

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about what action you should take and if you are in the UK you should immediately consult your stock broker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000. If you are outside the UK you should immediately consult another appropriate authorised independent professional adviser.

If you have sold or transferred all your Oxus Shares, please send this document, together with the accompanying Form of Proxy, at once to the purchaser or transferee, or to the bank or other agent through or to 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 4056219)

Recommended proposals for cancellation of share premium account and distribution of shares in Marakand Minerals Limited

Your attention is drawn to the letter from the Chairman of Oxus that is set out on pages 5 to 8 of this document which recommends you to vote in favour of the resolution to be proposed at the extraordinary general meeting of the Company referred to below.

A notice convening an extraordinary general meeting of the Company to be held at 10.00 a.m. on Tuesday, 13 January 2004 is set out at the end of this document.

Whether or not you intend to be present at the extraordinary general meeting, please complete and return the form of proxy enclosed with this document as soon as possible and, in any event, so as to reach the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR by no later than 10.00 a.m. on 11 January 2004. Completion and return of a form of proxy will not preclude Shareholders from attending and voting in person at the extraordinary general meeting.

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EXPECTED TIMETABLE

Latest time and date for receipt of Form of Proxy	10.00 a.m. on Sunday, 11 January 2004
EGM	10.00 a.m. on Tuesday, 13 January 2004
Court hearing of petition to confirm cancellation of share premium account of the Company*	Wednesday, 4 February 2004
Effective Date*	Thursday, 5 February 2004
Record Date*	Thursday, 5 February 2004
Ex-dividend date*	Friday, 6 February 2004
Distribution of Marakand Distribution Shares*	Friday, 6 February 2004

Note:

* The actual dates for these events will be set upon agreement with the Court. Following the Court confirming the Cancellation of Share Premium the dates will be notified to Shareholders by announcement through the Regulatory News Service of London Stock Exchange plc.

DEFINITIONS

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

“Cancellation of Share Premium”	the proposed cancellation of the share premium account of the Company as described in this document
“certificated” or “in certificated form”	where a share or other security is not in uncertificated form
“Company” or “Oxus”	Oxus Gold plc
“Court”	the High Court of Justice in England and Wales
“Directors” or “Board”	the board of directors of the Company
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which CRESTCo Limited is the operator (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time
“Dividend in Kind”	the proposed dividend to be satisfied by the distribution by the Company of Marakand Distribution Shares as described in this document
“Dividend Date”	the date of distribution of the Dividend in Kind, expected to be Friday, 6 February 2004
“Effective Date”	the date on which the proposed cancellation of share premium account becomes effective, expected to be Thursday, 5 February 2004
“EGM”	the extraordinary general meeting of the Company convened to be held at the offices of the Company, 105 Piccadilly, London W1J 7NJ at 10.00 a.m. on Tuesday, 13 January 2004, including any adjournment thereof
“Form of Proxy”	the form of proxy accompanying this document for use in connection with the EGM
“Group”	Oxus and its subsidiaries
“Highest Closing Price”	the highest closing price of a Marakand Share derived from the Daily Official List of London Stock Exchange plc for the trading days commencing on and including 4 December 2003 and ending on and including 3 February 2004
“Marakand”	Marakand Minerals Limited (formerly named Oxus Minerals Corporation Limited)
“Marakand Distribution Shares”	Marakand Shares proposed to be distributed to Qualifying Shareholders pursuant to the Dividend in Kind
“Marakand Shares”	ordinary shares of one penny each in the capital of Marakand
“Oxus Shares”	ordinary shares of one penny each in the capital of the Company
“Qualifying Shareholder”	a Shareholder whose name appears on the register of members of the Company at the Record Date

“Record Date”	close of business on Thursday, 5 February 2004 or, if later, the next business day after the day on which the Court confirms the Cancellation of Share Premium
“Resolution”	the special resolution to be proposed at the EGM
“Shareholder”	a holder of Oxus Shares
“Share Option Plans”	the Oxus Gold Unapproved Company Share Option Plan and the Oxus Resources Corporation Share Incentive Plan
“uncertificated” or “in uncertificated form”	recorded on the relevant register of the share or security concerned as being in uncertificated form in CREST and title to which may be transferred by means of CREST
“Warrants”	warrants giving the right to subscribe for Oxus Shares



Oxus Gold plc

Directors:

Michael E Beckett
William J Trew
John C Donald
Jonathan A Kipps
Richard B Shead
Richard V L Wilkins
Daniel W Kappes
Mark M Wellesley-Wood

Registered and Head Office:

105 Piccadilly
London
W1J 7NJ

Registered No. 4056219

11 December 2003

To Shareholders and, for information only, to participants under the Share Option Plans and holders of Warrants

Dear Shareholder

PROPOSED CANCELLATION OF SHARE PREMIUM ACCOUNT AND DISTRIBUTION OF MARAKAND SHARES

Introduction

On 17 October 2003 the Board announced the intention to distribute part of the Company's shareholding in its subsidiary, Marakand, to Oxus' shareholders. The proposed Dividend in Kind is subject to the approval of Shareholders at an extraordinary general meeting and confirmation by the Court of the cancellation of the Company's share premium account.

The purpose of this document is to explain the background to and reasons for these proposals and convene the EGM so that the necessary resolution can be passed.

Information on Marakand

On 9 October 2003 the Directors announced that £4 million has been raised for the Group's Khandiza base metals project in Uzbekistan. This was achieved by a placing of 20 million shares in Marakand at 20 pence per share, representing approximately 20 per cent. of Marakand's issued shares. Placees were also issued with 20 million warrants to subscribe for additional Marakand Shares exercisable at any time up to 23 October 2006 at 40 pence per share.

The Company currently owns 79 million Marakand Shares, representing approximately 78.2 per cent. of Marakand's issued shares. Further information about Marakand is contained in Marakand's AIM admission document dated 28 November 2003, a copy of which is enclosed with this document.

Marakand Shares were admitted to trading on the AIM market for listed Securities of London Stock Exchange plc by way of an introduction to trading on 4 December 2003.

Cancellation of share premium

The Companies Act 1985 only permits a company to make distribution to its shareholders out of its profits available for that purpose. Such profits are broadly the company's accumulated realised profits so far as not previously utilised by distribution or capitalisation less its accumulated realised losses. Oxus does not have profits available for the Dividend in Kind. Accordingly, it is proposed to cancel Oxus' share premium account thereby creating the necessary distributable reserves.

The Board is seeking the approval of Shareholders for the cancellation of the entire share premium account of the Company as at the date of the EGM. At the date of this document the amount of the share premium account is £13,694,744. The amount of share premium account to be cancelled will be increased if the

Company issues further shares at a premium before the EGM. Based on the current value of the share premium account and the Company's results for the 18 months ended 30 June 2003, the Cancellation of Share Premium will create distributable reserves that are expected to adequately cover the amount required to implement the Dividend in Kind.

The Cancellation of Share Premium will only become effective if it is confirmed by the Court and an office copy of the order of the Court confirming the Cancellation of Share Premium has been delivered to the Registrar of Companies and registered by him. In seeking the Court's confirmation the Company will be required to give such undertakings or other form of creditor protection as the Court may require for the protection of the Company's creditors at the Effective Date.

Proposed Dividend in Kind

On 17 October 2003 the Board announced that the Company intends to distribute part of its shareholding in Marakand to Shareholders. It is expected that the Dividend in Kind will be implemented on the basis that Qualifying Shareholders will receive one-tenth of a Marakand Distribution Share for every Oxus Share held by them at the Record Date.

However, the number of Marakand Shares that Oxus can distribute to Qualifying Shareholders by means of the Dividend in Kind is restricted by the Company's available distributable reserves and the price of Marakand Shares on the London Stock Exchange. Accordingly if the Highest Closing Price of a Marakand Share at any time between 4 December 2003 and 3 February 2004 (inclusive) exceeds 45 pence the number of Marakand Shares to be distributed will be reduced to less than one-tenth of a Marakand Share for every Oxus Share held.

If the Highest Closing Price exceeds 45 pence the number of Marakand Shares distributed for every Oxus Share held by Qualifying Shareholders on the Record Date will be calculated using the following formula. The number of Marakand Shares distributed for every Oxus Share held by Qualifying Shareholders on the Record Date will be N where:

$$N \text{ equals } \frac{A}{B} \text{ where } A \text{ is } 4.5 \text{ and } B \text{ is the Highest Closing Price.}$$

By way of example if the Highest Closing Price were 50 pence the number of Marakand Shares distributed for every Oxus Shares held would be 0.09 Marakand Shares. This would be calculated as follows:

$$\frac{4.5 \text{ pence}}{50 \text{ pence}} = 0.09$$

This would be equivalent to approximately one Marakand Share for every 11.1 Oxus Shares held at the Record Date.

The entitlement of Qualifying Shareholders to Marakand Distribution Shares will be rounded down to the nearest whole number of Marakand Shares. Fractions of Marakand Distribution Shares will not be distributed to Qualifying Shareholders but will be retained for the benefit of the Company.

On the basis of the numbers of Marakand Shares and Oxus Shares currently in issue, the Marakand Distribution Shares proposed to be distributed will represent approximately 19.4 per cent. of the issued share capital of Marakand. On that basis Oxus will, immediately following the Dividend in Kind, hold approximately 58.8 per cent. of Marakand's issued shares or approximately 49.1 per cent. if all the warrants to subscribe for Marakand Shares were exercised in full.

If before the Record Date: (i) all exercisable options and warrants relating to Oxus Shares were exercised, (ii) Oxus issued the maximum number of Oxus Shares permitted under its existing authorities and (iii) all warrants to subscribe for Marakand Shares were exercised in full, immediately after implementation of the Dividend in Kind Oxus will remain the largest shareholder in Marakand with a holding in excess of 45 per cent. of the issued Marakand Shares. The Board considers it unlikely that all these events will occur and therefore the Board expects Oxus to remain the majority shareholder of Marakand immediately after implementation of the Dividend in Kind.

The Dividend in Kind will only be made if the Cancellation of Share Premium becomes effective.

Taxation

Shareholders who are individuals resident in the United Kingdom for tax purposes will receive an associated tax credit currently equal to one-ninth of the market value (at the date of receipt) of the Marakand Distribution Shares received. The aggregate of the market value (at the date of receipt) of the Marakand Distribution Shares received and the tax credit will form the individual's top slice of income.

Where the income falls within the basic rate limit (treating the dividend income as the top slice of income) the rate of income tax is 10 per cent. so that the liability is met by the tax credit. To the extent that the income exceeds the basic rate limit, the rate of income tax is 32.5 per cent. (equivalent to a further liability of 25 per cent. of the amount of the net dividend). Individual Shareholders will not be able to reclaim any part of the tax credit from the Inland Revenue subject to limited exceptions for individual savings accounts and personal equity plans.

Most non-United Kingdom resident shareholders are unable to obtain repayment of any part of the tax credit on United Kingdom dividends. Any such Shareholder should consult his own tax advisor on whether he is entitled to reclaim any part of the tax credit and, if so, the procedure for doing so and whether any double taxation relief is due in any country in which he is subject to tax.

Subject to certain restrictions for some insurance companies, a corporate Shareholder that is resident in the United Kingdom (for tax purposes) is not usually liable to United Kingdom corporation tax in respect of dividends received from the Company. However, where shares are held as trading stock, dividends paid will be treated for tax purposes as part of the Shareholder's trading profits.

The paragraphs above are based on United Kingdom law and practice concerning the tax position of Shareholders who are resident or ordinarily resident in the United Kingdom for tax purposes. The statements do not constitute advice to any Shareholder on his or her personal tax position, and may not apply to certain classes of investor. **If you are in any doubt as to your tax position, or you are subject to tax in a jurisdiction other than the United Kingdom, you should immediately consult an appropriate professional adviser.**

The transfer by the Company to Shareholders of the Marakand Distribution Shares received by Shareholders pursuant to the Dividend in Kind will not give rise to a liability to stamp duty or stamp duty reserve tax. A subsequent sale or transfer of any of the Marakand Distribution Shares by a Shareholder may give rise to a liability to stamp duty or stamp duty reserve tax.

Settlement

Qualifying Shareholders who hold their Oxus Shares in certificated form will receive the Marakand Distribution Shares to which they are entitled in certificated form. Definitive certificates for Marakand Distribution Shares will be despatched by first class post to the address appearing in the Company's register of members at the Record Date or, in the case of joint holders, to the holder whose name stands first in the register of members at the Record Date. It is expected that definitive certificates will be despatched no later than 14 days after the Dividend Date.

Qualifying Shareholders who hold their Oxus Shares in uncertificated form will receive the Marakand Distribution Shares to which they are entitled in uncertificated form through CREST. The Company will procure that CRESTCo Limited is instructed to credit the appropriate stock account in CREST of each holder of uncertificated Oxus Shares with that Shareholder's entitlement to Marakand Distribution Shares at 8.00 a.m. on the Dividend Date. The Company reserves the right to settle the Dividend in Kind by the distribution of Marakand Distribution Shares in certificated form in the manner referred to above if, for any reason outside its reasonable control, it is not able to effect settlement in uncertificated form as described in this paragraph.

Extraordinary General Meeting

The EGM is to be held at the offices of the Company, 105 Piccadilly, London W1J 7NJ at 10.00 a.m. on Tuesday, 13 January 2004 for the purpose of seeking Shareholder approval for the Cancellation of Share Premium and the Dividend in Kind.

The resolution to be proposed at the EGM is a special resolution requiring a majority of not less than 75 per cent. of the votes cast.

Whether or not you intend to be present at the EGM please complete and return the Form of Proxy as soon as possible and, in any event, so as to reach the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR by no later than 10.00 a.m. on Sunday, 11 January 2004. Completion and return of the Form of Proxy will not exclude Shareholders from attending and voting in person at the EGM.

Notice of the EGM is set out at the end of this document.

Recommendation

The Directors consider that the Cancellation of Share Premium and Dividend in Kind are in the best interests of the Company and Shareholders as a whole. Accordingly the Directors unanimously recommend Shareholders to vote in favour of the Resolution as they intend to do in respect of their own beneficial holdings of 8,417,799 Oxus Shares, representing approximately 4.3 per cent. of the issued Oxus Shares.

Yours faithfully

Michael E Beckett

Chairman

Oxus Gold plc

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE is hereby given that an extraordinary general meeting of the Company will be held at the offices of the Company, 105 Piccadilly, London W1J 7NJ on Tuesday, 13 January 2004 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as a special resolution:

SPECIAL RESOLUTION

THAT:

- (A) the share premium account of the Company be cancelled; and
- (B) subject to the cancellation of the share premium account becoming effective:
 - (i) on the recommendation of the directors, the Dividend be declared to holders of ordinary shares in the capital of the Company (each an "Oxus Share") to be satisfied on 6 February 2004 (or, if later, on the next business day after the cancellation of the share premium account becomes effective) by the transfer of ordinary shares in the capital of Marakand Minerals Limited (each a "Marakand Share") on the basis of the Relevant Fraction of a Marakand Share for every Oxus Share held at the close of business on 5 February 2004 (or, if later, the day on which the cancellation of the share premium account becomes effective); and
 - (ii) in accordance with article 134 of the articles of association the directors may settle any difficulty arising concerning such distribution as the directors think expedient.

For the purposes of this resolution:

a "business day" means a day on which both the AIM market for listed securities of London Stock Exchange plc is open for business and banks in London are open for the transaction of normal banking business; and

the "Dividend" means a dividend of "X" pence per Oxus Share where "X" is a sum equal to the lower of (a) 4.5 pence and (b) one tenth of the Highest Closing Price;

the "Highest Closing Price" means the highest of the closing prices of a Marakand Share as derived from the Daily Official List of London Stock Exchange plc for the trading days in the period commencing on (and including) 4 December 2003 and ending on (and including) 3 February 2004; and

the "Relevant Fraction" means one tenth of a Marakand Share or, if the Highest Closing Price exceeds 45 pence, the Relevant Fraction shall be N where $N = \frac{A}{B}$ where A is 4.5 pence and B is the Highest Closing Price.

Registered Office:

105 Piccadilly
London
W1J 7NJ

By Order of the Board

R V L Wilkins
Company Secretary

Registered No. 4056219

Dated: 11 December 2004

Notes:

1. 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 his behalf. A proxy need not be a member of the Company.
2. A form of proxy for use in connection with the extraordinary general meeting is enclosed with the document of which this notice forms part. Completion and return of a form of proxy will not preclude a member from attending and voting in person at the extraordinary general meeting.
3. To appoint a proxy or proxies members must complete the enclosed form of proxy, sign it and return it, together with any authority under which it is executed or a notarially certified copy of such authority, to the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR, so that it is received no later than 10.00 a.m. on Sunday, 11 January 2004.
4. In the case of joint holders, the form of proxy may be signed by any one of such joint holders, but the names of all the joint holders must be stated. The vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority will be determined by the order in which the names stand in the register of members in respect of the joint holding.
5. If the member is a corporation, the form of proxy must be signed under seal or on its behalf by an officer, attorney or other authorised person of such corporation.
6. The Company, pursuant to regulation 41(1) of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 6.00 p.m. on Sunday, 11 January 2004 shall be entitled to attend and vote at the extraordinary general meeting in respect of the number of Oxus Shares registered in their name, or deemed registered in their name, at the relevant time. Changes to entries in the register of members after that time shall be disregarded in determining the rights of any person to attend and/or vote at the extraordinary general meeting.

