



## **news release**

For immediate release: 27<sup>th</sup> October 2004

# **Oxus Gold plc**

## **Final results for the year ended 30 June 2004**

### **Achievements during the year**

- \$10.9 million retained profit for the year.
- \$17.5 million dividend paid to shareholders by way of shares in Marakand Minerals.
- Amantaytau gold mine brought into production, on time, on specification and within budget.
- Pre-feasibility study to increase the Amantaytau Oxide production to 2 million tonnes per annum completed.
- Started construction at the Vysokovoltnoye (Gold/Silver) deposit.
- Started construction at Jerooy.
- Corporate Bond of Uzbek Soum 5 billion (\$5m) issued by Amantaytau Goldfields – the largest issue yet placed on the Tashkent Securities Exchange.

LONDON: 27th October 2004 – Oxus Gold plc (OXS.L) (“Oxus” or “the Company”) reports a profit before tax of US\$11.4 million for the 12 months ended 30 June 2004. Earnings after tax and minorities amounted to \$10.9 million, equal to 5.32 cents per share.

Oxus’s joint venture gold mine in Uzbekistan, Amantaytau Goldfields (“AGF”), started production in February 2004 and produced a total of 59,689 ounces of gold to the end of June. The Company received attributable income of \$3.74 million from AGF during this period, excluding interest and fees. After accounting for administration expenses and deferred exploration costs, Oxus recorded an operating loss of \$0.8 million. In addition, Oxus made a net gain of \$12.25 million on the disposal of part of its stake in Marakand Minerals.

## **Extracts from the Chief Executive's Review**

“The last twelve months have been a momentous time for shareholders, staff and all involved with Oxus. During this period the Company has been transformed into a significant low cost gold producer, achieving the goals set during the year. It gives me enormous pleasure to report on the strides the Oxus team has made in this period.

“One development of some significance has been the reduction in AGF's gold hedging commitments which were set in place as part of the banking arrangements for the project finance. Since production started in February we have been delivering into those hedges and have reduced the number of hedged ounces by a third from 263,000 ounces to 177,240 ounces. This reduction in the hedging commitment, together with our forecast increase in production at AGF, puts us in a good position to benefit even further from increased gold prices.

These positive and exciting developments have not occurred without some setbacks, the most notable being the purported annulment of the Jerooy licence. Management is continuing the ongoing construction of the mine, whilst negotiating the license return and expects the plant to be completed during 2005, as originally planned.

“Despite the positive progress there is still much to be done to meet challenging goals. The management team's principal focus during this next period will be to increase production substantially whilst reducing operating costs.

“A major exploration programme is also planned in order to prove up our substantial resources and replenish reserves so that shareholder value can be enhanced, and with this in mind we have set ourselves the following goals for 2005:

### **Goals**

- Increase Amantaytau oxide production to 2 million tonnes per annum at cash costs of lower than \$140 per ounce.
- Start production at Vysokovoltnoye.
- Complete construction at Jerooy and commence gold production.
- Complete the elimination of Amantaytau's hedge exposure.
- Bring to reserve at least an additional 500,000 ounces of existing gold resource.
- Complete the Amantaytau Sulphide feasibility study and financing, and commence construction.

“The achievement of these goals will ensure that our production growth profile remains on track and contribute significantly to Oxus Group's goal of becoming a 1 million ounce per year producer by 2008.

“We look forward to the future with confidence and expect the next twelve months to yield further improvements to the good results already achieved.”

Ends.

**Enquiries:**

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## Consolidated Profit and Loss Account

	Year ended 30 June 2004	18 month period ended 30 June 2003
	\$'000	\$'000
<b>Group turnover</b>	1,932	762
Income attributable from joint venture	3,738	-
Administration expenses	(5,287)	(2,677)
Deferred exploration and evaluation expenditure incurred by Marakand Minerals Limited	(1,198)	-
<b>Group operating loss</b>	(815)	(1,915)
Net interest receivable / (payable):		
- Group	212	(54)
- Joint venture	575	447
<b>Loss on ordinary activities before exceptional items and taxation</b>	(28)	(1,522)
Exceptional items	(790)	(1,293)
<b>Loss on ordinary activities</b>	(818)	(2,815)
Net gain on disposal of minority interest in Marakand Minerals Limited	12,252	-
<b>Profit (loss) on ordinary activities before taxation</b>	11,434	(2,815)
Tax on profit (loss) on ordinary activities	(5)	(17)
<b>Profit (loss) on ordinary activities after taxation</b>	11,429	(2,832)
Minority interests - Group	(539)	-
<b>Retained profit (loss) for the financial year (period)</b>	10,890	(2,832)
<b>Profit (loss) per share</b>		
- basic (per share cents)	5.32	(1.71)
- diluted (per share cents)	5.20	(1.71)

The results above are derived from continuing activities.

## Consolidated Cash Flow Statement (extract)

	Year ended 30 June 2004	18 month period ended 30 June 2003
	\$'000	\$'000
Net cash outflow from operating activities	(11,787)	(1,769)
Returns on investments and servicing of finance	787	393
Taxation	-	(36)
Capital expenditure and financial investment	(5,040)	(7,922)
Acquisitions and disposals	6,535	-
Net cash outflow before use of liquid resources and financing	(9,505)	(9,334)
Financing	11,191	10,452
<b>Increase in cash</b>	1,686	1,118

## Consolidated Balance Sheet

	At 30 June 2004 \$'000	At 30 June 2003 \$'000
<b>Fixed assets</b>		
Tangible assets	193	-
Exploration and mining rights	28,456	-
Exploration and evaluation properties	12,354	15,113
	<b>41,003</b>	15,113
<b>Investments</b>		
Interests in joint ventures		
Share of gross assets	25,844	12,134
Share of gross liabilities	(17,987)	(8,015)
	7,857	4,119
Other investment		
Loan to joint venture	14,438	12,806
	<b>22,295</b>	16,925
<b>Total fixed assets</b>	<b>63,298</b>	32,038
<b>Current assets</b>		
Debtors	7,107	265
Cash at bank and in hand	5,541	3,855
	<b>12,648</b>	4,120
<b>Creditors – Amounts falling due within one year</b>	<b>(741)</b>	(2,158)
<b>Net current assets</b>	<b>11,907</b>	1,962
<b>Total assets less current liabilities</b>	<b>75,205</b>	34,000
<b>Creditors – amounts falling due after one year</b>	<b>(1,761)</b>	-
<b>Total assets less liabilities</b>	<b>73,444</b>	34,000
<b>Capital and reserves</b>		
Called up share capital	3,289	2,824
Share premium account	5,861	18,827
Merger reserve	34,929	34,929
Capital reserve	19,656	-
Profit and loss account	(4,416)	(22,590)
<b>Total shareholders' funds</b>	<b>59,319</b>	33,990
Minority interests	14,125	10
<b>Capital employed</b>	<b>73,444</b>	34,000

### Notes

- The above financial information for the year ended 30 June 2004 is audited, with an unqualified opinion, and does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The financial

information for the 18 months ended 30 June 2003 has been extracted from the accounts for that year, which has been delivered to the Registrar of Companies and on which the auditors gave an unqualified opinion. Statutory accounts for the year ended 30 June 2004 will be delivered to the Registrar of Companies. The Annual Report will be posted to shareholders in mid- November 2004 and the Annual general Meeting will be held on 8 December 2004.

2. Exceptional items comprise legal costs arising from abortive 2002 project financing costs (\$634,000) and legal costs arising on the application to court to convert the share premium to distributable reserves (\$156,000).
3. The basic and diluted profit per share has been calculated by reference to a profit, after taxation, of \$10,890,000 (2003 - \$2,832,000 loss) and the weighted average number of ordinary shares in issue of 204,519,144 (2003-165,551,285).
4. The directors do not recommend the payment of a dividend in respect of this period (2003 - nil). A dividend was paid to the Company's shareholders equivalent to one share in Marakand Minerals Limited for every ten shares held in Oxus as at 5 February 2004, valued at \$17,490,000. Following approval from the courts, this distribution was made from distributable reserves transferred from the share premium account and has not been reflected in the profit and loss account.