (Former Article 140)
Under the CA 1985, a company required authority in its articles to have an official seal for use abroad. Under the CA 2006, such authority is no longer required. Accordingly, the relevant authorisation has been removed in the New Articles.

23 Record date for right to attend and vote at meetings (Article 147)
The New Articles include a new provision, not in the Current Articles, dealing with the method for determining which persons are allowed to attend or vote at a general meeting of the Company and how many votes each person may cast. Under this new provision, when convening a meeting the Company must specify a time, not more than 48 hours before the time of the meeting (excluding any part of a day that is not a working day), by which a person must be entered on the register of members in order to have the right to attend or vote at the meeting. This reflects a new provision introduced by the Shareholders' Rights Regulations.

24 Service of notice on members (Article 151)
Under the Current articles, the right to receive notices and other documents is forfeited if on two separate occasions the notices and other documents are returned undelivered. Under the New Articles, this provision is extended so that the right to receive the notices is forfeited only if the documents are returned undelivered on three separate occasions. In addition, the New Articles also provide that where a notice or other document has been sent to a member electronically but has been undelivered on two consecutive occasions, the Company shall thereafter send notices or other documents to such member through the post.

25 Distribution of assets otherwise than in cash (Former Article 168)
The Current Articles contain provisions dealing with the distribution of assets in kind in the event of the Company going into liquidation. These provisions have been removed in the New Articles on the grounds that in the situation in which a distribution in kind is being contemplated it is likely to be done only with unanimity or as part of a scheme and can therefore be better dealt with at the time than legislated for in advance.

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