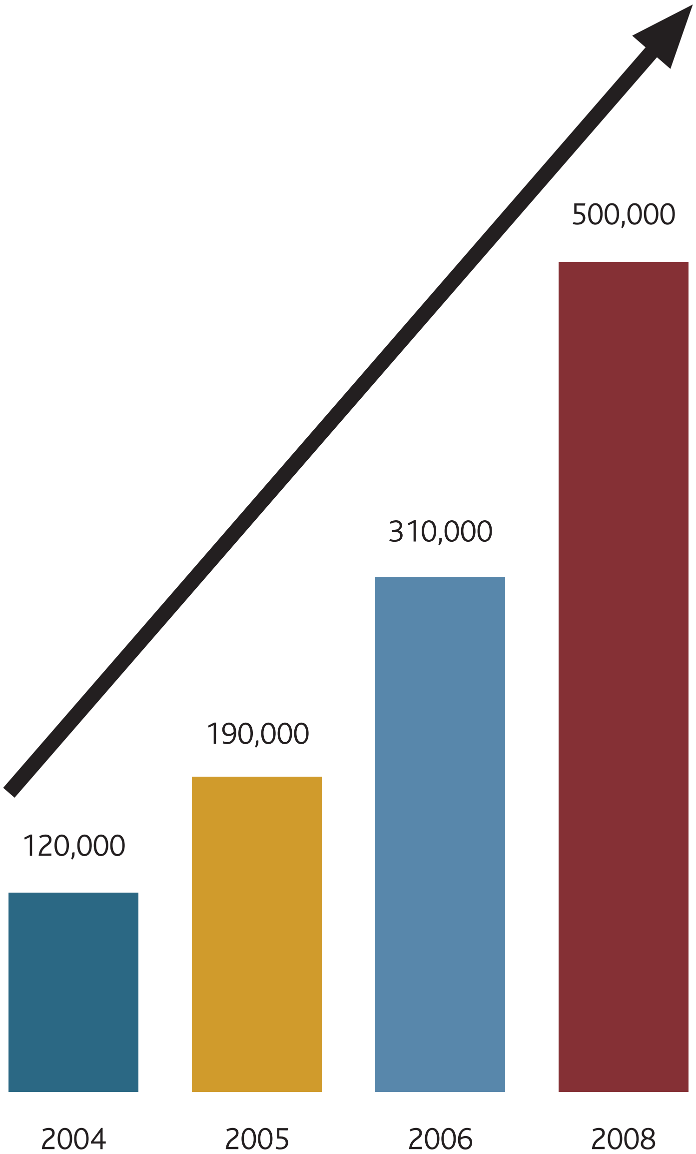
redefining *your* *gold investment*

ANNUAL REPORT 2003

OXUS GOLD

Oxus Gold plc

Annual Report 2003



gold production targets (attributable oz)

vision

Our vision for Oxus is to grow the company into a serious and focused gold producer, with output by 2008 planned to reach the 1 million ounce (Moz) level with at least 500,000 oz attributable to Oxus. With our commitment and dedication, a clear plan and focus, we intend to deliver outstanding returns for shareholders both in terms of growing the company's share price and in terms of our stated intent of paying dividends by 2006.

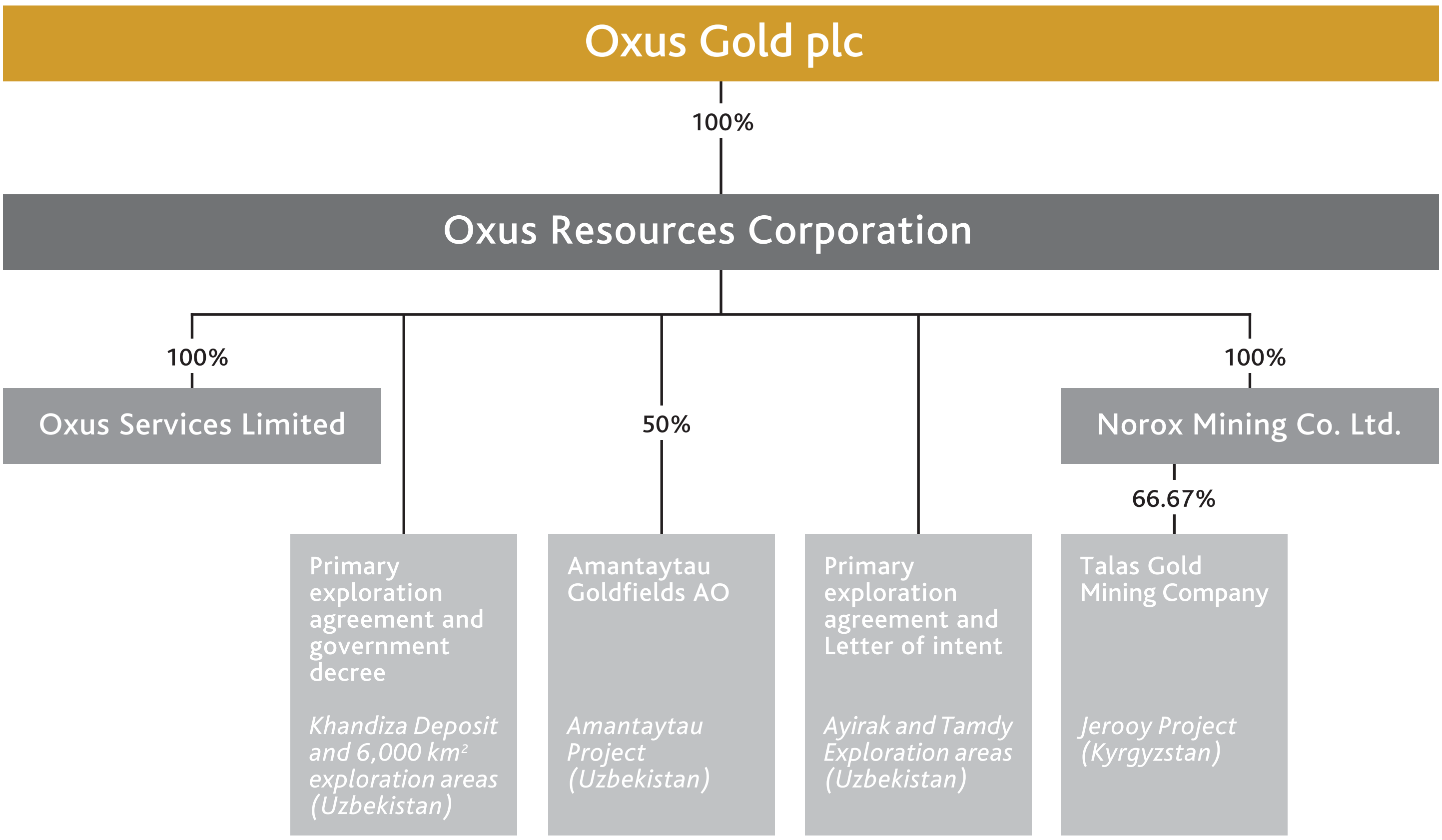
strategy

The strategy to achieve our vision is already in place with a revitalised team with proven successes in the global mining arena. We intend to grow the company further by diversifying our geographic profile, completing our exploration programme and proving up 20 Moz of gold potential on our existing prospects, while remaining in the lowest cost quartile of industry producers.

focus *on gold*

company *profile*

The Oxus group was established in 1996 and quoted on the Alternative Investment Market (AIM) in London in 2001. Oxus is currently developing the Amantaytau gold mine in Uzbekistan, which is expected to commence production from the oxide ore in December 2003 at the rate of 190,000 oz/pa at a cash cost of US$106/oz. The company has also started a feasibility study for the Amantaytau sulphide mining project which has a current resource of 7.15 Mt at an average grade of 11.7g/t. A drilling programme is planned with the objective of greatly increasing the resources over the year. Another advanced business prospect is the Jerooy gold project in Kyrgyzstan which has a total gold resource of 3.45 Moz. Oxus is completing a final feasibility study on the Jerooy deposit which is expected to produce 180,000 oz/pa gold at a cash cost of US$133/oz, commencing by mid 2005. In addition Oxus holds the Khandiza polymetallic project in Uzbekistan with a reported resource of 6.9 Mt at a 26% zinc equivalent grade. Oxus is intending to develop this resource and to be in production by 2005.



the new **Oxus...**

*treasure**

valuable or precious possessions *of any kind*

Reserves of 5 million ounces in highly prospective region

*renaissance**

new birth, new beginning or *revival*

New business strategy unveiled

*value**

worth, *desirability*, or qualities on which *these depend*

Market rerating – poised to deliver rewards

nurturing *our assets*

chairman's *statement*

Dear shareholder

The year 2002 was a watershed year for your company, which saw a review of Oxus' operating strategy and a transformation of its leadership, with the appointment of a new executive team with the skills and experience to bring our first project – Amantaytau – into production by the end of the calendar year.

Bill Trew, in the position of chief executive officer, has more than 25 years' experience in the mining and engineering industry as both a project manager in some of the world's most significant gold mining companies, and as founder and former managing director of MAED, a specialist project management and engineering design company specialising in the gold mining industry.

John Donald, as chief operating officer, has more than 30 years' experience in the mining industry, having spent some 17 of these at AngloGold. Mr Donald has also served as operations director at Consolidated Mining Corporation and as general manager at Randgold Resources. As projects manager at MAED he has worked on AngloGold's Yatela Project and the Ergo operations.

Richard Shead, executive director, responsible for corporate development, is the former CEO of East Daggafontein Mines Limited (East Dagga). Mr Shead played a leading role in the listing of one of South Africa's premier empowerment companies in the mining sector, Mvelaphanda Resources Limited (Mvela), with the reversal of the East Dagga assets into that company. Mvela (and East Dagga before the reverse acquisition) has been rated as South Africa's top performing company for the past two consecutive years, and has a proven record of creating and delivering value for shareholders.

Jonathan Kipps has been appointed as executive director finance. His extensive corporate and project finance background will be an asset to our company.

This new leadership team, which also includes Richard Wilkins, one of the founders of Oxus, has demonstrated its ability to negotiate and finalise the financing arrangements necessary for Amantaytau. Indeed, the project finance facility put in place in April 2003 is expected to be repaid within two years after production commences.

Shareholders will be aware of the change of name, from Oxus Mining, to Oxus Gold, which was approved in May this year. The name change signals our clear intent to be a focused gold company and to capitalise on the market ratings and value generally ascribed to gold companies by the market. Shareholders may expect some restructuring in the months ahead in line with this.

On an operational front I am pleased to report that the Amantaytau project is progressing according to schedule. We anticipate that, by this time next year, Amantaytau will be producing 190,000 ounces of gold per annum at cash costs in the region of US$106 per ounce, making it one of the more profitable projects in the world. Significantly, the original plans for the project were reviewed and the changes incorporated subsequently have not only dramatically reduced capital costs, but will also increase recoveries.

This report provides more detail on developments at this low cost, high grade project and at our two other exciting and significant projects, Jerooy and Khandiza. Following successful negotiations with the Kyrgyz government earlier this year, I am pleased to report that the licence to develop the Jerooy project was reinstated in April 2003, and a feasibility study is nearing completion.

Much has been reported about doing business in Central Asia, little of it factually correct and much of it negative. Our experience in Uzbekistan in particular has been positive. We have had strong support from the government, excellent interaction with the financial and technical community in that region and a willing and competent workforce. While we as a company cannot and will not involve ourselves in the politics of a country, I can say this: Where we operate we will do so with integrity and with long-term objectives of shareholders and the indigenous population in mind.

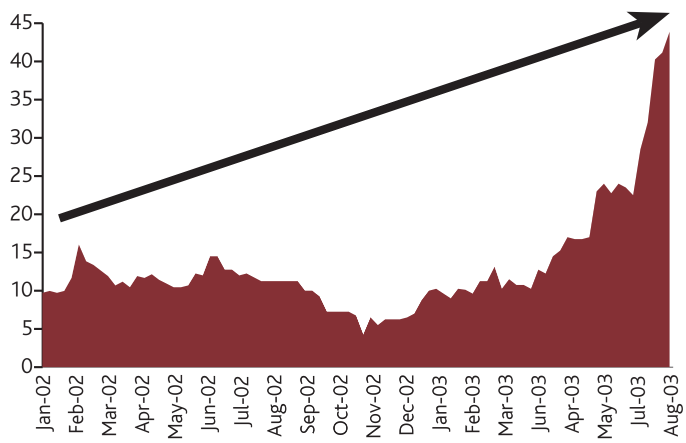
The new team also has a significant personal interest in the success of the company – the directors, together with their associates, hold close on 22% of the equity. While it is one of my tasks as Chairman to ensure that the checks and balances that are required in terms of best corporate governance practices are in place to ensure that the company acts in the interests of all stakeholders, I cannot help but reflect that successful companies around the world have frequently depended on the impetus provided by personal ownership as a driver of success. Shareholders can, I believe, take comfort from that here.

Your company has not been without its detractors, and its previously languishing share price has reflected market uncertainty. With our new advisers, bankers and the support of an important North American investment bank, I am confident that the tide has turned, and that our share price is already reflecting some of this optimism. The pouring of the first gold from Amantaytau, scheduled for December this year, will firmly place Oxus on the map as a world-class producer.

In years to come I believe that we will look back at what is now a fledgling operation with pride. The Tien Shan Gold Belt in Central Asia is widely acclaimed as one of the world's last, great under-exploited gold provinces. Uzbekistan has the fourth largest gold resource in the world, but is only the ninth largest gold producer. We at Oxus are well-placed to capitalise on the head-start that we have achieved, and expect other mining companies to follow.

With our first project well on its way to delivery, our shareholders can expect to be rewarded for their trust and patience as we have made good progress in achieving a more appropriate market rating for Oxus Gold.

Michael Beckett
Chairman
9 September 2003



Share price growth

new beginnings

chief *executive officer's* review

Fellow shareholders,

After ten months at the helm of the revitalised Oxus Gold it gives me great pleasure to report to you, our valued shareholders, on the strides we have made at Oxus Gold in a relatively short space of time.

We have a strong executive team with a proven track record in the global mining environment, while the experience and wisdom of the remaining board members is a constant source of reassurance. I am confident that, having already delivered on some of our short-term targets, we are firmly on the road to turning Oxus' world class assets to account.

Delivery

- Since November last year, good progress has been made in reducing fixed costs by over 50%;
- In April this year we announced the start of the drawdown of financing, having secured a senior term loan of US$30 million and an overrun facility of US$6 million from Standard Bank London and WestLB for the Amantaytau project;
- This facility was arranged without the need for any additional finance from ourselves, thereby ensuring that there would be no further dilution to Oxus shareholders;
- The Khandiza polymetallic project is currently being restructured;
- After successful negotiations with the government of Kyrgyzstan and Oxus' partner JSC "Kyrgyzaltyn", the licence to develop the Jerooy gold deposit in the Talas region of Kyrgyzstan was reinstated in April this year. The Jerooy gold project has a total resource of 3.45 Moz;
- We have reorganised the business into a focused gold company

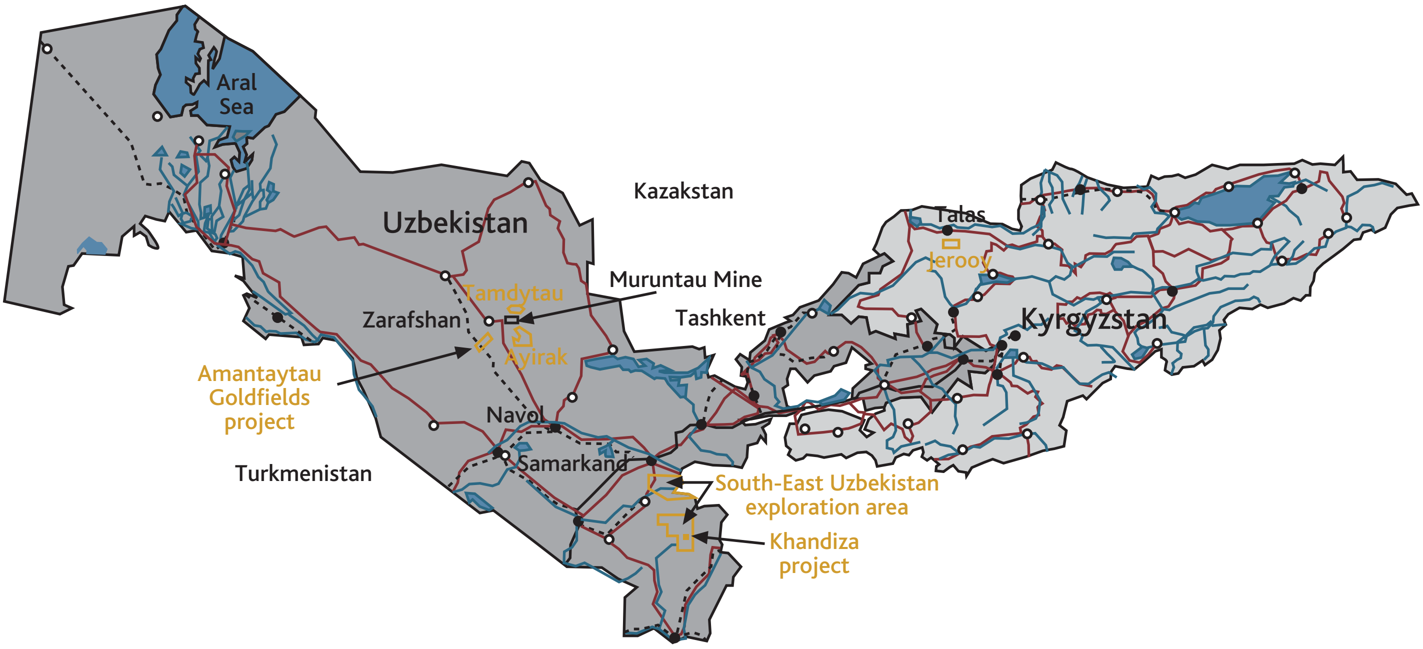
These developments follow upon a number of setbacks for your company in the past, including the annulment of the Jerooy mining licence in June 2002, and the company's inability at the time to raise capital for the Amantaytau project.

The first phase of the Amantaytau project is now fully funded and first production is expected in December this year. In addition, having had the Jerooy licence reinstated, we are now proceeding with plans to effect the fastest possible development of Jerooy, with gold production due to commence in 2005.

Despite having made these strides, and put the past firmly behind us, there is no room for complacency. More challenges await us in the year ahead, with the overriding focus on transforming Oxus from a cash consumer into a gold producer, while keeping production costs in the lowest quartile of industry producers. To achieve this, we have set ourselves the following targets for 2004.

Goals for 2004

- Bring Amantaytau Oxides into production at 1 million tonnes per annum (Mtpa);
- Produce at least 190,000 ozs of gold from Amantaytau at an initial cash cost of below US$106/oz;
- Expand Amantaytau to mine at a rate of 2Mtpa;
- Complete the Amantaytau Sulphide feasibility study;
- Start construction at Jerooy and Balpantau;
- Complete the re-structuring of Khandiza;
- Repayment of Amantaytau's senior debt in accordance with its schedule, plus repayment of the US$13 million shareholder loan advanced by Oxus to Amantaytau.



Amantaytau Goldfields (AGF)

Oxus has a 50% interest in and controls the operational management of the AGF project. The Amantaytau gold and gold-silver mineral deposits are located within a 192km^2 exploration area in the Kyzylkum region of central Uzbekistan. The property is situated close to the open pit gold mining complex at Muruntau, which, as one of the largest open pit gold mines in the world, produced 1.8Moz of gold in 2002 and is operated by the State-owned Navoi Mining and Metallurgical Combinat. It is also close to Newmont Mining's Zarafshan heap leach project, which has been in operation since 1995 and produced 510,000 oz of gold in 2002 from the Muruntau stockpiles. The principal town of the region, Zarafshan, which serves the Muruntau and Newmont Mining operations, is approximately 30 km north-west of Amantaytau.

On 16 April 2003 AGF started drawdown on the project finance facility which consists of a US$30m senior loan with a US$6m overrun facility.

Construction of the carbon-in-pulp plant is progressing on schedule and the first gold pour is expected in December 2003. The plant will commence production at the rate of 190,000 oz of gold annually, initially at a cash cost of US$106/oz. As a condition of securing the senior loan, AGF was required to hedge 263,000 ozs at US$323/oz during the first two years of production.

low cost *production*

chief executive officer's review (continued)

The current mineable oxide reserves are contained in three deposits. There are, however, an additional 20 deposits in the AGF licence.

Oxide reserves at Amantaytau

	Mt	Gold (g/t)	Silver (g/t)	Gold koz	Silver koz
Proven and probable (Phase 1)	4.33	4.98	10.32	693	447
Proven and probable (additional)	3.99	1.20	68.42	153	8,771
TOTAL	**8.31**	**3.17**	**34.00**	**846**	**9,218**

Note: cut-off grade 0.6g/t Au, JORC classified.

During 2002 and 2003 the on-going exploration programme continued, resulting in an increase to the oxide resource base at Amantaytau.

Oxide resources within the Amantaytau area

	Mt	Gold (g/t)	Silver (g/t)	Gold koz	Silver koz
Measured	4.45	4.12	26.2	589	3,753
Indicated	14.45	1.89	10.82	877	5,957
Inferred	15.76	1.45	0.89	732	450
TOTAL	**34.66**	**1.97**	**9.12**	**2,198**	**10,159**

Note: cut-off grade 0.6g/t Au, JORC classified.

AGF – Phase 2

A preliminary feasibility study for the underground mine at Amantaytau was completed in 2000 and an audit of updated reserves and resources in 2002. Mine development assumes a production rate of 500,000 tonnes of ore per year. The study estimates an annual production rate of 190,000 oz of gold a year. The estimated cash cost of production per ounce of gold is US$120.

In early 2002 CSMA Consultants updated the measured and indicated resources which increased from 1.4 Moz to 2.3 Moz of gold. These underground resources are summarised as follows:

AGF phase 2 Sulphide resources as estimated by CSMA

	Mt	Gold (g/t)	Gold koz
Measured	1.24	11.13	442
Indicated	4.95	11.94	1,902
Inferred	0.96	11.13	342
TOTAL	**7.15**	**11.68**	**2,686**

Note: cut-off grade 0.6g/t Au, JORC classified.

AGF phase 2 Sulphide proven and probable reserves as estimated by CSMA

Deposit	Cut-off (g/t)	Mt	Gold (g/t)	Gold koz
Severny	6.00	4.210	11.80	1,597
Centralny	7.00	1.261	10.67	433
TOTAL		**5.470**	**11.54**	**2,030**

Note: JORC classified.

The underground ore bodies are open at depth and huge potential exists to increase the reserves through exploration drilling. In a previous Soviet drilling programme, mineralisation was identified 500 m below the lower limit of the current resources intersecting a 15 m interval grading 28 g/t of gold. A new drilling programme will commence this year to further add to the reserves.

A new study has commenced and is expected to be completed in mid 2004, with a view to production commencing during 2005.

Tamdytauskaya and Ayirakskaya Exploration areas

These areas are also located in the Kyzylkum Region of Central Uzbekistan, close to the AGF area. The 260 km^2 Tamdytauskaya area, containing the Balpantau deposit, is situated some 75 km east of the town of Zarafshan. Along this trend are a number of other promising gold occurrences as well as geophysical and geochemical anomalies. The following table summarises the resource estimation.

Balpantau resource as estimated by CSMA

	Category	Resource Mt	Gold g/t	Gold Moz
Balpantau South	Indicated	3.87	2.23	0.28
	Inferred	2.32	2.50	0.19
Balpantau North	Inferred	12.26	2.28	0.90
TOTAL		**18.45**	**2.30**	**1.36**

Note: cut-off grade 1g/t Au, JORC classified.

The deposit is open to the east and additional resource potential is likely to be confirmed by continued drilling beyond the limits of existing exploration. We plan to start construction at Balpantau during 2004, with first production in 2005.

The most explored deposit in the 430 km^2 Ayirakskaya area is Aristantau. The deposit is open to the northwest. The primary sulphides below this oxidised mineralisation in Ayirakskaya are unexplored.

Aristantau resource as estimated by CSMA

	Category	Resource Mt	Gold g/t	Gold Moz
Aristantau	Indicated	3.55	1.90	0.22
	Inferred	2.42	1.43	0.11
TOTAL		**5.97**	**1.71**	**0.33**

Note: cut-off grade 0.5g/t Au, JORC classified.

Jerooy

Jerooy is the largest known unexploited gold deposit within the Kyrgyz Republic and is located in the north-central part of the country, some 190 km from the capital Bishkek and 40 km southeast of the provincial capital of Talas. Oxus, through its subsidiary, Norox, holds a 66.67% interest in the project.

Jerooy resource summary

	Mt	Gold (g/t)	Gold koz
Measured	3.48	6.4	720
Indicated	13.79	2.67	1,180
Inferred	7.95	5.17	1,320
TOTAL	**25.22**	**3.97**	**3,220**

A further 1.62 Mt, at an average grade of 4.4g/t (230 kozs of gold), exists as JORC classified "Exploration Results".

massive *growth potential*

chief executive officer's review (continued)

In May 2003 Oxus entered into an agreement to purchase the 7% of Norox previously sold to Conquest Resources. This was done by way of an issue of 1,250,000 shares to Conquest at 20 pence per share plus 250,000 warrants to acquire shares in Oxus at 25 pence per share.

The final feasibility study for the Jerooy project will be completed in September 2003 and construction of the mine is expected to start during 2004, with first gold production in 2005.

Khandiza
Khandiza is a high-grade zinc, silver, copper and lead deposit located in the Sariasia region of southeast Uzbekistan. The deposit contains a reported resource of 6.9 Mt at a 26% zinc equivalent grade. Significant exploration potential also exists within 6,000 km^2 of attached licence areas. In October 2002, Oxus was granted the exclusive rights to develop Khandiza through either a concession agreement or a production sharing agreement, thereby owning the local operating company 100%. We are currently restructuring our ownership in order to allow this exceptional asset to be financed and developed separately to our gold assets.

Finally, I would like to take this opportunity to thank not only my fellow directors and staff for their dedication and hard work during what has been a challenging but ultimately rewarding 18 month period, but also you, our shareholders, for your perseverance and ongoing support as we continue to redefine your gold investment.

Bill Trew
Chief executive officer

9 September 2003

reserves *and* resources

GOLD PROJECT RESERVES (PROVEN AND PROBABLE)

	Cut-off		Grade g/t		Contained kozs	
Deposits	**g/t**	**Mt**	**Gold**	**Silver**	**Gold**	**Silver**
AMANTAYTAU GOLDFIELDS LICENCE AREA						
AGF Oxides (Phase 1)						
Centralny	0.6	2.98	6.20		595	
Uzunbulak	0.6	1.35	2.26	10	98	447
Total Phase I		**4.33**			**693**	**447**
Total Phase I (gold equivalent)					**699**	
Additional Oxides						
Vysokovoltnoye OB4	0.6	2.33	1.24	27	93	1,988
Vysokovoltnoye OB7	0.6	1.66	1.13	127	60	6,783
Total Additional Oxides		**3.99**			**153**	**8,771**
Total Additional Oxides (gold equivalent)					**273**	
Total Oxides		**8.31**	**3.17**	**34**	**846**	**9,218**
Total Oxides (gold equivalent)		**8.31**			**972**	
AGF Sulphides						
Amantaytau Centralny	7.0	1.26	10.67		433	
Amantaytau Severny	6.0	4.21	11.80		1,597	
Total Sulphides		**5.47**	**11.54**		**2,030**	
TOTAL AMANTAYTAU RESERVES					**3,002**	
OXUS ATTRIBUTABLE RESERVES – 50% (gold equivalent)					**1,501**	
Note: Gold equivalent calculation: 73 oz Ag = 1 oz Au						
JEROOY (unaudited)						
Open pit	1.6	4.04	4.9		640	
Underground	1.6	5.84	9.3		1,750	
TOTAL JEROOY RESERVES		**9.88**	**7.5**		**2,390**	
OXUS ATTRIBUTABLE RESERVES – 66.67%					**1,593**	
TOTAL OXUS ATTRIBUTABLE GOLD RESERVE					**3,094**	

reserves *and* resources

GOLD PROJECT RESOURCES

Deposits	Cut off g/t	Measured Resources Mt	Grade g/t Gold	Grade g/t Silver	Contained kozs Gold	Contained kozs Silver
AMANTAYTAU REGION LICENCES						
Oxides						
Centralny	0.6	1.61	7.90		408	
Uzunbulak	0.6	0.44	2.69	25.4	38	364
Vysokovoltnoye OB4	0.6	0.61	1.43	29.9	28	591
Vysokovoltnoye OB7	0.0	0.56	1.11	156.7	20	2,798
AGF - 20 deposits	0.6	1.23	2.38		94	
Balpantau	1.0					
Aristantau	0.5					
Total Oxides		**4.45**	**4.11**	**26.2**	**589**	**3,753**
Sulphides						
Centralny	6.0	0.69	10.19		225	
Severny Zone 8	6.0	0.29	12.04		114	
Severny Zone 11	6.0	0.12	15.32		60	
Severny Other Zones	6.0	0.13	10.10		43	
Total Sulphides		**1.24**	**11.13**		**442**	
Total Amantaytau Region Licences		**5.69**	**5.64**	**20.5**	**1,031**	**3,753**
Oxus attributable – 50%		**2.84**	**5.64**	**20.5**	**516**	**1,876**
Oxus attributable – 50% (Gold Equivalent)					**541**	
JEROOY (unaudited)						
Open pit and underground	1.6	3.48	6.40		720	
Total Jerooy		**3.48**	**6.40**		**720**	
Oxus attributable – 66.67%					**480**	
TOTAL OXUS ATTRIBUTABLE GOLD EQUIVALENT RESOURCE					**1,021**	

Note: Gold equivalent calculation: 73 oz Ag = 1 oz Au

BASE METAL PROJECT RESOURCES

KHANDIZA	Mt	Zinc %	Lead%	Copper %	Silver g/t	Gold g/t
Measured	2.39	14.13	5.87	1.71	216.00	0.54
Indicated	4.46	13.89	7.10	1.67	261.00	0.57
TOTAL BASE METAL RESOURCES	6.85	13.97	6.67	1.68	245.00	0.56

JORC Classified and audited by CSMA

Indicated Resources					Inferred Resources					Total Resources		Exploration Results	
	Grade g/t		Contained kozs			Grade g/t		Contained kozs		Contained kozs		Contained kozs	
Mt	Gold	Silver	Gold	Silver	Mt	Gold	Silver	Gold	Silver	Gold	Silver	Gold	Silver
1.30	5.29		221		0.10	4.33		13		642			
0.87	2.32	4.0	65	111						103	474		
1.66	1.30	27.8	69	1,482	0.29	1.48	18.3	14	171	111	2,243		
1.06	1.27	128.2	43	4,365	0.30	1.69	28.9	16	279	79	7,441		
9.57	1.56		479		15.07	1.42		689		1,262			
3.87	2.23		277		14.58	2.32		1,088		1,365			
3.55	1.90		217		2.42	1.43		111		328			
21.87	**1.95**	**8.5**	**1,371**	**5,957**	**32.76**	**1.83**	**0.4**	**1,931**	**450**	**3,891**	**10,159**	**2,570**	**25,400**
1.07	10.59		365		0.73	11.48		270		860			
2.32	12.85		960		0.05	11.27		15		1,089			
0.75	12.67		307		0.02	11.81		7		374			
0.81	10.43		270		0.16	9.66		50		363			
4.95	**11.94**		**1,901**		**0.96**	**11.13**		**342**		**2,686**		**7,100**	**147,000**
26.82	**3.79**	**6.9**	**3,272**	**5,957**	**33.71**	**2.10**		**2,273**	**450**	**6,577**	**10,159**	**9,670**	**172,400**
13.41	**3.79**	**6.9**	**1,636**	**2,979**	**16.86**	**2.10**		**1,137**	**225**	**3,288**	**5,080**	**4,835**	**86,200**
			1,677					**1,140**		**3,358**		**6,016**	
13.79	2.67		1,180		7.95	5.17		1,320		3,220		230	
13.79	**2.67**		**1,180**		**7.95**	**5.17**		**1,320**		**3,220**		**230**	
			787					**880**		**2,147**		**153**	
			2,464					**2,020**		**5,505**		**6,169**	

directors *and management*

Michael Beckett, B.Sc, FIMMM
Non executive chairman
Chairman of Ashanti Goldfields Limited, Northam Platinum Limited, Horace Clarkson plc and Watts Blake Bearne Company plc
Joined the board in October 2001.

William Trew, B.Eng. (Mech.) Hon., M.Eng
Chief executive officer
25 years' experience in the engineering and mining industry.
Non-executive chairman and founder of MAED Limited.
Joined the board in November 2002.

Richard Wilkins, MA, FCA
Director and secretary
Has been conducting business in Central Asia since 1991 and is one of the founders of the Oxus Group.
Joined the board in April 2001.

John Donald, BSc (Min Eng), MSc, AMM (SA)
Chief operating officer
Over 30 years' experience in the mining industry, namely with AngloGold, Randgold Resources and Consolidated Mining Corporation.
Joined the board in November 2002.

Jonathan Kipps, B.Comm, CA (SA), Dip Tax Law (UCT)
Director, finance
A South African chartered accountant, with an extensive corporate and project finance background.
Joined the board in November 2002.

Richard Shead, BA, CIS (SA)
Director, corporate development
Chief executive officer of East Daggafontein Mines Ltd prior to merger with Mvelaphanda Resources Ltd, of which he remains a director.
Joined the board in November 2002.

Mark Wellesley-Wood, BSc, MBA, CEng, MIMMM
Non-executive director
A chartered mining engineer with 30 years' experience in the mining industry. Currently chairman and chief executive officer of Durban Roodeport Deep Ltd.
Joined the board in April 2001.

Dan Kappes, BSc, M.Eng.
Non-executive director
Co-founder, co-owner and President of Kappes, Cassiday & Associates, mining industry consultants, since 1972.
Joined the board in January 2003.

Senior Management

William Charter
Manager – geology & exploration

Malcolm Crowe
Manager – metallurgy

Alexander Polikashin
Head of representative office (Uzbekistan)

Stephen Westhead
Chief geologist – Amantaytau Goldfields A.O.

Richard Watts
General manager – Amantaytau Goldfields A.O.

Contacts and *administration*

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Produced by Russell & Associates

Oxus Gold plc Annual Report 2003

Contents

directors' *report*

The directors present their report together with the financial statements of the group for the 18 months ended 30 June 2003.

Change of name and accounting reference date

The shareholders of Oxus Mining plc approved a change of name for the company to Oxus Gold plc on 29 May 2003. The company has changed its accounting reference date from 31 December to 30 June, and has extended its current accounting reference period to cover the 18 month period to 30 June 2003.

Principal activities and review of business developments

The group's principal activities during the period were: i) the development of its core projects, in particular, financing and commencing construction on its Amantaytau Goldfields Phase 1 Oxides project; and ii) fund-raising activities to support the development of its projects. Fund-raising activity included a Placing and Open Offer in June 2002, which raised £5 million ($7.5 million) and a Placing in June 2003, which raised £2.25 million ($3.7 million). The company's shares trade on the Alternative Investment Market ("AIM") of the London Stock Exchange.

In the period from 14 November 2002 the directors have identified a number of costs which are considered to be exceptional (see note 5). These costs include the various severance payments to former directors in accordance with their service agreements, the closure of the Woking office and resultant severance payments, the write-off of all the tangible fixed assets (see note 8) and the abortive costs relating to the previously failed financing arrangements. The directors are making efforts to recover some of these financing costs for the Amantaytau Goldfields Phase 1 Oxides project; this may be the subject of litigation in the future.

Reviews of activities, business developments and projects are included in the Chairman's Statement and the Chief Executive Officer's Review.

Results and dividend

Details of the results for the financial period are set out in the consolidated profit and loss account on page 6. The directors do not recommend the payment of a dividend in respect of the period under review.

Directors and their interests

The directors who served during the period since 1 January 2002 were:

Michael E Beckett	(Non executive chairman)
William J Trew	(Chief executive officer, appointed 14 November 2002)
John C Donald	(Executive, appointed 14 November 2002)
Jonathan A Kipps	(Executive, appointed 14 November 2002)
Richard B Shead	(Executive, appointed 14 November 2002)
Richard V L Wilkins	(Executive)
Daniel W Kappes	(Non executive, appointed 7 January 2003)
Mark M Wellesley-Wood	(Non executive)
Charles A Cooper	(Non executive, resigned 14 November 2002)
Michael J de Villiers	(Executive, resigned 5 December 2002)
Guido E M Pas	(Non executive, resigned 14 November 2002)
Roger W Turner	(Executive, resigned 14 November 2002)
Anthony M Warrender	(Non executive, resigned 14 November 2002)

Jonathan Kipps was appointed as a non-executive director on 14 November 2002 and as an executive director on 5 December 2002. Richard Shead was appointed as a non-executive director on 14 November 2002 and as an executive director on 18 June 2003.

The interests of the directors in the company are set out in note 18 to the financial statements and the share options held by each director in note 13.

In accordance with the company's Articles of Association, all of the directors appointed during the period retire by rotation at the forthcoming Annual General Meeting. All, being eligible, offer themselves for re-appointment. Of the retiring directors, William Trew, John Donald, Jonathan Kipps and Richard Shead have service contracts with unexpired terms of more than one year. William Trew's and John Donald's contracts commenced on 14 November 2002 and terminate on 13 November 2005. Jonathan Kipps' contract commenced on 5 December 2002 and terminates on 4 December 2005. Richard Shead's contract commenced on 18 June 2003 and terminates on 17 June 2006.

directors' *report*

Substantial shareholdings

As at 1 September 2003, the company was aware of the following holdings of three percent or more in the company's issued share capital:

	Number of Oxus Gold plc shares	Approximate percentage of the company's issued share capital
MAED Limited	25,360,717	13.01%
Capital International	11,600,000	5.95%
Invesco	9,855,999	5.06%
RAB Capital	6,600,000	3.39%

In addition to the above, associates of MAED Limited own a further 7,645,686 shares (3.92%), and the directors of the company own 8,140,624 shares (4.18%) (see note 18).

Corporate governance

The directors seek, as far as is possible, to comply with the Combined Code on Corporate Governance applicable to listed companies. The board is assisted in this regard by a number of committees with delegated authority:

Audit committee

The company has established an audit committee whose members are Michael Beckett, Richard Shead and Jonathan Kipps. Michael Beckett chairs the committee. The committee meets at least twice a year and at any other time when it is appropriate to discuss audit, accounting or control issues. The committee will meet the external auditors, without the executive board members being present, to review accounting and internal control matters. The committee's principal objectives are to review annual and interim financial statements; to review accounting policies; to review with management and the group's external auditors the effectiveness of internal controls; and to review with the group's external auditors the scope and results of their audit.

Remuneration committee

The remuneration committee's members are the non-executive directors Mark Wellesley-Wood and Michael Beckett who review the performance of the executive directors and set the scale and structure of their remuneration and the basis of their service agreements. In determining remuneration, the committee seeks to enable the company to attract and retain executives of the highest calibre. The committee also makes recommendations to the board concerning allocation of share options to employees. No directors participate in discussions or decisions concerning their own remuneration. This committee is also responsible for nominating candidates, for the approval of the board, to fill either executive or non-executive vacancies or additional appointments to the board.

Independent committee

The independent committee consists of Michael Beckett, Daniel Kappes and Richard Shead. Michael Beckett acts as the senior independent director. The committee is responsible for overseeing related party transactions.

Financial review

The group's income from operations was $762,000.

The group's operations for the period were financed through the placing of 50 million shares at £0.10 per share via a Placing & Open Offer in June 2002, raising £5 million gross ($7.5 million), and the placing of 12.5 million shares at £0.18 per share in June 2003, raising £2.25 million ($3.7 million) gross. The latter funds will primarily be used to accelerate exploration activities.

The Amantaytau Goldfields Phase 1 Oxides project, currently being constructed by the Amantaytau Goldfields AO joint venture (see note 10), has been financed by a $36 million credit facility arranged jointly by Standard Bank London Limited and WestLB AG.

Currency

The functional currency of the group is the US dollar and therefore the consolidated financial statements are stated in this currency.

directors' *report*

Payments to creditors

The company's policy is to settle the terms of payment with its suppliers when agreeing the terms of each transaction, either by accepting the suppliers' terms or by making the suppliers aware of alternative terms, and to abide by the agreed terms. Trade creditors of the company at 30 June 2003 represented 32 days of annual purchases.

Going concern

Based on a review of the group's budgets and cash flow plans, the directors are satisfied that the group has sufficient resources to continue its operations and to meet its commitments for the foreseeable future.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company and the group and of the profit and loss of the group for that period. The directors are required to prepare the financial statements on the going concern basis unless it is appropriate to assume that the company will not continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 30 June 2003 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

During the period PricewaterhouseCoopers resigned as auditors of the company and BDO Isle of Man were appointed in their place. A resolution to re-appoint the auditors of the company, BDO Isle of Man, will be proposed at the Annual General Meeting. BDO Isle of Man have expressed their willingness to continue as auditors of the company.

Post balance sheet events

Details of post balance sheet events are provided in note 23 to the Financial Statements.

by order of the board

William Trew
Chief Executive Officer
9 September 2003

Richard Wilkins
Director/Secretary
9 September 2003

auditors' *report*

Independent Auditors' Report to the shareholders of Oxus Gold plc

We have audited the financial statements of Oxus Gold plc for the period ended 30 June 2003, which comprise the consolidated profit and loss account, statement of total consolidated recognised gains and losses, consolidated balance sheet, company balance sheet, consolidated cash flow statement, and the related notes numbered 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom accounting standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and United Kingdom auditing standards. This report, including the opinion, has been prepared for, and only for, the company's members as a body in accordance with the Companies Act and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Accounts, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, Financial Review, and Statement of Directors' Responsibilities. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 30 June 2003 and of the loss and cash flows of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Isle of Man

BDO Isle of Man
Chartered Accountants
Douglas, Isle of Man

9 September 2003

Note:
The maintenance and integrity of the Oxus Gold plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

consolidated *profit and loss account*

	Note	18 month period ended 30 June 2003 $'000	Year ended 31 December 2001 $'000
Group turnover		**762**	177
Administration expenses		**(2,677)**	(1,641)
Group operating loss		**(1,915)**	(1,464)
Net interest (payable)/receivable:	3		
– Group		**(54)**	(110)
– Joint ventures and associates		**447**	–
Loss on ordinary activities before exceptional items and taxation	4	**(1,522)**	(1,574)
Exceptional items	5	**(1,293)**	–
Loss on ordinary activities before taxation		**(2,815)**	(1,574)
Tax on loss on ordinary activities	6	**(17)**	(7)
Retained loss for the financial period (year)		**(2,832)**	(1,581)
Loss per share			
– basic (per share cents)	7	**(1.71)**	(1.42)
– diluted (per share cents)	7	**(1.71)**	(1.42)

The results above are derived from continuing activities.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the periods stated above, and their historical cost equivalents.

statement *of total consolidated recognised gains and losses*

	Note	18 month period ended 30 June 2003 $'000	Year ended 31 December 2001 $'000
Group loss for the financial period (year)		**(2,832)**	(1,581)
Total recognised loss for the period (year)		**(2,832)**	(1,581)
Prior year adjustment to minority interest, relating to termination of prior year projects		**–**	251
Total loss recognised since last annual report		**(2,832)**	(1,330)

consolidated *balance sheet*

	Note	At 30 June 2003 $'000	At 31 December 2001 $'000
Fixed assets			
Tangible assets	8	**–**	204
Exploration and evaluation properties	9	**15,113**	13,921
		15,113	14,125
Investments			
Interests in joint ventures			
Share of gross assets	10	**12,134**	4,136
Share of gross liabilities	10	**(8,015)**	(17)
		4,119	4,119
Other investments			
Loans to joint ventures	10	**12,806**	6,078
		16,925	10,197
Total fixed assets		**32,038**	24,322
Current assets			
Debtors	11	**265**	338
Cash at bank and in hand		**3,855**	2,737
		4,120	3,075
Creditors – amounts falling due within one year	12	**(2,158)**	(1,032)
Net current assets		**1,962**	2,043
Net assets		**34,000**	26,365
Capital and reserves			
Called up share capital	13	**2,824**	1,845
Share premium account	13	**18,827**	9,339
Merger reserve	13	**34,929**	34,928
Profit and loss account	15	**(22,590)**	(19,758)
Total shareholders' funds		**33,990**	26,354
Equity minority interest		**10**	11
Capital employed		**34,000**	**26,365**

The financial statements on pages 6 to 25 were approved by the board of directors on 9 September 2003 and were signed on its behalf by:

William Trew
Chief Executive Officer

Jonathan Kipps
Finance Director

company *balance sheet*

	Note	At 30 June 2003 $'000	At 31 December 2001 $'000
Fixed assets			
Investments			
Investment in subsidiary	14	**1,376**	1,376
Current assets			
Debtors	11	**16,132**	7,097
Cash at bank and in hand		**3,783**	2,624
		19,915	9,721
Creditors – amounts falling due within one year	12	**(1,252)**	(283)
Net current assets		**18,663**	9,438
Net assets		**20,039**	10,814
Capital and reserves			
Called up share capital	13	**2,824**	1,845
Share premium account	13	**18,827**	9,339
Profit and loss account	15	**(1,612)**	(370)
Total shareholders' funds		**20,039**	10,814

The financial statements on pages 6 to 25 were approved by the board of directors on 9 September 2003 and were signed on its behalf by:

William Trew
Chief Executive Officer

Jonathan Kipps
Finance Director

consolidated *cash flow statement*

	Note	18 month period ended 30 June 2003 $'000	Year ended 31 December 2001 $'000
Net cash outflow from operating activities	17	**(1,769)**	(1,469)
Returns on investments and servicing of finance	3		
Interest received		**553**	79
Interest paid		**(160)**	(337)
Net cash inflow (outflow) from returns on investments and servicing of finance		**393**	(258)
Taxation		**(36)**	(18)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(45)**	(56)
Sale of tangible fixed assets		**43**	10
Exploration and evaluation expenditure		**(1,192)**	(3,292)
Funding of joint ventures' capital expenditure		**(6,728)**	(1,182)
Net cash outflow for capital expenditure and financial investment		**(7,922)**	(4,520)
Acquisitions and disposals	24		
Sale of a minority share in subsidiary		**400**	–
Purchase of a minority share in subsidiary		**(400)**	–
Net cash outflow before use of liquid resources and financing		**(9,334)**	(6,265)
Financing			
Issue of ordinary share capital	13	**11,624**	11,100
Expenses of share issues		**(1,172)**	(2,088)
Proceeds of loan		**–**	249
Repayment of convertible note		**–**	(761)
Repayment of loan from director		**–**	(71)
Net cash inflow from financing		**10,452**	8,429
Increase in cash		**1,118**	2,164
Reconciliation to net cash			
Net cash (debt) at 1 January		**2,737**	(816)
Increase in net cash		**1,118**	2,164
Movement in loan from director		**–**	71
Movement in convertible loan		**–**	1,318
Net cash	16	**3,855**	2,737

reconciliation *of movements in group shareholders' funds*

	Note	18 month period ended 30 June 2003 $'000	Year ended 31 December 2001 $'000
Loss for the period (year)		**(2,832)**	(1,581)
Net proceeds of ordinary shares issued	13	**10,467**	10,837
Merger reserve movement on consolidation		**1**	–
Net change in shareholders' funds		**7,636**	9,256
Shareholders' funds as at 1 January 2002, after adding prior year adjustment of $251,000		**26,354**	17,098
Shareholders' funds		**33,990**	26,354

notes *to the financial statements*

1. PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements are prepared under the historical cost convention in accordance with applicable accounting standards and are stated in US dollars, being the functional and reporting currency of the group. The group has adopted the requirements of FRS18 'Accounting Policies'. The directors have reviewed the group's existing accounting policies and consider that they are already consistent with this new standard.

Basis of preparation

Oxus Gold plc, together with its subsidiaries as listed in note 24, is a mineral exploration and development group that is focused on precious and base metal opportunities in Central Asia. The recoverability of the amount shown in the consolidated balance sheet in relation to the deferred exploration expenditure is dependent upon the discovery of economically recoverable reserves, confirmation of the operating subsidiaries' interest in the underlying mining claims, the political and economic stability of Central Asian countries in which it operates, the ability of the group to obtain the necessary financing to fulfil its obligations as they arise, the ability of the joint venture companies to obtain necessary financing to complete their respective developments and upon future profitable production or proceeds from the disposition of properties.

The consolidated financial statements have been prepared on the going concern basis. The going concern basis has been adopted as the directors believe that the group has raised sufficient capital to continue to pay its debts as and when they fall due.

Basis of consolidation

The consolidated financial statements of the group include the accounts of Oxus Gold plc and of its subsidiaries.

The results of Oxus Gold plc's subsidiary undertakings are accounted for in the profit and loss account from the date that the company gained control of the subsidiaries. The results of Oxus Resources Corporation itself are included from the time of its incorporation, as if it had always existed as a subsidiary of Oxus Gold plc.

Investments in which the group has a long term interest that are jointly controlled are accounted for as joint ventures. The group's interests in joint ventures are included in the consolidated financial statements under the gross equity method of accounting. The group includes separately in its results its share of the results of joint ventures and the group's share of the net assets of joint ventures are included and disclosed separately in the balance sheet.

The accounting policies of subsidiaries and joint ventures are consistent with those applied by the company.

Foreign currency

Transactions denominated in currencies other than the US dollar are translated into US dollars at the average exchange rate ruling during the month in which the transaction occurs. All exchange differences are taken through the profit and loss account. Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at the rates of exchange ruling at the balance sheet date. Exchange gains or losses are taken to the profit and loss account. On consolidation, profit and loss items are translated at historic rates of exchange. Non-monetary items are translated at the exchange rate in effect at the date to which the historical cost pertains. Monetary items are translated using the closing rate at the balance sheet date. All exchange gains and losses are dealt with in the profit and loss account as part of the profit or loss from ordinary activities.

Deferred exploration expenditure

When the group has incurred expenditures on mining properties that have not reached the stage of commercial production, the costs of acquiring the rights to such mineral properties and related exploration and development costs are deferred where the expected recovery of costs is considered probable by the successful exploitation or sale of the asset.

Where a feasibility study indicates that the future recovery of the costs is not probable, full provision is made in respect of the deferred costs. Where mining properties are abandoned, the deferred expenditure is written off in full.

When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future cash flows of the relevant income generating unit or disposal value if higher. Individual mining properties are considered to be separate income generating units for this purpose.

The amounts shown as deferred exploration expenditure represent costs incurred and do not necessarily reflect present or future values.

Operating leases

Operating lease rentals payable are charged to the profit and loss account on a straight line basis over the lease term.

notes *to the financial statements*

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are recorded at historical cost. Depreciation of tangible fixed assets is provided on the straight line basis over their estimated useful lives, being five years for leasehold improvements, office furniture and motor vehicles and three years for computer and communications equipment. The directors, having reviewed the group's fixed asset registers, have decided to write-off all the assets as at 30 June 2003.

Turnover

Turnover comprises management fees for services provided by the group to third parties or joint ventures.

Financial instruments

The group uses certain financial instruments in its operating and investing activities that are appropriate to the group's strategy and circumstances.

Financial instruments currently comprise cash, loans to joint ventures, short-term debtors and creditors and gold hedges. The joint venture AGF has taken out gold hedges to secure the debt repayment and operating costs on the Amantaytau Goldfields Phase 1 Oxide project financing. The group finances its operations through the issue of equity share capital and manages financial risk, to ensure sufficient liquidity to meet foreseeable needs and to invest cash assets safely and profitably. This is achieved by placing surplus funds on deposit with major banking institutions.

The main risks arising from the group's present use of financial instruments are currency risk relating to the group's cash resources denominated in currencies other than the US dollar, interest rate risk in respect of the loans to joint ventures and the gold price risk on unhedged ounces.

The estimation of fair values of the group's financial assets and liabilities is considered by the directors to be equal to their book value.

The group has taken advantage of the exemptions available under FRS 13 for disclosures relating to short-term debtors and creditors.

Share schemes

The share option plan provides for the grant of non-transferable options that become exercisable either on a cumulative basis over three years from grant date, or on the occurrence of a specific event. Options are not granted at a discount to their market value.

Cash

Cash, as presented in the consolidated balance sheets and cash flow statements, comprises balances held in the group's various bank current accounts or short term deposit accounts, normally not exceeding 31 day terms. There are no restrictions over the access and use of these funds, other than those that customarily relate to such periodic short term deposits.

2. SEGMENTAL REPORTING

The group's current operations are entirely focused on exploration and development opportunities within Central Asia. Accordingly, the directors believe that there is only one relevant class of business and geographic segment.

3. INTEREST AND SIMILAR ITEMS

	2003 $'000	2001 $'000
Interest payable on debentures and convertible notes	**–**	(98)
Other charges	**(160)**	(91)
Total interest and similar charges payable	**(160)**	(189)
Group interest receivable	**106**	79
Share of joint venture interest receivable	**447**	–
Total interest receivable	**553**	79
Net interest and similar items receivable (payable)	**393**	(110)

notes *to the financial statements*

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	Note	**2003 $'000**	2001 $'000
Loss before taxation is stated after charging/(crediting)			
Staff costs	18	**1,076**	1,362
Depreciation of tangible fixed assets (see also note 5)	8	**81**	110
Other operating lease rentals		**160**	88
Auditors' remuneration:			
– audit services		**41**	102
– non audit services in the United Kingdom		**115**	172
(Decrease) in provision against deferred exploration expenditure		**–**	(182)

5. EXCEPTIONAL ITEMS

Exceptional items comprise directors' severance payments ($568,000), costs associated with the closure of the Woking office ($167,000), the write-off of fixed assets ($126,000) and abortive project financing costs ($432,000).

6. TAX ON LOSS ON ORDINARY ACTIVITIES

	2003 $'000	2001 $'000
UK corporation tax at 20% current period (2001: 20%)	**7**	7
UK corporation tax relating to 1998	**10**	–
	17	7

The group provision for taxation comprises United Kingdom corporation tax relating to the activities of Oxus Services Limited, a subsidiary incorporated in the United Kingdom. No further liability to taxation arises as the company has not yet generated taxable income. Its principal subsidiary is incorporated in a non-taxable jurisdiction and other group activities in Central Asia have not yet generated taxable income. Results from Central Asia may in due course be subject to taxation in the relevant country, although Amantaytau Goldfields has a five year income tax holiday commencing from the start of gold production.

7. LOSS PER SHARE

	18 months ended 30 June 2003			Year ended 31 December 2001		
	Loss $'000	**Weighted average number of shares**	**per share cents**	Loss $'000	Weighted average number of shares	per share cents
Basic loss per share attributable to shareholders	**(2,832)**	**165,551,285**	**(1.71)**	(1,581)	111,273,170	(1.42)

Share options were anti-dilutive at 30 June 2003 and 31 December 2001. A dilution of 29,375 shares arose from purchase warrants in existence. This dilution had no effect on the quoted loss per share.

notes *to the financial statements*

8. TANGIBLE FIXED ASSETS

	Leasehold improvements and furniture $'000	Computer and communications equipment $'000	Motor Vehicles $'000	Total $'000
Cost				
At 1 January 2001	**189**	**277**	**227**	**693**
Additions	22	34	–	**56**
Disposals	(21)	(1)	–	**(22)**
Exchange rate movement	(2)	(4)	–	**(6)**
At 31 December 2001	**188**	**306**	**227**	**721**
Additions	9	36	–	**45**
Disposals	–	(17)	–	**(17)**
Written-off	(197)	(325)	(227)	**(749)**
At 30 June 2003	–	–	–	–
Accumulated depreciation				
At 1 January 2001	(122)	(227)	(75)	**(424)**
Depreciation for period	(27)	(37)	(46)	**(110)**
Transfer to Joint Venture	11	1	–	**12**
Exchange rate movement	3	2	–	**5**
At 31 December 2001	**(135)**	**(261)**	**(121)**	**(517)**
Depreciation and amounts written off for period	(53)	(48)	(106)	**(207)**
Disposals	–	–	–	**–**
Written-back	188	309	227	**724**
At 30 June 2003	–	–	–	**–**
Net book value				
At 31 December 2001	53	45	106	**204**
At 30 June 2003	–	–	–	**–**

notes *to the financial statements*

9. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

Movements on deferred exploration and evaluation expenditure, by area of interest, are as follows:

	Opening balance 1 January 2002 $'000	Additions $'000	Transfer to Joint venture $'000	Written off $'000	Closing balance 30 June 2003 $'000
KYRGYZSTAN					
– Jerooy	5,966	1,437	–	–	**7,403**
UZBEKISTAN					
– Amantaytau	2,456	4,643	(5,867)	–	**1,232**
– Khandiza	5,268	658	–	–	**5,926**
– Aristantau and Balpantau	231	321	–	–	**552**
	13,921	7,059	(5,867)	–	**15,113**

The group's interest in the Amantaytau exploration area is predominantly held by Amantaytau Goldfields ("AGF") (2003: $4,119,000; 2001: $4,119,000), which is a joint venture, the details of which are disclosed in note 10. Direct expenditure on the area incurred directly by the group only is disclosed above until such time as it is transferred to the AGF loan account. The total book value attributed to the group's share of deferred expenditure on the Amantaytau exploration area is $12,104,000 (2001 – $6,148,000).

The directors are of the opinion, following the re-instatement of the Jerooy licence on 19 April 2003, that no provision against recoverability is required in respect of this expenditure of $7,403,000.

10. INTEREST IN JOINT VENTURES

Investments of the group are analysed as follows:

	Investment in joint ventures $'000	Loans to joint ventures $'000	Total $'000
As at 1 January 2001	4,119	3,453	**7,572**
Group's share of losses net of distributions	–	–	**–**
Additions	–	2,625	**2,625**
As at 31 December 2001	4,119	6,078	**10,197**
Group's share of losses net of distributions	–	–	**–**
Additions (net)	–	6,728	**6,728**
As at 30 June 2003	**4,119**	**12,806**	**16,925**

At 30 June 2003, the group had advanced $12,806,000 (31 December 2001 – $6,078,000) to Amantaytau Goldfields AO, net of a first loan repayment of $1,559,000 made on 28 April 2003.

Interests in shares of joint ventures and associates comprise:

Investment	Country of incorporation	Type of shares held	Proportion of shares held by the group at 30 June 2003	31 December 2001	Accounting reference date
Amantaytau Goldfields AO	Uzbekistan	Ordinary	50%	50%	31 December
Talas Gold Mining Company CJSC	Kyrgyzstan	Ordinary	66.7%	66.7%	31 December

There was no material financial activity in Talas Gold Mining Company before 30 June 2003, the activity having been recorded in Norox Mining Company Limited.

notes *to the financial statements*

10. INTEREST IN JOINT VENTURES (continued)

Amantaytau Goldfields AO is a joint venture undertaking. The following information on Amantaytau Goldfields AO ("AGF") is disclosed in accordance with FRS 9 'Associates and Joint Ventures'. All amounts represent the group's share and constitute the total for joint ventures.

	2003 $'000	2001 $'000
Turnover	**–**	–
Profit before tax	**–**	–
Profit after tax	**–**	–
Current assets	**978**	159
Deferred exploration expenditure	**10,872**	3,692
Other non current assets	**284**	285
Liabilities due within one year	**(1,018)**	(17)
Liabilities due after more than one year	**(6,997)**	–
Net assets	**4,119**	4,119

On 2 April 2003 AGF signed a credit agreement with Standard Bank London Limited and WestLB AG jointly in order to borrow up to $36 million for the construction of the Amantaytau Goldfields Phase 1 Oxides project.

The company and Oxus Resources Corporation have jointly and severally guaranteed AGF's obligations until the project is commercially operating to the satisfaction of the lending banks.

In addition, the company has granted a first fixed charge over its shareholding in Oxus Resources Corporation, Oxus Resources Corporation and the other shareholders in AGF have granted a pledge over their shareholding in AGF, and AGF has granted a pledge over its property, assets and property rights, and a fixed and floating charge over its assets and undertakings. These security arrangements apply until the lending banks have been repaid in full, expected no later than 31 January 2006.

11. DEBTORS

	Group		**Company**	
	2003 $'000	2001 $'000	**2003 $'000**	2001 $'000
Amounts falling due within one year:				
Amounts receivable from subsidiary undertakings	**–**	–	**15,964**	7,036
Amounts receivable from joint venture - AGF	**10**	–	**–**	–
Other debtors	**130**	277	**55**	45
Prepayments	**125**	61	**113**	16
	265	338	**16,132**	7,097

notes *to the financial statements*

12. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2003 $'000	2001 $'000	**2003 $'000**	2001 $'000
Trade creditors	**165**	345	**87**	93
Trade creditor MAED Limited	**487**	–	**487**	–
Trade creditors currently in dispute	**290**	–	**290**	–
United Kingdom corporation tax	**7**	36	**–**	–
Other taxes and social security	**211**	171	**3**	18
Accruals	**597**	271	**383**	136
Other creditors	**401**	209	**2**	36
	2,158	1,032	**1,252**	283

13. SHARE CAPITAL, SHARE PREMIUM AND MERGER RESERVE ACCOUNTS

(a) Authorised share capital

The company's authorised share capital at 30 June 2003 was £3,000,000 comprising 300,000,000 ordinary shares of 1p each. (31 December 2001 – £2,300,000 comprising 225,000,000 ordinary shares of 1p each and 50,000 Redeemable Shares of £1.00 each.)

(b) Changes in ordinary share capital, share premium and reserves:

For the 18 months ended 30 June 2003	**Number of shares**	**Par value $'000**	**Premium $'000**	**Merger reserve $'000**	**Total $'000**
Ordinary shares of £0.01 at 1 January 2002	131,049,316	1,845	9,339	34,928	46,112
Placing and Open Offer on 19 June 2002	50,000,000	752	6,759	–	7,511
Costs of Placing and Open Offer, charged to Share Premium Account	–	–	(1,172)	–	(1,172)
Conversion of directors' remuneration to shares	87,389	1	14	–	15
Exercise of share options	110	–	–	–	–
Shares issued – acquisition of 7% of Norox Mining Company Limited	1,250,000	20	380	1	401
Shares issued – placing, June 2003	12,500,000	206	3,507	–	3,713
Ordinary shares of £0.01 at 30 June 2003	194,886,815	2,824	18,827	34,929	56,580

The merger reserve has arisen following the merger of various group companies in 2001, in compliance with Schedule 4A of the Companies Act 1985 and FRS 6 'Acquisitions and Mergers'.

notes *to the financial statements*

13. SHARE CAPITAL, SHARE PREMIUM AND MERGER RESERVE ACCOUNTS (continued)

(c) Purchase warrants

The company has granted the following warrants to purchase its shares:

	2003	2001
At $0.85 per share exercisable by 31 October 2002 (expired)	–	1,388,106
At £0.38 per share exercisable by 4 January 2005	**376,672**	376,672
At £0.1525 per share exercisable by 8 August 2006	**5,000,000**	5,000,000
At £0.10 per share exercisable by 7 February 2008	**1,000,000**	–
At £0.1025 per share exercisable by 15 April 2008	**1,553,024**	–
At £0.25 per share exercisable by 26 May 2008	**250,000**	–
	8,179,696	6,764,778

On 4 August 2003 the company cancelled 5,000,000 warrants for shares exercisable at £0.1525 per share, due to the failure by the grantee to provide the consideration for which such warrants were issued. The grantee has indicated that it intends to dispute this cancellation.

(d) Share options

The group operates a share option plan providing for the grant of non-transferable options to directors and employees. At 30 June 2003, a total of 17,127,140 options had been granted (2001: 14,135,000).

During the period the terms and numbers of most of the options granted in previous periods were adjusted, 14,008,000 new options were granted, 110 options were exercised and 600,000 options lapsed. Of the total number of options outstanding at the period end, 16,807,250 options cannot be exercised until the group has received revenue from the sale of gold produced by AGF, and the remaining options are exercisable as to one third 12 months after the date of grant, two thirds after 24 months, and the entire amount after 36 months. Options are granted at fair value at the date of grant and expire after 5 years.

	2003	2001
Options at $0.45 per share exercisable by 29 September 2003	–	250,000
Options at $0.45 per share exercisable by 31 May 2004	–	5,000,000
Options at $0.45 per share exercisable by 30 June 2004	**100,000**	4,490,000
Options at $0.45 per share exercisable by 11 November 2004	–	300,000
Options at $0.55 per share exercisable by 17 August 2005	–	960,000
Options at $0.55 per share exercisable by 31 March 2006	–	2,590,000
Options at £0.30 per share exercisable by 10 October 2006	–	125,000
Options at £0.15 per share exercisable by 10 October 2006	–	400,000
Options at £0.15 per share exercisable by 12 November 2006	**19,890**	20,000
Options at £0.15 per share exercisable by 19 August 2007	**200,000**	–
Options at £0.12 per share exercisable by 22 January 2008	**14,307,250**	–
Options at £0.2175 per share exercisable by 17 June 2008	**2,500,000**	–
	17,127,140	14,135,000

14,470,000 of these options had been allocated to directors as at 30 June 2003 (2001: 8,925,000), of which 11,670,000 were adjusted/granted during the period (2001: 2,755,000).

During the period 1 July 2003 to 1 September 2003 a further 525,000 options were issued, exercisable between £0.2175 per share and £0.2350 per share. In addition, 6,556 options were exercised at £0.15 per share.

notes *to the financial statements*

13. SHARE CAPITAL, SHARE PREMIUM AND MERGER RESERVE ACCOUNTS (continued)

Details of options granted to directors are shown in the following table:

Director	Date of grant	Expiry date	Exercise price	Number at 1 January 2002	Adjusted/ granted in period	Number at 30 June 2003
Executive directors						
William Trew	23 January 03	22 January 08	£0.12	–	4,250,000	**4,250,000**
				–	4,250,000	**4,250,000**
John Donald	23 January 03	22 January 08	£0.12	–	2,750,000	**2,750,000**
				–	2,750,000	**2,750,000**
Jonathan Kipps	23 January 03	22 January 08	£0.12	–	2,750,000	**2,750,000**
				–	2,750,000	**2,750,000**
Richard Shead	23 January 03	22 January 08	£0.12	–	250,000	**250,000**
	18 June 03	17 June 08	£0.2175	–	2,500,000	**2,500,000**
				–	2,750,000	**2,750,000**
Richard Wilkins	1 June 98	31 May 04	\$0.45	750,000	(750,000)	**–**
	1 July 99	30 June 04	\$0.45	750,000	(750,000)	**–**
	18 August 00	17 August 05	\$0.55	140,000	(140,000)	**–**
	1 April 01	31 March 06	\$0.55	360,000	(360,000)	**–**
	23 January 03	22 January 08	£0.12	–	1,150,000	**1,150,000**
				2,000,000	(850,000)	**1,150,000**
Non-executive directors						
Michael Beckett	11 October 01	10 October 06	£0.15	400,000	(400,000)	**–**
	23 January 03	22 January 08	£0.12	–	320,000	**320,000**
				400,000	(80,000)	**320,000**
Daniel Kappes	23 January 03	22 January 08	£0.12	–	250,000	**250,000**
				–	250,000	**250,000**
Mark Wellesley-Wood	1 April 01	31 March 06	\$0.55	400,000	(400,000)	**–**
	23 January 03	22 January 08	£0.12	–	250,000	**250,000**
				400,000	(150,000)	**250,000**
Current directors				2,800,000	11,670,000	**14,470,000**

notes *to the financial statements*

13. SHARE CAPITAL, SHARE PREMIUM AND MERGER RESERVE ACCOUNTS (continued)

Director	Date of Grant	Expiry Date	Exercise Price	Number at 1 January 2002	Adjusted / Granted in period	Number at 30 June 2003
Former directors						
Roger Turner	1 June 98	31 May 04	$0.45	750,000	(750,000)	–
	1 July 99	30 June 04	$0.45	750,000	(750,000)	–
	18 August 00	17 August 05	$0.55	140,000	(140,000)	–
	1 April 01	31 March 06	$0.55	360,000	(300,000)	–
	23 January 03	22 January 08	£0.12	–	400,000	**400,000**
				2,000,000	(1,600,000)	**400,000**
Michael de Villiers	1 April 01	31 March 06	$0.55	500,000	(500,000)	–
	11 October 01	10 October 06	£0.30	125,000	(125,000)	–
	23 January 03	22 January 08	£0.12	–	156,250	**156,250**
				625,000	(468,750)	**156,250**
Charles Cooper	1 June 98	31 May 04	$0.45	500,000	(500,000)	–
	1 July 99	30 June 04	$0.45	500,000	(500,000)	–
	18 August 00	17 August 05	$0.55	70,000	(70,000)	–
	1 April 01	31 March 06	$0.55	330,000	(330,000)	–
	23 January 03	22 January 08	£0.12	–	280,000	**280,000**
				1,400,000	(1,120,000)	**280,000**
Guy Pas	1 June 98	31 May 04	$0.45	500,000	(500,000)	–
	1 July 99	30 June 04	$0.45	300,000	(300,000)	–
	18 August 00	17 August 05	$0.55	470,000	(470,000)	–
	1 April 01	31 March 06	$0.55	130,000	(130,000)	–
	23 January 03	22 January 08	£0.12	–	280,000	**280,000**
				1,400,000	(1,120,000)	**280,000**
Anthony Warrender	1 June 98	31 May 04	$0.45	250,000	(250,000)	–
	1 July 99	30 June 04	$0.45	300,000	(300,000)	–
	1 April 01	31 March 06	$0.55	150,000	(150,000)	–
	23 January 03	22 January 08	£0.12	–	140,000	**140,000**
				700,000	(560,000)	**140,000**
Former directors				6,125,000	(4,868,750)	**1,256,250**
Current and former directors				8,925,000	6,801,250	**15,726,250**

No share options were exercised by directors during the period.

The maximum number of shares that could potentially be issued as at 30 June 2003 in respect of purchase warrants and share options is 25,306,836 (2001: 20,899,778).

notes *to the financial statements*

14. INVESTMENT IN SUBSIDIARY

	Company 2003 $'000	Company 2001 $'000
Balance as at 30 June 2003 and 31 December 2001	**1,376**	1,376

The investment represents 48,891,275 shares (100% of issued capital) in Oxus Resources Corporation.

15. PROFIT AND LOSS ACCOUNT

	Group $'000	Company $'000
Accumulated deficit		
Balance as at 1 January 2002	(19,758)	(370)
Net loss for the period	(2,832)	(1,242)
Balance as at 30 June 2003	(22,590)	(1,612)

The loss after tax of the company for the period, dealt with in the consolidated profit and loss account, amounted to $1,242,000. The directors have taken advantage of the exemption available under section 230 of the Companies Act 1985 not to present an individual profit and loss account.

16. RECONCILIATION OF MOVEMENT IN NET CASH

	30 June 2003 $'000	Cashflow $'000	Non-cash changes $'000	31 December 2001 $'000	Cashflow $'000	Non-cash changes $'000	31 December 2000 $'000
Cash on hand and at bank	3,855	1,118	–	2,737	2,032	132	573
Overdrafts and loans	–	–	–	–	–	–	–
Net funds	3,855	1,118	–	2,737	2,032	132	573
Loans from directors	–	–	–	–	71	–	(71)
Convertible loan note	–	–	–	–	909	409	(1,318)
Debt	–	–	–	–	980	409	(1,389)
Net funds/(debt)	3,855	1,118	–	2,737	3,012	541	(816)

notes *to the financial statements*

17. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	18 months ended 30 June 2003 $'000	Year ended 31 December 2001 $'000
Operating loss including exceptional items	**(3,208)**	(1,464)
Depreciation and assets written-off	**207**	73
Decrease/(increase) in debtors and prepayments	**73**	(234)
Increase /(decrease) in creditors and accruals	**1,155**	(986)
Exploration expenditure written off/provided for	**–**	10
Salaries and bonuses converted into shares	**15**	833
Amounts due to creditors, converted into shares	**–**	510
(Profit) on foreign exchange	**(11)**	(211)
Net cash outflow from operating activities	**(1,769)**	(1,469)

18. EMPLOYEES AND DIRECTORS

No companies in the group operate any form of pension plan or formal long term benefit scheme for employees. Certain directors and employees have received share options in the company under the share schemes described in note 1. Such issues are made at the discretion of the Board of Directors and are described in note 13. The options are convertible to ordinary shares in the company and carry full voting rights on the issue of the shares.

	2003 $'000	2001 $'000
Staff costs for the group during the period (year)		
Wages and salaries	**3,027**	2,468
Social security costs	**68**	216
	3,095	2,684
Amounts recharged to deferred exploration and evaluation expenditure	**(1,352)**	(1,322)
Severance payments (see note 5)	**(667)**	–
Net staff costs (see note 4)	**1,076**	1,362

The average monthly number of persons (including executive directors) employed by the group during the period (year) was:

	2003	2001
By activity		
Exploration and development	**61**	60
Administration	**15**	11
	76	71

notes *to the financial statements*

18. EMPLOYEES AND DIRECTORS (continued)

	2003 $'000	2001 $'000
Executive directors		
Remuneration	**1,858**	545

	2003	2001
Number of executive directors as at 30 June 2003	**5**	3

	2003 $'000	2001 $'000
Non-executive directors		
Fees	**92**	45

	2003	2001
Number of non-executive directors as at 30 June 2003	**3**	5

Analysis of remuneration and fees of the directors who served during the period or previous year:

	Fees and salary $000	**Severance payments $000**	**Benefits in kind $000**	**Bonus $000**	**Signing on fee $000**	**2003 Total $000**	2001 Total $000
Executive directors							
William Trew	48	–	–	120	–	**168**	–
Jonathan Kipps	48	–	–	80	–	**128**	–
Richard Wilkins	187	–	2	80	–	**269**	213
Richard Shead	13	–	–	–	224	**237**	–
John Donald	48	–	–	80	–	**128**	–
Former directors							
Roger Turner	166	328	3	–	–	**497**	212
Michael de Villiers	189	240	2	–	–	**431**	120
Non-executive directors							
Michael Beckett	23	–	–	–	–	**23**	3
Mark Wellesley-Wood	23	–	–	–	–	**23**	7
Dan Kappes	7	–	–	–	–	**7**	–
Former directors							
Charles Cooper	13	–	–	–	–	**13**	21
Guy Pas	13	–	–	–	–	**13**	7
Anthony Warrender	13	–	–	–	–	**13**	7
	791	568	7	360	224	**1,950**	590

Of the above remuneration part of fees and salary was converted to shares by the following directors:

Mark Wellesley-Wood	$9,521 converted into 47,858 shares
Dan Kappes	$7,319 converted into 35,029 shares
Richard Shead	$8,980 converted into 45,793 shares

The bonus relates to a success bonus following the drawdown of the AGF loan in April 2003 (see also note 10).

notes *to the financial statements*

18. EMPLOYEES AND DIRECTORS (Continued)

The beneficial interests of the directors holding office at each period end in the shares of the company were:

Common shares	30 June 2003	31 December 2001
Executive directors		
John Donald	**580,000**	–
Jonathan Kipps	**588,826**	–
Richard Shead	**33,406**	–
William Trew	**3,100,000**	–
Richard Wilkins	**3,662,409**	3,662,409
Non-executive directors		
Michael Beckett	**50,000**	50,000
Daniel Kappes	**20,577**	–
Mark Wellesley-Wood	**105,406**	17,000
Former directors		
Charles Cooper	**–**	2,918,460
Michael de Villiers	**–**	450,000
Guy Pas	**–**	1,553,942
Roger Turner	**–**	4,179,523
Anthony Warrender	**–**	60,000
	8,140,624	12,891,334

During the period 1 July 2003 to 1 September 2003, shares were issued in respect of capitalised remuneration as follows: Richard Shead – 12,387 shares, Daniel Kappes – 14,452 shares; and Mark Wellesley-Wood – 14,452 shares. There were no other changes in the interests of the directors in the share capital of the company since 30 June 2003.

19. OPERATING LEASE COMMITMENTS

At 30 June the group had annual commitments under non-cancellable operating leases that expire as follows:

	Land and buildings $'000	Office equipment $'000	Total $'000
2001			
Within 1 year	60	6	66
Within 2 – 5 years	–	16	16
	60	22	82
2003			
Within 1 year	190	1	191
Within 2 – 5 years	420	1	421
	610	2	612

Lease commitments relate to assets used by the group in the United Kingdom.

notes *to the financial statements*

20. SITE RESTORATION

No provision is currently recognised for site restoration as project development and exploration to date on the group's mineral properties has been limited to surface and underground drilling and sampling, and upgrading existing underground infrastructure to support feasibility studies and exploration programmes.

The directors do not believe that any companies in the group bear a liability to rehabilitate any site as a result of these activities.

21. OTHER FINANCIAL COMMITMENTS

The company has a commitment to spend $1.9 million in respect of developing the Jerooy project in Kyrgyzstan before April 2004.

22. OTHER RELATED PARTY TRANSACTIONS

Payments to directors' related parties during the period from 1 January 2002 to 30 June 2003 were:

(a) Endeavour Financial International Corporation
Michael Beckett, non-executive chairman, is a director of Endeavour Financial International Corporation. Commencing on 14 August 2001, the company employed Endeavour to provide financial advisory services at a fee of $15,000 per month. This contract expired on 13 August 2002, was extended by mutual agreement and renegotiated on 27 June 2003 at a reduced retainer fee of $10,000 per month with effect from 1 July 2003. Retainer fees paid during the period amounted to $129,700 and a project finance advisory fee amounting to $720,000 was paid by AGF on 17 April 2003.

(b) MAED Limited
MAED is the company's principal construction contractor for the AGF project in Uzbekistan. MAED has given the company undertakings that all commercial transactions and relationships between MAED (or any of its associates) and the Oxus Group will be at arm's length and on a normal commercial basis.

Certified payments amounting to $7,273,107 out of a contract value of $18,700,000, have been made by AGF during the period 17 April 2003 to 30 June 2003.

A charge for design work in respect of the Amantaytau project, amounting to $446,365, is payable under the terms of an agreement dated 20 November 2001. Interest at 4% per annum has been accrued on this amount.

William Trew is also a director of MAED Limited.

(c) Corporate Offshore Limited
Jonathan Kipps was the beneficial owner and director of Corporate Offshore Limited. Corporate Offshore Limited acts as trustee for Mining Resources Trust. Mining Resources Trust holds employee contracts in respect of certain of the staff and has been used as a vehicle to write-off certain staff loans assigned to the trust in return for shares in the company held as security against the loans. The net asset value of the trust is less than $100,000. During the period under review Corporate Offshore Limited had acted for MAED Limited and the family interests of various of its officers. All these appointments had been terminated by 30 June 2003.

23. POST BALANCE SHEET EVENTS

Details of the share options and shares issued in the period 1 July 2003 to 1 September 2003 are disclosed in notes 13(d) and 18.

On 4 August 2003 5,000,000 purchase warrants were cancelled by the directors (see also note 13(c)).

notes *to the financial statements*

24. PRINCIPAL SUBSIDIARIES

At 30 June 2003, the group has interests in the following subsidiaries, which are included in the consolidated financial statements:

Principal subsidiary Undertaking	Country of incorporation/ registration	Principal activity	Principal country of operation	Description and proportion of shares held
Oxus Resources Corporation	British Virgin Islands	Minerals Development	British Virgin Islands	100% Ordinary
Oxus Services Limited	England	Service Company	Great Britain	100% Ordinary
Oxus Gold Company Limited	Guernsey	Dormant	Guernsey	100% Ordinary
Oxus Minerals Corporation Limited	Guernsey	Minerals Development	Guernsey	100% Ordinary
Norox Mining Company Limited	Cayman Islands	Minerals Development	Guernsey and Kyrgyzstan	100% Ordinary
Norox Operating Company Limited	Kyrgyzstan	Service Company	Kyrgyzstan	100% Ordinary

The shareholding in Oxus Resources Corporation is held by Oxus Gold plc. All other shareholdings are held by Oxus Resources Corporation or its subsidiaries.

Conquest Resources Limited acquired 7% of Norox Mining Company Limited pursuant to a Share Sale, Option and Joint Venture agreement dated 2 May 2002 for $400,000 (£250,000). On 15 May 2003 Oxus Resources Corporation re-acquired 7% of Norox Mining Company Limited from Conquest Resources Limited for a consideration comprising the placement of 1,250,000 ordinary shares at 20 pence per share (£250,000 equivalent to $400,000) as well as 250,000 warrants for shares exercisable at £0.25 per share, exercisable any time before expiry on 26 May 2008.

notice *of annual general meeting*

Notice is hereby given that the third Annual General Meeting of Oxus Gold plc (the "company") will be held at The Westbury Hotel, Bond Street, London, W1S 2YF on 17 October 2003 at 10.30 am to consider the following resolutions which will be proposed as ordinary resolutions except for resolution 8 which will be proposed as a special resolution:

1. To receive the Report of Directors and Audited Accounts for the eighteen month period ended 30 June 2003.
2. To re-elect Mr J. Donald as a director.
3. To re-elect Mr D. Kappes as a director.
4. To re-elect Mr J. Kipps as a director.
5. To re-elect Mr R. Shead as a director.
6. To re-elect Mr. W. Trew as a director.
7. To re-appoint BDO Isle of Man as auditors of the company to hold office until the conclusion of the next general meeting at which audited accounts are laid before the company and to authorise the directors to determine their remuneration.

Special Resolution

8. That the directors be generally empowered pursuant to section 95 of the Companies Act 1985 (the "Act") to allot equity securities (as defined in section 94(2) of the Act) for cash pursuant to the general authority conferred on them for the purposes of section 80 of the Act as if section 89(1) of the Act did not apply to such allotment provided that such power shall be limited to:
   (i) in connection with an issue by way of rights (including, without limitation, under a rights issue, open offer or similar arrangement) to holders of equity securities (as defined above) in proportion as nearly as may be to their respective holdings of such securities or in accordance with the rights attaching thereto (but with such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements, record dates or other legal or practical problems under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory or as regards shares held by an approved despositary or in issue in uncertificated form); and
   (ii) up to a maximum aggregate nominal amount of £194,934 for any other purpose; provided that this authority shall expire on the earlier of (a) fifteen months from the date of the resolution; and (b) the conclusion of the next annual general meeting of the company to be held following the passing of this resolution and the company may before such expiry make an offer, agreement or other arrangement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities pursuant to any such offer, agreement or other arrangement as if the authority conferred by this resolution had not so expired.

Dated 9 September 2003

By Order of the Board
Registered Office:
105 Piccadilly
London W1J 7NJ

R V L Wilkins
Secretary

Notes
1. A member entitled to attend and vote at the Annual 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 is enclosed. To be valid, Forms of Proxy must be lodged with the Company's Registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time appointed for the Annual General Meeting.
3. Completion of a Form of Proxy will not prevent a member from attending and voting in person at the Annual General Meeting if the member so wishes.
4. 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 10.30am on 15 October 2003 shall be entitled to attend and vote at the Annual General Meeting in respect of the number of Ordinary Shares registered in their name, or deemed registered in their name, at the relevant time. Changes to entries in the Register of Members after 10.30am on 15 October 2003 shall be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting.
5. Copies of the directors' service contracts and the register of directors' shareholdings are available for inspection during usual business hours on any weekday (public holidays excepted) at the company's registered office and they will also be available at the place of the Annual General Meeting from fifteen minutes prior to the meeting until its close.

Explanatory notes on the resolutions

Resolution 1: Report and Accounts
The directors must present to shareholders at the Annual General Meeting the Directors' Report and Accounts and the Auditors' Report for the period ended 30 June 2003.

Resolutions 2, 3, 4, 5 & 6: Re-election of Directors
The Articles of Association say that any director who has not been appointed or re-appointed as a director at either of the last two Annual General Meetings must stand for re-election at the next annual general meeting. In addition one third of the directors must retire in turn at each annual general meeting. They may stand for re-election at the meeting. Information about the retiring directors, who have indicated their willingness to stand for re-election at this meeting, is shown below:

John Donald, Chief Operating Officer
Joined the Board of the company in November 2002.
Daniel Kappes, Non-executive Director
Joined the Board of the company in January 2003.
Jonathan Kipps, Finance Director
Joined the Board of the company in November 2002.
Richard Shead, Corporate Development Director
Joined the Board of the company in November 2002.
William Trew, Chief Executive Officer
Joined the Board of the company in November 2002.

Resolution 7: Re-appointment and remuneration of Auditors
This resolution proposes the re-appointment of BDO Isle of Man as auditors, and permits the directors to fix their remuneration.

Resolution 8: Authority to Allot Shares for Cash
This resolution contains an authority for the directors to allot shares without regard to the statutory pre-emption rights in relation to future offers of securities by means of a rights issue, placing and open offer or similar issue in which shareholders are offered shares. It also permits issues for cash of up to ten per cent of the amount of the issued share capital of the company as at the date of this Notice. The directors consider this necessary in order to give them flexibility to deal with opportunities as they arise, subject to the restrictions as contained in the resolution.

Directors *and management*

Michael Beckett, B.Sc, FIMMM
Non executive chairman
Chairman of Ashanti Goldfields Limited, Northam Platinum Limited, Horace Clarkson plc and Watts Blake Bearne Company plc
Joined the board in October 2001.

William Trew, B.Eng. (Mech.) Hon., M.Eng
Chief executive officer
25 years' experience in the engineering and mining industry. Non-executive chairman and founder of MAED Limited.
Joined the board in November 2002.

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

John Donald, BSc (Min Eng), MSc, AMM (SA)
Chief operating officer
Over 30 years' experience in the mining industry, namely with AngloGold, Randgold Resources and Consolidated Mining Corporation.
Joined the board in November 2002.

Jonathan Kipps, B.Comm, CA (SA), Dip Tax Law (UCT)
Director, finance
A South African chartered accountant, with an extensive corporate and project finance background.
Joined the board in November 2002.

Richard Shead, BA, CIS (SA)
Director, corporate development
Chief executive officer of East Daggafontein Mines Ltd prior to merger with Mvelaphanda Resources Ltd, of which he remains a director.
Joined the board in November 2002.

Mark Wellesley-Wood, BSc, MBA, CEng, MIMMM
Non-executive director
A chartered mining engineer with 30 years' experience in the mining industry. Currently chairman and chief executive officer of Durban Roodeport Deep Ltd.
Joined the board in April 2001.

Dan Kappes, BSc, M.Eng.
Non-executive director
Co-founder, co-owner and President of Kappes, Cassiday & Associates, mining industry consultants, since 1972.
Joined the board in January 2003.

Senior Management

William Charter
Manager – geology & exploration

Malcolm Crowe
Manager – metallurgy

Alexander Polikashin
Head of representative office (Uzbekistan)

Stephen Westhead
Chief geologist – Amantaytau Goldfields A.O.

Richard Watts
General manager – Amantaytau Goldfields A.O.

Contacts *and administration*

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Registered in England: 4056219

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Tel: +44 (0) 1624 675 451

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Fax: +996 312 667 497
Email: pppnorox@mail.kg

Company Secretary
Richard Wilkins

Nominated Adviser and Broker
Williams de Broë Plc
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London, EC2M 2RP, UK

Media and Communications
Russell & Associates
19 Bath Avenue,
Parkwood, 2193
Johannesburg, South Africa

Auditors
BDO (Isle of Man)
9 Myrtle Street, Douglas,
Isle of Man, IM1 1ED,
British Isles

Solicitors
Kerman & Co
7 Savoy Court, Strand,
London, WC2R 0ER, UK

Mining Industry Consultants
CSMA Consultants Limited
Trevenson, Pool, Redruth,
Cornwall TR15 3SE, UK

Bankers
Bank of Bermuda
P O Box 34,
12/13 Hill Street, Douglas,
Isle of Man, IM99 1BW,
British Isles

Registrars
Capita Registrars
The Registry,
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Beckenham,
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