
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek immediately your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or from another appropriately authorised financial adviser if you are in a territory outside the United Kingdom.

If you have sold or transferred all your Oxus Shares, please send this document at once to the purchaser or transferee or to the stockbroker, bank manager, solicitor or other independent financial adviser or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



OXUS GOLD PLC

(Incorporated and registered in England and Wales with registered number 04056219)

Distribution by way of a dividend in specie of Oxus Gold's holding of KazakhGold GDRs

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of Oxus Gold set out on page 4 of this document.

Notice of an Extraordinary General Meeting to be held at 105 Piccadilly, London, W1J 7NJ on Wednesday, 20 June 2007 at 11.00 am is set out at the end of this document. To be valid the accompanying pre-paid white Proxy Form for use at the Extraordinary General Meeting should be completed and returned, in accordance with the instructions printed thereon, to the Registrars at Proxy Processing Centre, Telford Road, PO Box 25, Bicester, OX26 4LD, United Kingdom as soon as possible but in any event so as to arrive no later than 11.00 a.m. on Monday, 18 June 2007. Completion and return of the white Proxy Form will not preclude Shareholders from attending and voting in person at the Extraordinary General Meeting.

Shareholders will also find enclosed with this document a blue CREST Notification Form. **If you hold your Oxus Shares in certificated form, you will need to provide details of a CREST account by completing the relevant parts of the CREST Notification Form through which you wish to hold the KazakhGold GDRs to which you will become entitled, assuming the Resolution is passed.** If you are a Shareholder holding Oxus Shares in certificated form and do not return the blue CREST Notification Form with the details of your CREST account, the KazakhGold GDRs to which you become entitled will be held by Oxus Gold for you and will be distributed to your CREST account when the relevant CREST account details are notified to the Registrars.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Proxy Forms for the Extraordinary General Meeting	11.00 a.m. on Monday, 18 June 2007
Time and date for receipt of CREST Notification Forms	11.00 a.m. on Monday, 18 June 2007
Extraordinary General Meeting	11.00 a.m. on Wednesday, 20 June 2007
Record Date	Close of business (London time) on Friday, 22 June 2007
Distribution of KazakhGold GDRs	On or around Monday 2 July 2007

If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through the Regulatory News Service of the London Stock Exchange. All times shown in this document are London times unless otherwise stated.

DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

“certificated” or “certificated form”	a share or other security which is not in uncertificated form
“CREST”	the relevant system (as defined in the Regulations) in respect of which CRESTCo Limited is the Operator (as defined in the Regulations)
“CREST Notification Form”	the blue CREST notification form which accompanies this document for use to notify the Registrars of CREST account details of Shareholders who at present hold their Oxus Shares in certificated form
“Directors” or “Board”	the directors of the Company listed on page 4 of this document
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company convened for Wednesday, 20 June 2007 at 11.00 a.m. (or any adjournment thereof), notice of which is set out at the end of this document
“Group”	the Company and its subsidiary undertakings
“KazakhGold”	KazakhGold Group Limited, a company incorporated in Jersey whose registered office is at La Motte Chambers, St Helier, Jersey JE1 1BJ, Channel Islands (company registration number 91264)
“KazakhGold GDRs”	means global depository receipts which are admitted to the Official List and to trading on the main market of the London Stock Exchange issued by the Bank of New York pursuant to a deposit agreement dated 30 November 2005 between KazakhGold and the Bank of New York
“KazakhGold Shares”	means ordinary shares of £0.0001 each in the capital of KazakhGold
“London Stock Exchange”	London Stock Exchange plc
“Official List”	the Official List of the UKLA
“Overseas Shareholders”	Shareholders who are resident in, or citizens of, countries other than the United Kingdom
“Oxus Gold” or the “Company”	Oxus Gold plc, a company incorporated in England and Wales whose registered office is at 105 Piccadilly, London, W1J 7NJ (company registration number 04056219)
“Oxus Shares”	means ordinary shares of 1p each in the capital of the Company
“Proxy Form”	the pre-paid white proxy form for use at the Extraordinary General Meeting which accompanies this document
“Record Date”	close of business (London time) on Friday, 22 June 2007
“Registrars”	Capita Registrars of 34 Beckenham Road, Beckenham, Kent BR3 4TU
“Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/3755), as amended from time to time
“Resolution”	the resolution set out in the notice of the Extraordinary General Meeting at the end of this document
“Shareholders”	holders of Oxus Shares on the register of members at the relevant time
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UKLA”	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
“uncertificated” or “in uncertificated form”	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST, and title to which, by virtue of the Regulations, may be transferred by means of CREST

LETTER FROM THE CHAIRMAN OF OXUS GOLD PLC



OXUS GOLD PLC

(Registered in England and Wales with registered number 04056219)

DIRECTORS

Jonathan Kipps
Oliver Prior
Douglas Sutherland
William Trew
Richard Wilkins
Gordon Wylie

REGISTERED OFFICE

105 Piccadilly
London
W1J 7NJ
United Kingdom

1 June 2007

To: Shareholders and, for information only, to holders of options relating to Oxus Shares

Dear Shareholder,

DISTRIBUTION OF OXUS' HOLDING OF KAZAKHGOLD GDRS

1 INTRODUCTION

On 12 March 2007, Oxus Gold announced that it had agreed in principle to sell to KazakhGold its Kyrgyz, Romanian and certain Turkish assets in consideration for the issuance by KazakhGold of 3,541,666 KazakhGold Shares. A legally binding agreement relating to this transaction was signed on 26 April 2007 and the transaction was completed on 10 May 2007.

Your Board had indicated that it intended to distribute to Shareholders all or a large proportion of the KazakhGold Shares to be received by the Group. The KazakhGold Shares received by the Group have been converted into KazakhGold GDRs, which are admitted to the Official List and to trading on the main market of the London Stock Exchange.

A KazakhGold GDR (global depositary receipt) is a bank certificate issued by the Bank of New York which represents one KazakhGold Share. As at close of business on Wednesday, 30 May 2007, the mid-market price of each KazakhGold GDR on the London Stock Exchange was US\$20.40 (equivalent to £10.33 based on the dollar/sterling exchange rate as at Wednesday, 30 May 2007). The Board now intends to distribute substantially all of the KazakhGold GDRs to Shareholders by way of a dividend *in specie*. The proposed distribution is subject to approval of Shareholders at the Extraordinary General Meeting.

The purpose of this document is to convene the Extraordinary General Meeting so that the Resolution can be passed to permit the proposed distribution of KazakhGold GDRs to Shareholders by way of a dividend *in specie*.

2 PROPOSED DIVIDEND *IN SPECIE*

As mentioned above, the Group holds 3,541,666 KazakhGold GDRs. The distribution of these KazakhGold GDRs to Shareholders is proposed to be effected by the payment of a dividend *in specie* to Shareholders conditional upon the passing of the Resolution at the Extraordinary General Meeting. If the Resolution is not passed at the Extraordinary General Meeting, the Board will not pay the proposed dividend *in specie* of KazakhGold GDRs.

Shareholders at the close of business (London time) on the Record Date will receive KazakhGold GDRs according to the following ratio:

1 KAZAKHGOLD GDR FOR EVERY 110 OXUS SHARES HELD

At this ratio of 1:110 based on a KazakhGold GDR market price at close of business on Wednesday, 30 May 2007 and an exchange rate of £1.00:US\$1.9749 at close of business on Wednesday, 30 May 2007 this represents a value of 9.39 pence per Oxus Share.

The individual entitlements of Shareholders to receive KazakhGold GDRs will be calculated by reference to their holdings of Oxus Shares at the close of business (London time) on the Record Date. To be on the register of members on the Record Date, transfer of Oxus Shares must be recorded by close of business (London time) on Friday, 22 June 2007.

To the extent a Shareholder is entitled to receive a fraction of a KazakhGold GDR because his holding of Oxus Shares is not exactly divisible by 110, such Shareholder's entitlement to KazakhGold GDRs will be rounded down to the nearest whole number. All such fractional entitlements of Shareholders will be aggregated and retained by Oxus Gold for the benefit of all Shareholders. At any time, your Board may decide to sell all or some of the KazakhGold GDRs retained by Oxus Gold and the proceeds will be retained by Oxus Gold.

Shareholders who hold their Oxus Shares in uncertificated form on the Record Date will have their entitlement to KazakhGold GDRs (rounded down to the nearest whole number) credited to their CREST account on or around Monday, 2 July 2007.

Shareholders who hold their Oxus Shares in certificated form on the Record Date and who have returned the CREST Notification Form with details of their CREST account to the Registrars by Monday, 18 June 2007 will have their entitlement to KazakhGold GDRs (rounded down to the nearest whole number) credited to the CREST account specified in the CREST Notification Form on or around Monday, 2 July 2007. Shareholders who hold their Oxus Shares in certificated form who do not return their duly completed CREST Notification Form before Monday, 18 June 2007 will have their KazakhGold GDRs held on their behalf by Oxus Gold until such Oxus Shareholder advises Oxus Gold of their CREST account details. Oxus Gold will make distributions of such GDRs to those Shareholders who send details of their CREST account after Monday, 18 June 2007 on a monthly basis in the future.

An explanation of how to set up a CREST account is included on the CREST Notification Form.

3 TAXATION

The information below relates to current United Kingdom law and practice and is subject therefore to any subsequent changes therein. This information is applicable only to companies and to persons resident in the United Kingdom for tax purposes who hold shares as an investment. It may not apply to certain categories of person, such as dealers in securities, unit trust funds or persons who received their shares by reason of employment. This information is given by way of a general summary and does not constitute legal or tax advice to any such holders.

UK INCOME TAX

The proposed dividend *in specie* of the KazakhGold GDRs to Shareholders will be treated as income for UK tax purposes. The amount of the distribution for UK tax purposes will be the market value of the asset at the time of the transfer.

Under current UK law, individual Shareholders resident in the UK (for tax purposes) will be entitled to a tax credit in respect of the dividend *in specie* at the rate of one ninth of the dividend or 10 per cent of the aggregate of the dividend and the associated tax credit (the "Tax Credit Amount"). Such Shareholders will be liable to income tax (if at all) on the aggregate of the dividend and the associated tax credit at, in the case of the starting and basic rate tax payers, the dividend ordinary rate of 10 per cent or, in the case of higher rate taxpayers, the dividend upper rate of 32.5 per cent. The Tax Credit Amount will be offset against their total income tax liability. Taxpayers who, after taking into account other income, are liable to UK income tax at only the starting or basic rate will have no further liability to income tax.

UK Shareholders will not be able to reclaim tax credits in respect of the dividend *in specie*.

A UK resident corporate Shareholder will be treated as receiving a distribution at the time of the transfer of the KazakhGold GDRs. Such distribution should be exempt from UK corporation tax.

UK TAXATION OF CAPITAL GAINS

Under current UK law, the acquisition cost of the KazakhGold GDRs, for UK capital gains tax purposes, will be deemed to be the market value as at the date of the transfer.

If you are in any doubt about your taxation position, or may be subject to a tax in a jurisdiction other than the United Kingdom, you should immediately consult an appropriate professional adviser without delay.

4 OVERSEAS SHAREHOLDERS

Any person resident outside the United Kingdom who is to receive KazakhGold GDRs pursuant to the dividend *in specie* must satisfy himself or herself as to full observance of the laws of the relevant territory in connection therewith, including obtaining any requisite government or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territory.

5 EXTRAORDINARY GENERAL MEETING

The notice convening the Extraordinary General Meeting of the Company to be held at 105 Piccadilly, London, W1J 7NJ on Wednesday, 20 June 2007 at 11.00 a.m. is set out at the end of this document.

The Resolution to be proposed at the Extraordinary General Meeting will, if passed, enable the Board to pay a dividend *in specie* in respect of KazakhGold GDRs owned by the Group. If the Resolution is not passed, the Board will not pay such a dividend and Shareholders will not receive their entitlement to KazakhGold GDRs.

The Resolution will be proposed as an ordinary resolution and, as such, to be passed will require a simple majority of votes cast (whether on a show of hands or a poll). On a show of hands each member who is entitled to vote and present in person or (being a corporation) present by representative shall have one vote, and on a poll each member who is entitled to vote and present in person or by proxy or (being a corporation) present by representative shall have one vote for every Oxus Share held.

6 ACTION TO BE TAKEN

Shareholders will find enclosed with this document a white pre-paid Proxy Form to be used in connection with the Extraordinary General Meeting. Whether or not you intend to attend the Extraordinary General Meeting, please complete and sign the white Proxy Form in accordance with the instructions printed hereon and return it by post to the Registrars at Proxy Processing Centre, Telford Road, PO Box 25, Bicester, OX26 4LD so as to arrive as soon as possible and in any event no later than 11.00 a.m. on Monday, 18 June 2007. Neither the completion of the Proxy Form nor its return will preclude Shareholders from attending and voting in person at the Extraordinary General Meeting should they wish to do so.

Shareholders will also find enclosed with this document a blue CREST Notification Form with pre-paid envelope to be used to advise Registrars of their CREST account details. **This is only for those Oxus Shareholders who hold their Oxus Shares in certificated form. Such Shareholders are requested to complete the blue CREST Notification Form in accordance with the instructions printed hereon and return it by post in the enclosed pre-paid envelope to the Registrars at 34 Beckenham Road, Beckenham, Kent, BR3 4TU so as to arrive as soon as possible and in any event no later than 11.00 a.m. on Monday, 18 June 2007.** If notification of CREST account details is not made by this date then it can still be sent in after this and Oxus Gold will then distribute the GDRs to such Shareholder in the month following notification of their CREST account.

7 RECOMMENDATION

Your Board considers the dividend in specie of KazakhGold GDRs to be in the best interests of the Shareholders as a whole. Accordingly the Board recommends Shareholders to vote in favour of the Resolution as each of the Directors intends to do in respect of his own direct beneficial holdings, which amount in aggregate to 23,781,748 Oxus Shares representing 6.51% of the Oxus Shares in issue.

Yours faithfully

DOUGLAS SUTHERLAND
Chairman

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE is hereby given that an Extraordinary General Meeting of the above named company will be held at 105 Piccadilly, London, W1J 7NJ on Wednesday, 20 June 2007 at 11.00 a.m. for the purposes of considering and, if thought fit, passing the following Resolution which will be proposed as an ordinary resolution.

ORDINARY RESOLUTION

THAT the proposals contained in the Company's circular dated 1 June 2007 ("Circular"), which is attached to this notice of meeting and signed for the purpose of identification by the Chairman of the meeting, whereby a dividend be paid to holders of Ordinary Shares of 1p each in the capital of the Company ("Oxus Shares") to be satisfied by the transfer of global depository receipts issued by Bank of New York representing ordinary shares of £0.0001 of KazakhGold Group Limited to holders of Oxus Shares (the "Proposals") on the close of business on 22 June 2007, be and are hereby approved and the Directors be and hereby are authorised and directed to take such action as may be reasonably necessary to enable the Proposals to be implemented on the basis described in the Circular (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory or otherwise howsoever).

By Order of the Board

Richard Wilkins
Company Secretary

Registered Office:
105 Piccadilly
London
W1J 7NJ
United Kingdom

NOTES:

- 1 Holders of options to subscribe for Oxus Shares who are not also registered as holders of Oxus Shares are not entitled to receive notice of or to attend or vote at this Extraordinary General Meeting and the above Notice is sent to such participants for information only.
 - 2 A member entitled to attend and vote at the Extraordinary General Meeting may appoint one or more proxies to attend and (on a poll) vote on their behalf. A proxy need not be a member of the Company.
 - 3 A form of proxy is provided with this notice. Completion and return of such proxy will not prevent a member from attending the Extraordinary General Meeting and voting in person.
 - 4 Upon a show of hands, every member who (being an individual) is present in person or (being a corporation) is present by a representative shall have one vote, and upon a poll every member present in person or by proxy shall have one vote for every Oxus Share held by him/her.
 - 5 To be effective, the form of proxy and any power of attorney or other authority under which it is signed (or notarially certified copy of such authority) must be completed and returned to the Registrars at Proxy Processing Centre, Telford Road, PO Box 25, Bicester, OX26 4LD not less than 48 hours before the time of the holding of the Meeting (or any adjournment thereof).
 - 6 Pursuant to regulation 41 of the Uncertified Securities Regulations 2001, changes to entries in the register of members after 6.00 p.m. on 18 June 2007, or, in the event of any adjournment of the above Meeting, by 6.00 p.m. on the day two days prior to the date fixed for the adjourned meeting shall be disregarded in determining the rights of any member to attend or vote at the meeting or adjourned meeting (as the case may be). Accordingly, only a member registered in the register of members of the Company as at 6.00 p.m. on 18 June 2007 shall be entitled to attend or vote at the meeting or adjourned meeting (as the case may be) in respect of the number of shares registered in his name at that time.
 - 7 In the case of joint registered holders of any Oxus Shares, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names of the holders are shown in the register of members.
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