



## news release

For immediate release: 22 October 2007

### Oxus Gold plc

#### Final Results for the twelve months ended 30 June 2007

- Kyrgyz, Romanian and Turkish assets sold to KazakhGold Group Limited for approximately \$73 million, plus potential deferred cash consideration of up to \$80 million
- Oxus retains rights to its claim in arbitration against the Kyrgyz Republic
- Dividend in specie declared equivalent to 17.98 cents per share
- Oxus reports a loss of \$18.91 million for the year attributable to equity shareholders (2006: a profit of \$2.11 million). The result includes exceptional charges of \$19.70 million offset by a gain arising from the sale of the rights to the Jeroooy project and other assets of \$8.00 million
- Amantaytau Goldfields ("AGF") reports \$3.99 million loss (\$1.99 million loss attributable) for the six month period to 30 June 2007 and \$6.42 million loss (\$3.21 million loss attributable) for the year.
- AGF produced 24,138 ounces of gold in the six month period to 30 June 2007 and 59,373 ounces for the year
- AGF sold 37,675 ounces of gold in the six month period to 30 June 2007 and 65,174 ounces for the year
- Silver off-take contract signed in June 2007, enabling AGF to export refined silver
- Refining contract signed with the Almalyk refinery to refine silver dore from Vysokovoltnoye
- AGF sold first silver from AGF's CIP operations on 30 June 2007 equal to 44,038 ounces
- AGF sold first silver from AGF's Vysokovoltnoye silver-gold heap leach operations in July 2007 equal to 58,502 ounces
- Vysokovoltnoye project produced 13,608 kilograms of doré containing 398,999 ounces of silver and 6,709 ounces of gold by 30 June 2007
- Vysokovoltnoye's stockpiled dore and calcine, at 30 June 2007 sales value, worth \$25 million
- Uzbek courts reject \$224 million of a total \$225 million in tax and customs claims arising from the state audit
- Production commenced at AGF's Asaukak oxide deposit
- Zeromax purchases a 15.6% stake in Oxus and enters into strategic alliance

LONDON: 22 October 2007 - Oxus Gold plc ("Oxus", the "Company" or "the Group") reports its final results for the 12 months ended 30 June 2007 (the "year"). This has been a very challenging period for the Group during which time it faced unprecedented interruptions to AGF's operations in Uzbekistan due to a disruptive tax audit, the financial impact of the loss of certain tax privileges,

and the impact of a number of legal issues which were both costly and time consuming. Although AGF's operations were returning to normal towards the end of the year, the lengthy period of disruption at AGF, as well as other ongoing corporate matters, inevitably had a serious negative impact on the Group's earnings and expenses during the year as a whole, which led to a substantial loss overall. Oxus believes these issues are now largely behind the Group and that it can once again take a more positive view of the future.

(All references to \$ are to United States dollars.)

## **Report on Activities**

### **Financial Results**

The Group reports a reduction in gross revenue, excluding attributable joint venture income, to \$2.39 million (2006: \$3.38 million), resulting primarily from the loss of anticipated fee income following the sale of the Jerooy project. The AGF joint venture contributed an attributable loss of \$3.21 million for the year (2006: \$10.17 million attributable profit). Total group earnings for the year showed an unaudited loss after taxation and minority interest of \$18.91 million (6.25 cents per share loss) against a profit of \$2.11 million (0.73 cents per share profit) in the comparable year to 30 June 2006.

The result includes exceptional charges of \$19.7 million offset by a gain arising from the sale of the rights to the Jerooy project and other assets of \$8.0 million. The Group has not recognised any future gain attributable to 'deferred cash consideration' of up to \$80 million payable by KazakhGold Group Limited ("Kazakhgold") in the event that KazakhGold or a nominee acquires, or acquires the benefit of, a licence to enable it to continue with the development of the Jerooy gold project in Kyrgyzstan. If such additional consideration is received the Company will withdraw its arbitration proceedings against the Kyrgyz Republic.

The Company has declared a dividend equivalent to \$65.69 million (2006: nil). The dividend was paid in specie by the distribution of the majority of the KazakhGold Global Depositary Receipts (GDRs) received as consideration for the sale of the Jerooy project and certain other assets. The dividend was equal to 17.98 cents per share.

The Group has written down the value of its holdings in Eurogold Limited by \$5.7 million to the market value as at 30 June 2007 as it now considers that the fall in value is long-term. The Group has also written down the carrying value of the 3,541,666 KazakhGold GDRs, initially to the quoted value on the London Stock Exchange on 22 June 2007, the record date of the dividend in specie, and in respect of the retained holding of 220,322 GDRs, to the quoted value on 30 June 2007. The total amount provided against the GDRs was \$2.9 million.

The exceptional charges included further costs arising as a consequence of the abortive 2002 project financing and related litigation of \$7.3 million, costs of \$2.8 million incurred in the arbitration proceedings against the Kyrgyz Government, impairment costs on investments of \$8.6 million (including the Kazakhgold GDRs) and legal costs of \$1.0 million.

Total assets increased to \$186.29 million (2006: \$176.37 million), including cash and cash equivalents of \$10.88 million (2006: \$13.71 million). During the year the Company issued 67,278,975 shares, comprising 57,000,000 to Zeromax GmbH upon acquisition of a strategic stake in the Company, 10,000,000 to JNR Limited for consultancy services, 206,667 stock options were exercised, and 72,308 shares were issued to directors in place of remuneration. The total number of shares in issue at 30 June 2007 was 365,399,173.

At 30 June 2007 the Group's loan facility from Nedbank had reduced to \$13.75 million.

The accounts have been prepared in accordance with International Financial Reporting Standards (IFRS). The 2006 comparatives have been restated to reflect the writing back of goodwill arising on

the acquisition of further shares in Marakand Minerals Limited, previously accounted as a deduction from the capital reserve, and the classification of warrants returned to the Company by the Court in respect of the abortive 2002 financing and subsequent litigation as a financial asset. There was no impact on last year's earnings.

#### *Uzbek State tax audit*

During July and August 2006 AGF underwent a State 'complex' tax, customs and compliance audit as part of the established regulatory procedure. As a result of the audit, the State tax and customs authorities initially claimed approximately \$225 million in taxes, customs duties, fines and penalties for alleged breaches of the Uzbek tax law. Subsequently the Navoi Regional Economic Court and the Tashkent Supreme Economic Court rejected \$224 million of these claims. Oxus made provision within its annual accounts to 30 June 2006 to cover its 50% share of the outstanding liability of \$1 million.

The State audit materially disrupted the ongoing operations of AGF due to various restrictions imposed on assets and bank accounts whilst the tax and customs claims were passing through the Uzbek legal process. There are some residual issues still being negotiated with the Uzbek tax authorities within the framework of ongoing constructive discussions which AGF expects to resolve shortly.

During the period AGF also paid approximately \$6.2 million in taxes that it had previously been exempted from by virtue of tax privileges granted to AGF by decrees of the Uzbek Government. Following constructive discussions, for a period of 18 months with effect from 1 May 2007 AGF has been granted a deferral of payment of withholding tax, property tax and customs duties on imported goods. These deferred taxes and duties, of which \$1.03 million was accrued at the year end, will become payable in 6 monthly installments commencing 1 November 2008, and will be financed as part of the capital cost of the Phase 2 sulphides underground project.

Had AGF not suffered the loss of its tax privileges, the loss for the year attributable to Oxus would have been \$100,000, as opposed to \$3.21 million.

#### *Legal issues*

On 4 August 2003 the Company cancelled 5,000,000 warrants for shares exercisable at 15.25 pence per share, which had been issued in relation to the abortive 2002 project financing and related litigation. The grantee disputed this cancellation, and following litigation the court ordered that the warrants should be reinstated and offered the grantee a choice of receiving the warrants or cash. The grantee opted to receive cash and the warrants were returned to the Company. The grantee also asserted an entitlement, under an adjustment provision in the original warrant deed, to an additional 3,313,380 warrants. In this respect the court ruled in favour of the Company and no additional warrants were awarded. During the year the Company incurred expenses of \$7.35 million (2006: \$4.62 million) arising in respect of this litigation, including damages, legal costs and interest. The warrants are now held as a financial asset by the Company pending resale and are valued at \$2.23 million. The Company intends to sell these warrants or to place the underlying shares for cash, when it is anticipated that the transaction will recover a surplus to the present carrying value.

During the year the Company continued its claim in arbitration against the Kyrgyz Republic under the United Kingdom – Kyrgyz Republic Bilateral Investment Treaty. Oxus is seeking to recover its loss of profits arising from the cancellation of the mining licence for the Jerooy gold project, less the amount it received in mitigation from the transaction with KazakhGold. The Kyrgyz Republic is challenging the jurisdiction of the arbitral tribunal and a decision from the tribunal at a hearing held recently on jurisdiction is expected in the next few weeks. The Company continues to own all rights arising from this arbitration subject to the withdrawal of this claim upon receipt of the 'deferred cash

consideration' from KazakhGold. During the year the Company incurred expenses of \$2.79 million in respect of the arbitration.

## **Operations**

The disruptions caused by the State audit inevitably consumed significant management time and represented a major distraction from efforts to ensure efficient and economic operation of the AGF oxide plant, the Vysokovoltnoye silver-gold heap leach project and the further development of the underground sulphides.

Although operations were able to continue, albeit at a reduced level, AGF was unable to run the mining operation at maximum efficiency resulting in the depletion of oxide ore stockpiles and strategic consumable stocks. As a result of this, the expected reduction in grade and quality of ore, and an increased tax base arising from the loss of privileges, it was not possible to maintain plant production at economic levels. In addition, the financial disruption and impact on working capital led to shortages of diesel, lime and steel balls, and resultant interruptions to mining and processing operations. Gold production for the year was therefore substantially below target, although AGF did export its first silver bullion from the oxide plant on 30 June 2007 when a total of 44,038 ounces was shipped to London.

Nevertheless, during the period, mining at Amantaytau Centralny continued until the oxide ores were exhausted. Mining continued into the higher grade 'refractory transition / 'sulphidic' oxide' ores until this was curtailed due to increasingly low gold recoveries in the plant. After the planned commencement of mining at the lower grade Asaukak deposit and haulage of ore to the CIP plant gold recoveries improved considerably, and during May and June averaged over 90% (even though the recovery for the six months to the 30 June 2007 averaged only 56%).

At Vysokovoltnoye irrigation of the stacked ore and the operation of the Merrill Crowe plant continued throughout the period, as did production of concentrate. As at 30 June 2007 a total of 13,608 kilograms of doré containing 398,999 ounces of silver and 6,709 ounces of gold were produced. Of this 5,759 kilograms had been stockpiled and 7,849 kilograms were awaiting refining at the Almalyk Mining and Metallurgical Combinat ("Almalyk"). In June, the Uzbek Government approved the silver off-take agreement, enabling AGF to export 44,038 ounces of refined silver from its CIP operations on the 30 June and its first silver from Vysokovoltnoye, 58,502 ounces, in July. Since the year end doré production has increased to 8,200 kilograms per month, although silver sales are expected to average 5 tonnes per month until the refining capacity at Almalyk can be increased, or a contract to export silver doré to international refineries is concluded and registered with the Uzbek authorities.

The value of precious metal in the doré and silver calcine concentrate at Vysokovoltnoye at 30 June 2007, taken at current sales value less refining cost, and where applicable, smelting costs, was approximately \$25 million. The development costs of the Vysokovoltnoye project, including plant and machinery, mine infrastructure and stacking incurred to date are \$21.79 million, which will be expensed over the revenue producing life of the project.

### *Amantaytau Goldfields Phase 1 oxides project*

The following table summarises AGF's operating results:

	<b>Six months to 30 June 2007</b>	<b>Six months to 31 December 2006</b>	<b>Year to 30 June 2007</b>	<b>Year to 30 June 2006</b>
Ore mined, tonnes	708,902	454,198	1,163,100	1,517,574
Ore processed, tonnes	315,542	561,135	876,677	1,609,726
Average grade (g/t)	4.2	2.4	3.1	3.9
Average gold recovery (%)	56.0	80.6	68.4	73.6
Gold produced, ounces	24,138	35,235	59,373	146,937
Gold sales, ounces	37,675	27,499	65,174	154,038
Hedge ounces	0	0	0	76,699
Spot ounces	37,675	27,499	65,174	77,339
Average gold price \$ per ounce	651	608	633	451
Average cash cost \$ per ounce	576	536	559	250
Average total cost \$ per ounce	666	623	642	302
Net profit (loss) after tax & debt service \$m	(3,986)	(2,440)	(6,426)	20.337

### **Underground Sulphides Project**

A feasibility study into the mining and processing of the substantial AGF primary sulphide mineral resource was completed by Wardell Armstrong in September 2005. In addition, in order to comply with Uzbek regulations, it was necessary to restate the feasibility study in accordance with Uzbek standards for approval by the authorities. Both of these studies were based on underground mining and a new biological oxidation plant. The Uzbek approval process was also delayed whilst the claims arising from the State audit were passing through the Uzbek legal process. However, AGF and the Uzbek authorities are now cooperating fully and the formal approval from the Uzbek Government for the sulphides project is expected towards the end of the year.

The Phase 2 sulphides project is designed to mine the deeper primary sulphide extensions to the oxide ore bodies that have been mined-out by open pit methods at Amantaytau Centralny and also to mine the adjacent Amantaytau Severny sulphide ores. Combined they contain underground Ore Reserves of 9.71 million tonnes at an average grade of 7.71 grammes per tonne (g/t) containing 2.41 million ounces of gold. This Ore Reserve is within a combined Measured and Indicated Resource above a 3.5 g/t cut-off of 10.32 million tonnes at an average grade of 9.0 g/t gold containing 2.97 million ounces of gold. There is an additional Inferred Resource of 2.05 million tonnes at an average grade of 7.6 g/t, containing a further 0.5 million ounces of gold. The ore body is open at depth and at Amantaytau Severny Soviet drilling at 500 metres below the currently explored ore bodies encountered 51.6 g/t gold over 8 metres. These Resources and Reserves are JORC compliant and are included in the totals in the tables in Appendices 1&2. Detailed tabulations will be posted on the website shortly.

Whilst the delay in implementing the sulphides project has affected AGF negatively in the short term it has allowed time for optimisation studies to be carried out which offer significant benefits over the original design. Instead of building a new stand-alone plant, the existing oxide CIP plant will be modified to accept sulphide ore. This will mean that the existing crushing, milling, thickening and reagent systems will be re-used along with individual items such as the interstage carbon screens. Since the plant modifications are mainly adding additional processing sections, subject to successful financing, the new plant can be constructed and commissioned without significantly affecting the existing plant production.

Re-using the existing plant will not only optimise capital but will also reduce lead times associated with the procurement of major equipment such as mills. It is therefore planned to start feeding

sulphidic ore to the plant in the second quarter of 2009. In addition, since existing plant capacity is higher than that allowed for in the feasibility study, it is planned to increase the sulphide plant throughput from the original design tonnage of 750,000 tonnes per annum in 2009 to 1,200,000 tonnes per annum by 2012 as the underground ore production is expanded.

In order to provide sulphidic ore to feed the plant in 2009 initially it will be necessary to mine the sulphides from surface by expanding the existing Amantaytau Centralny open pits, since significant quantities of ore from underground will only become available in 2010. Deepening the existing pits will not only allow the sulphide plant to be brought on stream earlier but will also provide an access point for the underground mine portal. By starting the portal in the pit, the length of the required decline will be reduced and the necessity to excavate a large box cut through the poor surface rock will be avoided which will save on both capital and time.

Although testwork undertaken in the last twelve months has led to encouraging results by using ultra-fine grinding and flotation technology, negotiations are now well underway to utilise biological oxidation technology. This technology is already being used at a nearby project in Uzbekistan and is considered to be the preferred and more reliable alternative.

A new economic model for the sulphides project has also been prepared, which will now form the base case for future financial projections. Further details relating to this project will be released shortly.

### **Other Heap Leach Projects**

In addition to the development of the sulphides, which will become the main priority for AGF during 2008, AGF also intends to construct and commission a 1 million tonnes per annum heap leach facility close to the Asaukak pit. For the initial twelve months this facility will be fed from low grade ore stockpiles situated at Asaukak. This will significantly reduce operating costs and allow for the plant to pay for itself within a year. Approximately 29,000 ounces of gold is expected to be produced from this facility in 2009.

The initial cost of creating the low grade ore stockpile of approximately 251,000 tonnes, at an average contained gold grade of 0.7 grammes per tonne, has been fully expensed to date.

Heap leaching of the Asaukak low grade stockpiles will require the completion of exploration drilling, then development followed by shallow open-pit mining of other deposits within the Asaukak area (Aksai, North Asaukak, Sreddiny, Aksai North, Daugystau North and Karasai West) and then other satellite oxide deposits. Alongside production from the higher grade sulphides, heap-leaching will provide an ongoing recovery of gold from the lower grade oxide deposits, thus contributing to AGF's future profitability and increasing the overall production from 170,000 ounces gold equivalent in 2009 to over 300,000 ounces from 2010.

### **Exploration**

Exploration activities were severely cut back during the period due to financial disruptions. Fortunately grade control drilling of the upper benches of the Asaukak Pit was completed before the disruption resulting from the State Audit. Grade control has therefore continued without further Reverse Circulation ("RC") drilling, and at both Asaukak and Vysokovoltnoye increased trench / rip-line sampling has been carried out.

Commencement of the programme of further trenching and RC drilling of deposits for heap-leaching in the Asaukak area was delayed, but is now scheduled to proceed following a refurbishment of the RC drilling rig.

Core drilling using AGF's CS14 drill rig has been carried out on a single shift basis during much of the period to assist in further engineering and metallurgical development work. An additional benefit of these programmes was the training of AGF's Uzbek drillers on operating the rig.

The separate programmes were:

- geotechnical drilling (7 holes totaling 645 metres – in addition to that reported last year) to determine rock conditions along the line of the proposed access declines for the Amantaytau Severny underground mine. The drilling was directed at identifying how the rock conditions varied with depth, and to confirm the positions of predicted faults and dykes beneath the Mesozoic cover rocks;
- drilling to obtain core (5 holes totaling 297 metres) for metallurgical samples in the 'graphitic / transition / oxidized sulphidic ores' and primary ores below the mined out oxides in the Amantaytau Centralny pits. The drill core was logged and classified into separate 'mineralogical / metallurgical' sub-types for further testwork, in order to more specifically determine metallurgical characteristics as part of the open-pit sulphide engineering programme;
- four holes totaling 210 metres were drilled at Vysokovoltnoye to intersect the transition zone from oxides to sulphides, around the base of the designed open-pit, and provide drill core for detailed geological logging, analysis and metallurgical testwork. This programme will be continued, so as to determine in more detail the relationship between specific rock units and heap-leach recoveries of silver and gold, in advance of pit development and grade control work and
- at the western end of the Asaukak open-pit, 8 holes totaling 400 metres have been drilled to test a potential extension of mineralization between the existing pit and a fault zone. This is not expected to be of particularly high grade, but could potentially provide additional feed for heap-leaching.

AGF's strategy in terms of exploration and development going forward will focus on the specific projects and the recruitment of additional staff and contractors required to manage geological and engineering aspects. Of priority are:

- geostatistical remodeling of the Amantaytau Centralny sulphides at a lower cut-off grade for open pit mining, followed by pit optimization and detailed design. This work has commenced subsequent to the year end, and resource and open pit reserves are to be revised accordingly;
- preparation for Amantaytau Severny underground access development, further underground exploration and stope definition drilling;
- further trenching, and following RC rig refurbishment, drilling of deposits for heap-leaching in the Asaukak area (Aksai, North Asaukak, Sreddiny, Aksai North, Daugystau North and Karasai West), followed by modeling, pit design and engineering;
- ongoing exploration around Vysokovoltnoye to further optimise and extend the life of the Vysokovoltnoye heap-leach operation.

AGF has 4.8 million ounces of gold and 38 million ounces of silver contained within its Measured and Indicated Resources, plus a further 2.4 million ounces of gold and 16 million ounces of silver in the Inferred Category, as well as significant Exploration Potential. These Resources are JORC compliant and are tabulated in Appendices 1&2.

Within the Resource Base, AGF has Proven and Probable Reserves as of 1 July 2007 totaling 2.8 million ounces of gold and 6.7 million ounces of silver, by far the greatest value being in the Amantaytau Severny and Centralny sulphide project. Oxus has a 50% share in AGF's resources and reserves. These Reserves are JORC compliant and are tabulated in Appendices 1&2.

Detailed tabulations will be posted on the website shortly. Appendices 3 and 4 contain descriptions of the JORC and Soviet Reserve and Resource categorisations,

## **Jerooy**

In June 2007 the Group completed the sale of all its interests in the Jerooy gold project in Kyrgyzstan to KazakhGold. These interests were held by the Company's 100% subsidiary, Norox Mining Company Limited, which in turn owns 66.67% of Talas Gold Mining Company. The sale also included the Company's 50% interest in the Romaltyn joint venture in Romania and certain exploration assets in Turkey previously owned by the Group's 84% owned subsidiary, Marakand Minerals Limited.

The Group had spent approximately \$63 million on the Jerooy gold project, including the construction of a processing plant which was approximately 80% complete before construction was suspended in February 2006, and approximately \$3.8 million on the Romaltyn joint venture, in which KazakhGold already owned a 50% interest. Romaltyn owns a gold processing plant in Baia Mare and certain exploration licences.

The consideration for this transaction was 3,541,666 new ordinary shares in KazakhGold valued at the time at approximately \$73 million, plus the potential 'deferred cash consideration' of up to \$80 million payable in the event that KazakhGold or a nominee acquires, or acquires the benefit of, a licence to enable it to continue with the development of the Jerooy gold project.

The transaction generated a gain on sale of \$8.0 million. No value has been attributed to the 'deferred cash consideration' or to the claim in arbitration as at 30 June 2007.

## **Other activity**

### *Zeromax strategic investment*

In November 2006 the Company announced that it had signed a subscription agreement with Zeromax GmbH, Uzbekistan's largest private-sector company, to bring Zeromax into Oxus as a strategic investor and alliance partner. Pursuant to that agreement Zeromax purchased 57,000,000 new ordinary shares in the Company at 21.5p per share, and currently owns 15.6% of Oxus.

Zeromax is owned by Miradil S. Djalalov, a Tashkent entrepreneur who founded the company in 2000. It operates in Uzbekistan through a series of joint ventures and investments in the oil & gas, mining, agriculture and textile sectors and has forged strong working relationships with the Uzbek Government.

As a result of the alliance, Harry Eustace has joined the Company from Zeromax as Vice President – Corporate Development. In addition Mr. Djalalov has agreed to join the Oxus board as a non-executive director in due course. The Company continues to work very closely with Zeromax and is optimistic that the alliance will enhance the development of AGF as well as leading to the acquisition of new projects in Uzbekistan.

### *Eurogold*

In 2005 Oxus agreed to acquire certain assets of, and subsidiary company shares in, Eurogold Limited, a company listed on the Australian Stock Exchange and on the AIM market of the London Stock Exchange. The Company subsequently withdrew this offer and in April 2006 entered instead into an asset purchase agreement to acquire certain assets owned by Eurogold. In June 2006 Oxus terminated this agreement when it became apparent that the approved reserves were significantly less than the 578,000 ounces that Oxus had been led to believe. Eurogold disputed this termination, and commenced legal proceedings in the Australian Federal Court, claiming damages. Oxus has counterclaimed for the sums advanced under a loan agreement with the Eurogold group and damages in relation to shares purchased in Eurogold. No date has yet been

set for trial. During the year the Company incurred expenses of \$618,000 in respect of this litigation.

#### *Marakand Minerals Limited*

Marakand Minerals is an 84.04% owned subsidiary of Oxus.

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

Marakand's involvement in the development of the Khandiza polymetallic deposit in Uzbekistan, which was to be by way of a joint venture with the State Committee of Geology of the Republic of Uzbekistan ("Goscomgeology"), continues to be uncertain. The Uzbek Government transferred the Khandiza mineral reserves from Goscomgeology to the state owned Almalyk Mining and Metallurgical Combinat, resulting in the proposed joint venture with Goscomgeology falling away. With the further passage of time it now appears increasingly unlikely that Marakand will be involved in the future development of the Khandiza deposit. In October 2004, Marakand completed and submitted a feasibility study to the Uzbek Government and in 2005 completed an Environmental and Social Impact Assessment on the project. Marakand has evaluated the surrounding South East Uzbekistan region and identified a number of priority exploration targets. Marakand, together with Oxus, owns the rights to the results of this work, including the feasibility study.

Marakand's right to an option relating to the Karakilise copper deposit licence in Turkey was transferred to KazakhGold as part of the KazakhGold asset sale transaction. Marakand's 25% interest in Hatay Madencilik SA and related copper / gold exploration licence is also subject to sale to KazakhGold, pending the resolution of outstanding legal and regulatory issues. Oxus paid Marakand \$950,000 in cash to acquire these assets prior to their onward sale. This amount has been offset against the Company's loan account with Marakand, and was consistent with a fair market valuation undertaken by independent mineral industry consultants.

Since the longer term future of Marakand remains in doubt, the directors of Oxus believe it to be in the interests of the Group as a whole to acquire the 15.96% minority not already owned by Oxus. Consideration will be in the form of new ordinary shares in Oxus. The Group will continue to push for the recognition of its rights with regard to the Khandiza deposit, and in the event that compensation is received or the Group does become involved in the development of the project, the minority shareholders of Marakand will continue to benefit by virtue of being shareholders in Oxus.

#### **Directors**

Darryl Norton stepped down as a director of Oxus on 12 March 2007 in order to join the board of KazakhGold as part of the asset sale transaction with KazakhGold. Mr. Norton served as an alternate director from 1 December 2005 and joined the Board on 8 January 2007. The Company wishes to thank Mr Norton for the time that he served both as an alternate and as an executive director and wishes him every success with KazakhGold.

#### **Dividend in Specie**

The Company received 3,541,666 new ordinary shares in KazakhGold as consideration for the sale of Norox Mining Company Limited and other assets to KazakhGold. These shares were converted into KazakhGold GDRs which trade on the London Stock Exchange on the basis of one share being equal to one GDR.

Following an extraordinary general meeting of the Company on 20 June 2007 the shareholders approved a dividend in specie equivalent to one GDR for every 110 Oxus shares held on the record

date, 22 June 2007. On 2 July 2007 a total of 3,321,344 GDRs were allocated to the dividend in specie, representing a value of \$65.69 million, or 17.98 cents per share.

These GDRs can only be held electronically and 98.56% of them have already been distributed to shareholders. A cash alternative, valid until close of business on 31 October 2007, has now been offered to those shareholders who have not received their GDRs. Any GDRs not cashed will continue to be held by the Company until the relevant shareholder provides the Company's registrars with the appropriate electronic CREST account details.

## **Outlook**

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

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

For further information please visit [www.oxusgold.co.uk](http://www.oxusgold.co.uk) or contact:

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## **COMPETENT PERSONS' REVIEW**

The Ore Reserves and Mineral Resources have been compiled by the Company's geological staff (which includes, in a consulting capacity, Competent Persons; Bill Charter BSc. CGeol. FGS, CEng, MIMM and Gordon Wylie BSc (Hons) Geology, MAusIMM, FGSSA) and were reviewed by Wardell Armstrong International Ltd by their Competent Person Dr Phil Newall, BSc., ARSM, PhD, CEng. FIMM.. Appendix 5 gives more background on the Competent Persons.

A summary of the Group's financial results follow

<b>Consolidated Income Statement</b>		<b>Year ended 30 June 2007 US\$000</b>	<b>Year ended 30 June 2007 US\$000</b>	<b>Year ended 30 June 2006 US\$000</b>
	<b>Note</b>			
<b>Revenue</b>			2,387	3,383
<b>Direct expenses</b>				
Exploration and evaluation expenditure			-	(1,224)
<b>Gross profit</b>			2,387	2,159
Administrative expenses			(6,985)	(5,749)
Share-based payments			(218)	(1,393)
Foreign exchange loss			(223)	(158)
Gain on sale of Norox Mining Company Limited and other assets	<b>3</b>	8,034		-
Gain on sale of investments		92		-
Total gain from the sale of investments			8,126	-
Legal and other costs arising from abortive 2002 financing	<b>2</b>	(7,347)		(4,617)
Jerooy arbitrations costs		(2,792)		-
Other legal costs		(963)		-
Impairment losses recognised on investments held	<b>4</b>	(8,602)		-
Total exceptional costs			(19,704)	
<b>Operating loss</b>			(16,617)	(9,758)
Share of (loss)/profit from joint ventures	<b>6</b>		(3,213)	10,169
Financial income	<b>5</b>		2,457	2,261
Financial expense			(1,538)	(289)
<b>Net financial income</b>			919	1,972
<b>(Loss)/Profit before tax</b>			(18,911)	2,383
Taxation			(55)	15
<b>(Loss)/Profit for the year</b>			(18,966)	2,398
Attributable to:				
Equity shareholders of the parent			(18,908)	2,110
Minority interests			(58)	288
			(18,966)	2,398
<b>Basic (loss)/earnings per share - US cents</b>			(6.25)	0.73
<b>Diluted earnings per share – US cents</b>			(6.25)	0.71

All amounts relate to continuing operations.

<b>Consolidated Balance Sheet</b>	<b>Note</b>	<b>2007 US\$000</b>	<b>2006 US\$000 Restated</b>
<b>Non-current assets</b>			
Intangible assets		3,068	3,068
Property, plant and equipment		608	5,227
Exploration and mining development properties	<b>7</b>	40,445	90,643
Investments in joint ventures	<b>8</b>	42,527	47,075
Available-for-sale investments at market value	<b>9</b>	5,171	3,348
Available-for-sale investments at cost		895	895
		<u>92,714</u>	<u>150,256</u>
<b>Current assets</b>			
Trade and other receivables	<b>10</b>	14,772	10,172
Available-for-sale investments		65,696	-
Derivative financial instruments		2,228	2,228
Cash and cash equivalents		10,881	13,717
		<u>93,577</u>	<u>26,117</u>
<b>Total assets</b>		<u>186,291</u>	<u>176,373</u>
<b>Equity and liabilities</b>			
<b>Equity attributable to ordinary shareholders</b>			
Share capital	<b>11</b>	6,104	4,774
Share premium		105,341	77,407
Capital reserve		22,799	22,614
Revaluation reserve		-	(3,907)
Merger reserve		34,929	34,929
Retained earnings		(84,278)	326
<b>Total equity attributable to ordinary shareholders</b>		<u>84,895</u>	<u>136,143</u>
Minority interests		4,431	4,020
<b>Total equity</b>		<u>89,326</u>	<u>140,163</u>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	<b>12</b>	8,750	13,750
AGF Phase 2 project development fund		-	6,209
		<u>8,750</u>	<u>19,959</u>
<b>Current liabilities</b>			
Interest-bearing loans and borrowings	<b>12</b>	5,000	5,000
AGF Phase 2 Project Development Fund		10,866	4,657
Trade and other payables		6,653	6,594
Proposed dividend	<b>13</b>	65,696	-
		<u>88,215</u>	<u>16,251</u>
<b>Total equity and liabilities</b>		<u>186,291</u>	<u>176,373</u>

**Consolidated Cash Flow Statement**

	Note	Year ended 30 June 2007 US\$000	Year ended 30 June 2006 US\$000 Restated
<b>Cash flows from operating activities</b>			
Loss/profit before tax for the year		(18,911)	2,398
<i>Adjustments for:</i>			
Depreciation, depletion and amortisation		2,405	136
Interest paid		1,538	289
Equity-settled share-based payment expenses		185	1,364
Income attributable to joint venture		3,213	(10,169)
Non-cash movements in minority interests		469	(259)
Salaries and bonuses converted to shares		50	43
Other reserve movements		(2,620)	-
<b>Cash flows from operating activities before changes in working capital and provisions</b>		<u>(13,671)</u>	<u>(6,198)</u>
Increase in amounts due from joint venture		(2,809)	(6,464)
(Increase)/decrease in trade and other receivables		(1,790)	1,673
Increase in AGF Phase 2 Project Development Fund		-	3,323
Increase in trade and other payables		3	5,409
<b>Cash absorbed by operating activities</b>		<u>(18,267)</u>	<u>(2,257)</u>
<b>Cash flows from investing activities</b>			
Investment in plant and equipment		-	(5,262)
Investment in exploration and mining development properties		(8,864)	(30,516)
Investment loans		-	(416)
Acquisition of warrants		-	(2,228)
Net return of investment from joint venture		1,335	-
Other investments		-	(895)
Sale of investments		285	-
Dividend received from joint venture		-	1,250
<b>Net cash from investing activities</b>		<u>(7,244)</u>	<u>(38,067)</u>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of share capital		29,213	746
Proceeds from bank borrowings		-	20,000
Repayment of bank borrowings		(5,000)	(1,250)
Interest paid		(1,538)	(289)
<b>Net cash from financing activities</b>		<u>22,675</u>	<u>19,207</u>
Net decrease in cash and cash equivalents		(2,836)	(21,117)
Cash and cash equivalents at 1 July		13,717	34,834
<b>Cash and cash equivalents at 30 June</b>		<u>10,881</u>	<u>13,717</u>

**Statement of Changes in shareholders equity**
**Total**
*For the year ended 30 June 2007*

	<b>Capital US\$000</b>	<b>Share Premium US\$000</b>	<b>Capital Reserve US\$000 Restated</b>	<b>Revaluation Reserve US\$000</b>	<b>Merger Reserve US\$000</b>	<b>Retained Earnings US\$000</b>	<b>Shareholders Equity US\$000 Restated</b>	<b>Minority Interests US\$000</b>	<b>Total Equity US\$000 Restated</b>
Balance at 1 July 2005	4,581	65,540	19,660	(1,117)	34,929	(857)	122,736	12,858	135,594
Profit after tax for the year	-	-	-	-	-	2,398	2,398	(288)	2,110
On consolidation of minority interests	-	-	-	-	-	(1,215)	(1,215)	-	(1,215)
Total recognised in income and expense for the year	-	-	-	-	-	1,183	1,183	(288)	895
Shares issued to acquire Marakand shares	167	11,105	(9,595)	-	-	-	1,677	-	1,677
Goodwill arising on purchase of Marakand shares	-	-	3,068	-	-	-	3,068	-	3,068
Arising on revaluation of exploration rights in Marakand	-	-	8,117	-	-	-	8,117	-	8,117
Arising on revaluation of investments	-	-	-	(2,790)	-	-	(2,790)	-	(2,790)
Arising on consolidation of minority interests	-	-	-	-	-	-	-	(8,579)	(8,579)
Warrants and options exercised	15	228	-	-	-	-	243	-	243
Equity-settled share-based payments	10	493	1,364	-	-	-	1,867	29	1,896
Conversion of Directors remuneration to shares	1	41	-	-	-	-	42	-	42
Balance at 30 June 2006 (restated)	4,774	77,407	22,614	(3,907)	34,929	326	136,143	4,020	140,163
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	-	-	-	-	-	(18,909)	(18,908)	(58)	(18,966)
Total recognised in income and expense for the year	-	-	-	-	-	(18,908)	(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
Equity dividends (note 13)	-	-	-	-	-	(65,696)	(65,696)	-	(65,696)
Balance at 30 June 2007	6,104	105,341	22,799	-	34,929	(84,278)	84,895	4,431	89,326

**Statement of Changes in Equity for the Group**

*For the year ended 30 June 2007 - continued*

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 together with reserves arising from the acquisition of minority interests and historic adjustments arising from corporate reconstructions prior to the adoption of international accounting standards. The capital reserve has been restated

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)/profit of the Group attributable to equity shareholders.

## Notes forming part of the financial statements

### 1 Basis of preparation and accounting policies

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as "the Group"). The parent company financial statements present information about the Company as a separate entity and not about its group.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) as adopted by the European Union and also in accordance with the Companies Act 2006.

### 2 Legal and other costs arising from abortive 2002 financing

The litigation in respect of the abortive financing exercise in 2002 has now been concluded. Additional High Court and other legal costs were incurred during the year to finally bring to a close this matter. The Group and Company have recognised the Warrants returned by the High Court as a financial asset .

### 3 Gain on sale of Norox Mining Company Limited and other assets

On 11 May 2007 the Group completed the sale of Norox Mining Company Limited and other related assets to KazakhGold Group Limited, a company incorporated in Jersey. The assets sold were 100% of Norox Mining Company Limited, the Group's 50% share in the Romaltyn Limited joint venture, the right to an option related to the Karakalisse copper deposit licence in Turkey and the Group's 25% holding in Hatay Madencilik SA subject to completion of certain legal and regulatory issues. If the Hatay Holdings are not transferred there will be no adjustment to the consideration paid by KazakhGold Group Limited,

Norox Mining Company Limited owned 66.67% of The Talas Gold Mining Company ("TGMC") in Kyrgyzstan. TGMC owned the Group's interests in the Jerooy Gold mining project in Kyrgyzstan. All of the Group's interests in the Jerooy project, including its rights arising from licence agreements and related arrangements with the Kyrgyz Republic have been included in the sale and the Group retains no interest in or liability from the Jerooy project with the exception of the rights to the international arbitration concerning the disputes with the Kyrgyz Republic. These rights have been retained by the Group. No value has been attributed to these rights in these financial statements. If the Group is subsequently awarded compensation the full amount will be recovered by the Group. The consideration paid by KazakhGold Group Limited will not be adjusted if such a recovery is made by the Group.

Romaltyn Limited successfully bid for a licence to exploit certain Romanian gold mining assets in late 2006 but did not commence any significant development of these assets prior to the sale.

The results of the trading and the exploration and mining development expenditure in respect of the sale assets are included within the Group financial statements up to the date of sale.

The consideration received for the sale assets was the receipt of 3,541,666 new ordinary shares in KazakhGold Group Limited. These were subsequently converted to KazakhGold Group Limited Global Depository Receipts (GDRs) which are listed on the London Stock Exchange. The Group has retained its rights in respect of the international arbitration against the Kyrgyz Republic where sums in excess of US\$500 million, less amounts already received, have been claimed by the Group. The Group realised a gain of \$8,034,000 on this sale comprising:

	<b>Group 2007 US\$000</b>
Gain on Exploration and mining development property	6,835
Net gain on other assets	1,342
Net loss on sale of Turkish interests	(143)
	<u>8,034</u>

KazakhGold Group Limited will pay additional consideration of up to \$80 million conditional upon Kazakhgold Group Limited or a nominee acquiring a licence to mine or acquiring a company or entity that has the benefit of a

licence to mine the Jeroy Deposit and commences development or production at this site. On the achievement of this benefit and upon receipt of the additional consideration the Group will withdraw its arbitration proceedings.

No amounts have been recognised in these financial statements for either of these contingent assets.

<b>4 Impairment losses recognised on investments held</b>	<b>Year ended 30 June 2007 Group US\$000</b>	<b>Year ended 30 June 2006 Group US\$000</b>
Eurogold Limited	5,709	-
KazakhGold Group Limited GDRs	2,893	-
	<u>8,602</u>	<u>-</u>

The fall in value of the Eurogold Limited shares, which are listed on both the London Alternative Investment Market and the Australian Stock Exchange, is now considered to be long term and the Group's investments have been written down to market value as at 30 June 2007. The amount provided includes advances made to Eurogold Limited and amounts previously held in the revaluation reserve.

The KazakhGold Group Limited GDRs have been marked to market value as at 22 June 2007 when the majority of the GDRs were allocated to the Company's dividend in specie. The remaining holding held by the Company of 220,322 GDRs has also been adjusted to market value as at 30 June 2007.

<b>5 Financial income – Group</b>	<b>Year ended 30 June 2007 Group US\$000</b>	<b>Year ended 30 June 2006 Group US\$000</b>
Interest receivable from Joint Venture	2,228	1,969
Interest receivable – other	229	292
	<u>2,457</u>	<u>2,261</u>

#### **6 Share of (loss)/profit from joint ventures**

The Group's joint venture operations are conducted through Amantaytau Goldfields AO ("AGF"). The information disclosed below shows the amounts attributable to the Group and has been extracted from the latest audited financial statements for AGF dated 31 December 2006 together with the management accounts of AGF dated 30 June 2007.

	<b>Year ended 30 June 2007 Group US\$000</b>	<b>Year ended 30 June 2006 Group US\$000</b>
Revenue	<u>18,885</u>	<u>32,661</u>
(Loss)/profit before tax	(3,213)	10,169
Taxation	-	-
(Loss)/profit after tax	<u>(3,213)</u>	<u>10,169</u>
Dividend paid	-	(1,250)
Net earnings retained	<u>(3,213)</u>	<u>8,919</u>

Revenue comprises the Group's share of the proceeds of AGF received for the sale of gold and precious minerals. AGF sold 65,174 ounces of gold in the year (2006: 154,038 ounces). All known taxation liabilities for the year have been included above.

7	Exploration and mining development properties	Kyrgyzstan	Uzbekistan	Uzbekistan	Uzbekistan	Total
		Jerooy	Amantaytau	Aristantau And Balpantau	Khandiza	
	Cost	Group US\$000	Group US\$000	Group US\$000	Group US\$000	Group US\$000
	At 1 July 2005	23,005	7,979	687	28,456	60,127
	Additions	27,193	3,323	-	-	30,516
	Disposals	-	-	-	-	-
	At 30 June 2006	50,198	11,302	687	28,456	90,643
	At 1 July 2006	50,198	11,302	687	28,456	90,643
	Additions	8,864	-	-	-	8,864
	Disposals	(59,062)	-	-	-	(59,062)
	At 30 June 2007	-	11,302	687	28,456	40,445

The Group's exploration and development properties are not amortised until production commences. The Group's investments in exploration and mining development properties are reviewed for impairment.

On 11 May 2007 the Group sold all of its interests in the Jerooy project to KazakhGold Group Limited.

The Group's investment in the Amantaytau region is held primarily through its joint venture company. Refer to note 8. The amounts included above have been expended by the Group in the region but have not yet been transferred to the joint venture. Refer also to note 8 for further details of the Group's investment in the joint venture.

Licences for development at Aristantau and Balpantau have not yet been obtained. Discussions are continuing.

The amounts included above in respect of the exploration and mining development property held at Khandiza are stated at the value of \$28,456,000 being the valuation of the project based upon a report by Wardell Armstrong International on 28 November 2003. The Group's interests in Khandiza are held through its subsidiary Marakand Minerals Limited. On 10 August 2006 a decree was issued instructing Marakand's partner, Goscomgeology, to transfer local responsibility for Khandiza from Goscomgeology to OAO Almalyk GMK ("Almalyk") a state owned base metal mining and smelter company. The decree also cancelled an earlier decree which had authorised Marakand to proceed with the project on a concession basis or product sharing agreement. Marakand has indicated its preparedness to develop the project jointly with Almalyk but no clearly defined role or structure has yet been forthcoming. Marakand continues to seek clarification of its role in the project from the Uzbek Government. In the event it is determined that there is no role for the Company in the project, then Marakand will seek the appropriate compensation to which it is entitled under Uzbek Law. Discussions are continuing. The Directors believe that no diminution in value is currently appropriate.

8	Interests in joint venture - Group	Investment Group US\$000	Loans Group US\$000	Total Group US\$000
	<b>Cost</b>			
	At 1 July 2005	14,294	23,290	37,584
	Group's share of profits (note 6)	10,169	-	10,169
	Dividends received	(1,250)	-	(1,250)
	Amounts advanced	-	6,626	6,626
	Amounts repaid	-	(6,054)	(6,054)
	At 30 June 2006	23,213	23,862	47,075
	At 1 July 2006	23,213	23,862	47,075
	Group's share of Losses (note 6)	(3,213)	-	(3,213)
	Dividends received	-	-	-
	Amounts advanced	-	6,330	6,330
	Amounts repaid	-	(7,665)	(7,665)
	At 30 June 2007	20,000	22,527	42,527

**9 Available-for-sale investments at market value**

	<b>2007 Group US\$000</b>	<b>2006 Group US\$000</b>
At 1 July	3,348	5,722
Additions	4,307	416
Disposals	(285)	-
Adjustment to market fair value	(2,199)	(2,790)
At 30 June	<u>5,171</u>	<u>3,348</u>

**Analysis of investments held:**

Eurogold Limited	864	3,063
Ovoca Gold Plc	-	285
KazakhGold Group Global Depository Receipts	4,307	-
	<u>5,171</u>	<u>3,348</u>

Eurogold Limited is listed on both the London Alternative Investment Market and on the Australian Stock Exchange. The company conducts gold mining operations in the Ukraine.

The KazakhGold Group Limited GDRs, each of which grants the holder the right to one ordinary share in KazakhGold Group Limited, are listed on the London Stock Exchange. The company conducts gold mining operations primarily in Kazakhstan. The Group holds 220,322 GDRs from its initial allocation of 3,541,666 received from the sale of Norox Mining Company Limited and certain other assets (note 3). The balance of 3,321,344 GDRs has been allocated to a dividend in specie by the Company.

**10 Trade and other receivables – Group**

	<b>2007 Group US\$000</b>	<b>2006 Group US\$000</b>
Trade debtors	674	-
Amounts due from joint venture	12,232	9,422
Other debtors	1,857	670
Prepayments	9	80
	<u>14,772</u>	<u>10,172</u>

**11 Issued share capital**

	<b>Group and Company Number 2007</b>	<b>Group and Company Number 2006</b>	<b>Group and Company US\$000 2007</b>	<b>Group and Company US\$000 2006</b>
At 1 July	298,120,198	287,017,343	4,774	4,581
Stock options exercised	206,667	126,667	5	2
Warrants exercised	10,000,000	750,000	198	13
Share-based payments <sup>(1)</sup>	-	572,000	-	10
Other shares issued	57,000,000	-	1,125	-
Marakand Minerals Limited <sup>(2)</sup>	-	9,614,016	-	167
Conversion of directors remuneration to shares	72,308	40,172	2	1
At 30 June	<u>365,399,173</u>	<u>298,120,198</u>	<u>6,104</u>	<u>4,774</u>

1. Services received by the Company and settled by the issue of equity shares in the Company. The value of the equity issued was the fair value of the services received.

2. During 2006 9,614,016 shares were issued in exchange for an additional 28,842,066 ordinary shares in Marakand Minerals Limited. These were valued at \$11,272,000, representing £0.25 per share.

During 2007 10,000,000 warrants were issued to JNR Limited in payment for services. The value of the warrants issued was equal to the fair value of the services provided. The warrants contained the right to be converted to equity shares of the Company at £0.25 per share. These were converted during 2007.

At 30 June 2007 the Company has 5,000,000 warrants outstanding, being those returned to the Company by the High Court. These warrants are due to expire on 8 February 2008 following extension by the Company. They are exercisable at £0.1525 per share and are classified as a financial asset.

12	Interest-bearing loans and borrowings	Current Group and Company US\$000 2007	Current Group and Company US\$000 2006	Non-current Group and Company US\$000 2007	Non-current Group and Company US\$000 2006
	Nedbank Corporate Loan Facility	5,000	5,000	8,750	13,750

The Company has a \$20 million corporate loan facility with Nedbank Limited. The loan is being repaid over four years from drawdown and has an interest rate of 2.75% above 3 month LIBOR. The loan is secured on the Group's shares in, and loans to, Amantaytau Goldfields, and other subsidiary company shares and loans. The facility has been used to refinance the balance of the original AGF syndicated project finance loan, the capital expenditure on the Vysokovoltnoye project at AGF and to provide working capital. The amount outstanding on the Nedbank loan on 19 October 2007 was \$12.5 million.

13	Proposed dividend	2007 Group and Company US\$000	2006 Company US\$000
	Dividend in specie	65,696	-

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

## APPENDIX 1

### OXUS GOLD PLC PRECIOUS METAL RESOURCES AS OF 1st JULY 2007

JORC Classified Deposits	Measured Resources					Indicated Resources					Inferred Resources					Expl Results	
	Mt	Grade g/t		000 ozs		Mt	Grade g/t		000 ozs		Mt	Grade g/t		000 ozs		000 ozs	
		Gold	Silver	Gold	Silver		Gold	Silver	Gold	Silver		Gold	Silver	Gold	Silver	Gold	Silver
<b>AMANTAYTAU GOLDFIELDS</b>																	
<b>Total Oxides</b>	2.39	1.7	31.0	129	2,385	18.64	1.4	13.7	811	8,185	17.06	1.4	1.3	752	723	2,434	26,111
<b>Total Sulphides</b>	5.87	3.9	21.4	729	4,039	27.23	3.6	26.8	3,142	23,431	22.05	2.3	21.6	1,612	15,313	5,171	46,683
<b>Total Amantaytau Goldfields</b>	8.26	3.2	24.2	858	6,424	45.88	2.7	21.4	3,953	31,616	39.11	1.9	12.8	2,364	16,036	7,605	72,794
<b>OXUS ATTRIBUTABLE - 50%</b>				429	3,212				1,976	15,808				1,182	8,018	3,802	36,397
<b>Soviet/Uzbek Classified Resources (Additional to JORC)</b>																	
				<b>P1</b>						<b>P2</b>							
				<b>000 ozs</b>						<b>000 ozs</b>							
				<b>Gold</b>	<b>Silver</b>					<b>Gold</b>	<b>Silver</b>						
					314,60												
<b>AGF Sulphides</b>				5,841	4					3,745	45,110						
					157,30												
<b>OXUS ATTRIBUTABLE - 50%</b>				2,921	2					1,873	22,555						

*No new resource calculations were undertaken during the year as no new information was made available. Changes from the previous year were due to mining depletion*

*Underground sulphide resources come from the Wardell Armstrong feasibility study dated 2005*

## APPENDIX 2

### OXUS GOLD PLC PRECIOUS METAL RESERVES AS OF 1st JULY 2007

JORC Classified Deposits	Proven Reserves					Probable Reserves					Proven + Probable				
	Mt	Grade g/t		Contained Kozs		Mt	Grade g/t		Contained Kozs		Mt	Grade g/t		Contained Kozs	
		Gold	Silver	Gold	Silver		Gold	Silver	Gold	Silver		Gold	Silver	Gold	Silver
<b>AMANTAYTAU GOLDFIELDS</b>															
Total Oxides	2.21	1.6	22.1	111	1,571	7.10	1.4	22.6	320	5,168	9.31	1.4	22.5	430	6,739
Total Sulphides	1.83	8.4		496		7.88	7.5		1,912		9.71	7.7		2,408	
Total Amantaytau Goldfields	4.04	4.7	12.1	607	1,571	14.98	4.6	10.7	2,231	5,168	19.02	4.6	11.0	2,839	6,739
<b>OXUS ATTRIBUTABLE - 50%</b>				304	786				1,116	2,584				1,419	3,369

*No new reserve calculations were undertaken during the year as no new information was made available. Changes from the previous year were due to mining depletion*

*Underground sulphide reserves come from the Wardell Armstrong feasibility study dated 2005*

## APPENDIX 3

### DEFINITIONS OF EXPLORATION RESULTS, RESOURCES & RESERVES EXTRACTED FROM THE JORC CODE: (December 2004) ([www.jorc.com](http://www.jorc.com))

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,

## APPENDIX 4

### SOVIET/UZBEK (RUSSIAN) CLASSIFICATION OF RESOURCES & 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

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#### 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 5

### COMPETENT PERSONS

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

**P S Newall, BSc, ARSM, PhD, CEng, FIMM**

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P Newall, is Senior Consulting Geologist and Director with WAI and has practised his profession as a mine and exploration geologist for over twenty years for both base and precious metals.

**Gordon Wylie BSc (Hons) Geology, MAusIMM, FGSSA**

Gordon Wylie is a consultant and non-executive Director of Oxus Gold plc. Gordon has over 31 years experience in the mining and exploration industry. From 1998 to 2005 Gordon was in charge of AngloGold and latterly, AngloGold Ashanti's global exploration programme and was appointed Executive Officer in early 2004

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

Bill Charter has over 29 years experience in mining and exploration industry. Having gained experience with Anglo American Corporation (in Fiji and South Africa), then worked in Central Asia and other locations worldwide. Started work with the Oxus Group in 1996. In November 2003 was appointed as Technical Director of Marakand Minerals Limited, also acting as Geological Consultant to Marakand's parent company Oxus Gold plc.