



news release

For immediate release: 12 March 2007

Oxus Gold plc

Oxus announces agreement in principle to transfer Kyrgyz and Romanian interests to KazakhGold

Dividend to be Declared

LONDON: 12 March 2007 – Oxus Gold plc (“Oxus” or the “Company”) (OXS.L) is pleased to announce that it has agreed in principle to sell to KazakhGold Group Limited, subject to contract (“KazakhGold”) (KZG.L):

- its 100% interest in Norox Mining Company Limited, which company owns 66.67% of Talas Gold Mining Company in Kyrgyzstan;
- its 50% interest in the Romaltyn joint venture in Romania; and
- certain exploration assets in Turkey currently owned by Oxus’s 86% owned subsidiary, Marakand Minerals Limited (MKD.L), subject to board approval from Marakand

for the issuance of 3,541,666 new ordinary shares in KazakhGold (currently valued at approximately \$72 million), plus deferred consideration of up to \$80 million, payable in cash in instalments, provided that KazakhGold obtains the requisite licence to enable it to continue with the development of the Jerooy gold project in Kyrgyzstan. The proposed sale is subject to a number of conditions, including completion of satisfactory due diligence, the receipt of satisfactory independent valuations of the assets, the receipt of all necessary regulatory approvals and consents, and completion of final legal documentation.

Oxus intends to distribute all or a large portion of the KazakhGold shares arising from the transaction as a dividend to its shareholders and further details will be supplied to shareholders in due course. The initial consideration currently represents 7% of KazakhGold’s outstanding share capital.

Darryl Norton has agreed to step down as a director of Oxus and to join the board of KazakhGold as Joint Managing Director. In addition Steve Westhead and Geoff McLoughlin, both of whom have been full time engaged on the Romaltyn joint venture, will join KazakhGold as chief geologist and chief metallurgist respectively.

Upon completion of the proposed sale, KazakhGold will acquire 100% of Norox Mining Company Limited which in turn owns 66.67% of Talas Gold Mining Company in Kyrgyzstan. Oxus has spent approximately \$63 million on the Jerooy gold project to date,

including on the construction of a processing plant which is approximately 80% complete. As previously announced, construction was suspended in February 2006.

The Romaltyn joint venture in Romania, in which KazakhGold already has a 50% interest, owns a gold processing plant in Baia Mare and certain exploration licences. These assets were jointly acquired by Oxus and KazakhGold in January 2007 following a successful bid in open auction. Oxus has spent approximately \$3.8 million on the project to date, including its share of the purchase price.

The transfer of the Turkish exploration assets will be subject to KazakhGold's assessment of the economic viability of such assets, the determination of an appropriate fair market value to be paid to Marakand by Oxus and approval of the Marakand board.

Oxus will continue to focus its efforts on the development of its producing gold operations in Uzbekistan and to building the strategic alliance with Zeromax GmbH. Apart from the ongoing oxide operations, it is intended to bring the underground sulphides operation into production as soon as possible and to expand Oxus's overall project base in Uzbekistan.

Bill Trew, CEO of Oxus, commented "We are delighted to be able to make this announcement and, upon completion, we believe the transaction will represent a win-win situation for our shareholders and also for the shareholders of KazakhGold. These Kyrgyz and Romanian assets, together with the experience that Darryl, Steve and Geoff will bring to the KazakhGold management team, will add significant value to KazakhGold's already impressive Kazak asset base.

We believe this transaction with KazakhGold provides a satisfactory resolution for Oxus of the difficult issues involved at Jerooy. We will recover the funds expended at Jerooy to date and will also have some further potential benefit should KazakhGold be successful in obtaining the Jerooy mining licence. Oxus will continue to focus on increasing its gold production in Uzbekistan and is working closely with Zeromax in order to realise the full potential of the Amantaytau Goldfields project and to evaluating other project opportunities in Uzbekistan."

The deadline for subscription of the second tranche of new ordinary shares of Oxus by Zeromax, announced on 30 November 2006, has been extended to the close of business on 19 March 2007.

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