



news release

For release: 07.00 hours, 22 September 2005

Oxus Gold plc

Final results for the year ended 30 June 2005

Highlights

- \$4.76 million gross profit for the year; \$2.28 million retained profit
- Amantaytau has produced more than 270,000 ounces of gold since commencement of operations, of which 166,318 ounces were produced in the year ended 30 June 2005
- Mining commenced at the Vysokovoltnoye silver and gold heap leach deposit
- Amantaytau sulphides feasibility study completed
- Amantaytau project finance lenders repaid
- Successful fund-raising of \$59.3 million to fund Jerooy development
- Construction of Jerooy gold mine well advanced
- Terms agreed for the acquisition of strategic stake in Romania and Ukraine gold operations
- Credit approval obtained for \$20m corporate credit facility

LONDON: 22 September 2005 – Oxus Gold plc (OXUS.L) (“Oxus” or “the Company”) reports a rise in Group revenue, including attributable joint-venture income, for the 12-month period ended 30 June 2005 to \$10.11 million (2004: \$5.67m) and an audited profit on ordinary activities of \$3.48 million (2004: \$11.43m), and \$2.28 million (2004: \$10.89m) after tax and minority interests. The profit in the comparable period of 2004 reflected the net gain of \$12.25 million from the sale of a minority interest in Marakand Minerals Limited.

Net assets increased to \$122.73 million (2004: \$59.31m) and cash balances to \$34.83 million (2004: \$5.54m). This includes the residue, net of expenses, of the \$26.4 million raised in December 2004 through the issue of 27.2 million new shares, and the issue of \$32.9 million of convertible redeemable loan notes, which were held in escrow at 31 December 2004, over 99% of which were subsequently converted into the Company’s ordinary shares. As a result of the conversion Oxus issued 33,970,000 new ordinary shares to holders of the loan notes. The total number of shares in issue at 30 June 2005 was 287,017,343. Earnings per share, based on the average number of shares in issue during the year, were \$0.92 (2004: \$5.32).

Amantaytau Goldfields in Uzbekistan contributed \$6.44 million (2004: \$3.74m) towards the consolidated revenue, being the Group’s 50% attributable share of profits for the 12-month period.

Extracts from the Chief Executive's Review

This last year has been a very eventful and challenging period for Oxus Gold which has seen one complete year of gold mining operations at the Amantaytau Goldfields Oxides project and culminated in our being able to report a net profit of \$2.28 million from our first full year of mining operations.

Operations

Amantaytau Goldfields Oxides Project

A highlight of the year was the official opening in September 2004 of our first gold mine at Amantaytau Goldfields (AGF), near Zarafshan in Uzbekistan. AGF commenced commercial gold production in February 2004 and produced a total of 226,000 ounces between then and our year end of 30 June 2005, and a further 44,000 ounces by 20 September 2005, 50% of which is attributable to Oxus.

The following table summarises the results of AGF operations for the year to 30 June 2005:

| | Year ended 30 June 2005 | Year ended 30 June 2004 |
|--|----------------------------|----------------------------|
| Ore mined, tonnes | 1,407,200 | 475,000 |
| Ore processed, tonnes | 1,225,600 | 413,000 |
| Average grade (g/t) | 5.3 | 5.2 |
| Average gold recovery % | 79.1 | 85.9 |
| Gold produced – ounces | 166,318 | 59,689 |
| Average cash cost \$ per oz * | 177 | 133 |
| Average total cost \$ per oz | 225 | 182 |
| Average gold price received | \$338 | \$323 |
| Net Profit after tax and Debt service | \$12.872m | \$7.496 m |

* calculated in accordance with the Gold Institute's Production Cost Standard

As of 20 September 2005, AGF's hedge book has reduced to 20,938 ounces representing 7.9% of the initial hedge commitment. The original \$35 million project finance loan has been repaid to the lending syndicate. \$17.9 million was repaid during the year (2004: \$2.0 million). Amantaytau Goldfields repaid a further \$6.7 million after the year end, and the Company bought out the balance of the debt of \$8.4 million. It is expected that the gold hedge will be repaid in the final quarter of 2005, ahead of schedule.

Developments

Amantaytau Goldfields Sulphides project

The feasibility study by Wardell Armstrong of the Amantaytau Phase 2 Sulphide project in Uzbekistan is complete, following an external review of the mining plan. Initial construction work on the sulphide mining project has commenced, including underground refurbishment and development access.

During the first 4 years the project is expected to produce in excess of 180,000 ounces of gold annually, commencing Q1 2007, at a direct operating cost of \$167 per ounce, and an average of 151,000 ounces of gold annually over the estimated 13 year life of mine, at a direct operating cost of \$194 per ounce. Oxus' attributable interest in this project is 50%. Pre-production capital expenditure is estimated at \$88 million. Based on a gold price of \$450 per ounce and using a 10% discount rate, the feasibility study gives a project NPV of \$188.8 million (ungeared) and an IRR of 117.2%.

The project is designed to mine the deeper sulphide extensions to the oxide ore-bodies currently being mined by open-pit methods by AGF at Centralny and to mine the underground Severny ores. Combined, they contain mineable reserves of 9.72 million tonnes at an average grade of 7.75 grammes per tonne (g/t) containing 2.42 million ounces of gold (at a cut-off of 3.5 g/t Au) within a total resource of 17.73 million tonnes at an average grade of 6.84 g/t, and containing 3.90 million ounces at zero cut-off grade.

Underground mining will utilize modern trackless methods and truck haulage both via shaft access and twin ramps from surface to exploit the sulphide deposits. The existing production shaft has been refurbished to gain access to former workings and refurbishment of the primary underground level is underway to access the ore. Mine development and construction of the 750,000 tonne per annum sulphide bio-oxidation plant is expected to begin before the end of 2005.

The reserves are held within two mineralised zones known as Centralny and Severny. At Centralny there are six defined ore-bodies, with ore-body 8 showing consistently high gold grades, up to several hundreds of g/t in places, over a strike length of 420 metres. At Severny there are eight mineralised zones with the largest and longest being traced over a strike length from 400 metres to 700 metres.

The underground ore-bodies are open at depth and Oxus believes that there is large potential to increase reserves. An earlier drilling programme by the former Soviet operators intersected mineralisation 500 metres below the lower limit of the current resources (about 870 metres below surface) comprising an interval of 8 metres thick at 51.6 g/t gold with grades of up to 72g/t. A major underground and surface drilling programme is imminent with the recent arrival of two new core drill rigs to site, to target deeper known extensions of the deposits with the objective of substantially increasing resources and reserves.

Amantaytau Goldfields Vysokovoltnoye project

AGF has started mining at its second operation in Uzbekistan.

Mining of ore started at the Vysokovoltnoye silver and gold heap leach project two weeks ago, following the first mine blast on 24 August. Ore will initially be stockpiled pending completion of construction and commissioning of the process plant. The plant is expected to produce its first silver and gold at the beginning of October 2005.

Vysokovoltnoye has mineable reserves of 1.66 million tonnes at grades of 127 g/t Ag and 1.13 g/t Au for ore body number 7 and 2.33 million tonnes at grades of 27 g/t Ag and 1.2 g/t Au for ore body number 4. Ongoing work aimed at defining extensions of the zones may considerably increase the resource base for future growth.

Both ore bodies have very low stripping ratios. After commissioning, full production is scheduled for November 2005. Planned mine production is 21,035 ounces of gold and 2,469,083 ounces of silver per annum.

The capital cost of the project is low at \$9.1 million, which has been kept to a minimum due to the existing infrastructure at AGF. It is expected that the cash costs of metal production in terms of gold equivalent will be approximately \$160 per ounce.

Vysokovoltnoye is an open pit mine and forms part of the AGF licence area and is 30 kms away from AGF's existing Amantaytau mining operations.

Jerooy

At Jerooy in the Kyrgyz Republic negotiations with the Kyrgyz Government are ongoing with regard to the status of the mining licence. The Government of the Kyrgyz Republic purportedly cancelled the licence to operate this mine in August 2004. Oxus immediately repudiated this action, whilst simultaneously announcing that it would continue to build the mine. In November, the Government advised Talas Gold Mining Company, the project operating subsidiary, that provided it was able to show that it had raised adequate funds to construct the mine, and had met certain additional technical requirements, the licence would be re-instated. Having raised the appropriate funds, the detailed technical work was completed to the satisfaction of the relevant licensing authorities, who recommended to the Government that the licence be reinstated.

The Company is in continuous discussion with the Kyrgyz Government and still expects a positive outcome to these negotiations and, in the meantime, has continued with construction at the project site with the full knowledge of the Kyrgyz Government. Construction started in mid-2004 and the mine is expected to start production in the second quarter of 2006 at an annual rate of 180,000 ounces a year. Oxus has now spent \$27 million at Jerooy, including \$17 million out of the \$59 million raised last December to complete the construction.

Jerooy is the largest unexploited gold deposit in the Kyrgyz Republic with a reserve of 9.88 million tonnes of ore at a grade of 7.5 g/t gold that equates to 2.38 million ounces of gold. The Group owns 66.7% of Talas Gold Mining Company, and the balance is held by Kyrgyzaltyn (Kyrgyz State Mining Enterprise). The deposit is located in the Talas Region, some 190 kms west of the capital city Bishkek.

The deposit is to be mined by both open pit and underground methods and has an initial mine life of 12 years, with an additional four years of potential currently in the inferred category of resources. Additional exploration targets include several known occurrences of gold within the vicinity of Jerooy.

Other Activity

Eurogold

In February 2005 the Group acquired a strategic shareholding in Eurogold Limited, an Australian Company with gold exploration and mining operations in Romania and the Ukraine and since the year end Oxus has agreed terms to acquire Eurogold's operations and exploration territory which will substantially increase Oxus's gold mining operations in the former Soviet Bloc countries. Subject to completion of due diligence, this transaction is due to complete towards the end of 2005.

Eurogold is an Australian company with its shares traded both in Australia and in the UK on AIM. Pursuant to the agreed terms, Oxus will be acquiring all of the issued capital of Eurogold (Bermuda) Limited, a subsidiary of Eurogold, which controls the assets in the Ukraine; all of the issued capital of Explorer SA, an exploration subsidiary in Romania which holds largely exploration assets; and certain assets at fair market value of Transgold SA, a joint venture company in which Eurogold holds a 50% interest. Transgold operates a carbon-in-leach (CIL) plant at Baia Mare in southern Romania for the treatment of gold tailings.

Transgold has historically derived most of its production from the retreatment of tailings, where in excess of 138,000 ounces of gold and 700,000 ounces of silver has been produced. More recently, with the successful delineation of the North-West Corridor licence area, the company has changed its emphasis to the development of its hardrock portfolio. Exploration by Transgold suggests a significant trendline incorporating its three deposits of June 11, Sophia and Hanau.

The Hanau deposit is currently being mined using open-pit methods and the ore is trucked some 20 kms to the company's CIL plant at Baia Mare.

In the Ukraine, Eurogold has a 99.9% interest in the Saulyak gold project located only 60 kms from the Baia Mare CIL plant. A rail line runs close to the Saulyak deposit and connects to Baia Mare and provides the opportunity to transport the ore to the CIL plant for treatment.

The Saulyak deposit has an estimated resource of 2.14 million tonnes at 8.4 g/t, containing approximately 578,000 ounces of gold under the Russian C1 and C2 classification. In addition 2.53 million tonnes at 8 g/t, being 650,000 ounces, has been identified from the 2004 drilling programme, and classified by Eurogold as "Inferred" under the JORC resource classification system. This increases the combined total resource potential to 1.2 million ounces of gold. Eurogold believes that the 2005 exploration programme will continue to expand this deposit. Over 9 kms of underground development work was completed by the former owners which is expected to reduce the capital costs to bring the mine into production.

The total value of Oxus's acquisitions will not exceed £17.34 million, equal to 7p per Eurogold share, with the consideration met by the issue of up to 37.1 million new Oxus shares. Oxus already owns 43,188,100 shares in Eurogold, equal to 17.44% of the fully diluted share capital, which we acquired earlier this year at an average price of 8.4p a share. These shares will be cancelled as part of this transaction. Thus, the net purchase consideration, after set off, will be £14.3m, with 30.6m new Oxus shares being issued, based on the average closing price of 46.7p of Oxus shares over 6, 7 and 8 July 2005.

On a fully diluted basis Eurogold has 247,679,494 shares outstanding, which have traded on AIM between 5.0p and 9.25p over the last year. The transaction will result in Eurogold holding approximately 10% of Oxus and Eurogold will distribute these shares to its shareholders as a dividend in specie.

The transaction has been structured as an asset and subsidiary company purchase in order to avoid the transfer of certain contingent liabilities to Oxus.

Kosmanachi

In March 2005 the Group signed a co-operation agreement with the Navoi Mining and Metallurgical Combinat to work together with a view to developing the Kosmanachi silver/gold deposit situated near the AGF mine. The project has been extensively explored and is estimated to contain Soviet classified resources in the C1 and C2 categories of at least 40 million ounces of silver at an average grade of 105 g/t and 270,000 ounces of gold at an average grade of 0.5 g/t. Oxus will carry out a detailed review of all the existing data and undertake a drilling programme to confirm the earlier exploration results in order to complete the pre-feasibility study. Kosmanachi also has additional resources in the Soviet P category.

Assuming favourable economics, it is hoped that a full feasibility study can be completed and plant construction commenced. Test work to date indicates that a heap leach plant would recover in excess of 70% of the silver and gold. The mine is situated within 20 kms of AGF's existing operations and therefore minimal infrastructure will be required.

Exploration

Having developed a strong production base at AGF, we intend to focus on exploration work to bring our exploration potential into the resource category and to increase our confidence in, and to upgrade our additional resources. In order to achieve this, Oxus intends to carry out further reverse circulation and core drilling. New underground and surface drill rigs have been purchased for this purpose, and a programme of geophysical investigation is also planned in order to define the margins of the known mineralised zones and to investigate geological structures for further mineral potential.

Marakand

Marakand Minerals Limited ("Marakand") is 57%-owned by Oxus. It is developing the Khandiza polymetallic deposit in Uzbekistan which has a JORC classified measured and indicated resource above a 2% zinc cut-off of 11.83 million tonnes at an average grade of 7.66% zinc, 3.65% lead, 0.921% copper, 129 g/t silver and 0.38 g/t gold. The mineable reserve above a 4% zinc break-even cut-off, for the first 15 years of production, totals 9.61Mt at an average grade of 7.90% zinc, 3.78% lead, 0.95% copper, 129 g/t silver and 0.37 g/t gold.

The Company's primary focus has been to secure agreement with the Uzbek Government on the commercial structure of the project. The Government has proposed that the more commonly used joint venture structure be considered, similar to that of a number of other successful joint ventures already operating in the mining sector in Uzbekistan, such as AGF. Marakand has submitted joint venture documentation to the Uzbek State Committee of Geology who await final authorisation from the Uzbek Government to proceed on this basis. It is anticipated that this process will now be concluded in the fourth quarter of 2005. This will initiate the project funding process, detailed design and the commencement of construction with a view to starting production in 2007.

Marakand has made substantial progress in advancing the permitting process for the project, including technical and environmental approvals. Following the submission of the Khandiza Feasibility Study to the Uzbek Government in September 2004, Marakand has focused on advancing the permitting stage and negotiating the final form of project development for the Khandiza Project. In addition, framework agreements have been concluded for the toll smelting and sale of zinc, lead and copper concentrates. Demand for concentrates and metals continues to be in excess of planned production and Marakand is well positioned to benefit from its proximity to high growth developing economies.

Directors

Douglas Sutherland and Oliver Prior joined the board as non-executive directors. Michael Beckett, non-executive chairman, stood down as chairman following the last annual general meeting. Mr Sutherland acts as chairman, pending the appointment of a successor to Mr Beckett. Mark Wellesley-Wood and Dan Kappes also retired as non-executive directors. Each of the retiring directors made a significant contribution to the Company and we wish them well for the future.

Outlook

The significant increase in shareholders' funds, the Group's strong cashflow and the strength of the balance sheet will provide the springboard for the next phase of Oxus's development.

With profitable gold production underway at AGF Phase 1 Oxides, Vysokovoltnoye about to commence production, Jerooy scheduled to commence production next year and the AGF Phase 2 Sulphides scheduled to come into production in early 2007 we look forward to a significant increase in gold production over the next eighteen months.

We are pleased that we have been able to agree terms with Eurogold, subject to due diligence, to purchase its assets which we believe will also provide substantial benefits to our shareholders. In Romania, Transgold has been in operation for a number of years, and presents substantial opportunities for Oxus to expand its hardrock production, using Oxus' complementary skills in construction and operation. In the Ukraine, we will be looking to advance the Saulyak project into early production. These assets complement our existing mining operations, and together with our development projects, give us a sound platform on which to build a company producing in excess of 500,000 ounces of attributable gold by 2008.

I believe that we can look forward with confidence to a growing production profile and improving profitability as we continue to search for new opportunities to form the basis for the second phase of the Company's development.

Enquiries:

Oxus Gold plc

Bill Trew, Chief Executive Officer
Jonathan Kipps, Finance Director

Tel: +44 (0)20 7907 2000

Bankside

Keith Irons
Simon Rothschild

Tel: +44 (0)20 7367 8873 / 07885 356 639

Tel: +44 (0)20 7367 8871 / 07703 167 065

CONSOLIDATED INCOME STATEMENT

| (US\$000) | Year ended 30 June 2005 | Year ended 30 June 2004 |
|--|-------------------------------|-------------------------------|
| Revenue | | |
| Gross revenue | 3,678 | 1,932 |
| Income attributable from joint venture | 6,437 | 3,738 |
| | 10,115 | 5,670 |
| Expenses | | |
| Administration expenses | (3,067) | (5,832) |
| Deferred exploration and evaluation expenditure incurred by Marakand Minerals Limited | (2,281) | (1,198) |
| Gross profit (loss) | 4,767 | (1,360) |
| Foreign exchange (loss) gain | (1,487) | 545 |
| Legal costs arising from abortive 2002 project financing | (1,410) | (634) |
| Legal costs arising on the application to court to convert the share premium to distributable reserves | - | (156) |
| Profit (loss) from operations | 1,870 | (1,605) |
| Net interest receivable: | | |
| - Group | 696 | 212 |
| - Joint venture | 914 | 575 |
| Net gain on disposal of minority interest in Marakand Minerals Limited | - | 12,252 |
| Profit before taxation | 3,480 | 11,434 |
| Taxation | (6) | (5) |
| Profit after taxation | 3,474 | 11,429 |
| Minority interests | (1,191) | (539) |
| Profit for the year | 2,283 | 10,890 |
| Profit per share (US cents) | | |
| Basic | 0.92 | 5.32 |
| Diluted | 0.90 | 5.20 |

CONSOLIDATED BALANCE SHEET

| (US\$000) | As at 30 June 2005 | As at 30 June 2004 |
|-----------------------------------|-----------------------|-----------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 34,834 | 5,541 |
| Trade and other receivables | 5,954 | 7,107 |
| | 40,788 | 12,648 |
| Non-current assets | | |
| Exploration and mining properties | 60,228 | 41,003 |
| Investments | 43,306 | 22,295 |
| | 144,322 | 75,946 |
| LIABILITIES | | |
| Current liabilities | | |
| Trade and other payables | 2,635 | 741 |
| Non-current liabilities | | |
| Minority interests | 6,093 | 1,761 |
| | 12,858 | 14,125 |
| Shareholders' Equity | | |
| Capital stock | 4,581 | 3,289 |
| Reserves | 118,155 | 56,030 |
| | 122,736 | 59,319 |
| | 144,322 | 75,946 |

CONSOLIDATED STATEMENT OF CASH FLOWS

| (US\$000) | Year ended 30 June 2005 | Year ended 30 June 2004 |
|--|-------------------------------|-------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit for the year | 2,283 | 10,890 |
| Adjustments for: | | |
| Depreciation | 16 | 48 |
| Profit on sale of assets | (6) | - |
| Salaries and bonuses converted to shares | 33 | 529 |
| Net gain on disposal of minority interest in Marakand Minerals Limited | - | (12,252) |
| Income attributable from joint venture | (6,437) | (3,738) |
| Loss (profit) on foreign exchange | 13 | 21 |
| Operating loss before working capital changes | (4,098) | (4,502) |
| (Increase) /decrease in trade and other receivables | 1,153 | (6,842) |
| Increase in trade and other payables | 6,226 | 344 |
| Cash generated (used) from operations | 3,281 | (11,000) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Capital expenditure and financial investment | | |
| Exploration and mining properties expenditure | (19,235) | (3,408) |
| Funding of joint venture's capital expenditure | (8,852) | (1,632) |
| Acquisitions and disposals | | |
| Investment in strategic alliance company | (6,839) | - |
| Sale of minority shares in subsidiary on flotation | - | 5,846 |
| Sale of minority shares in subsidiary | - | 689 |
| Net cash (used) generated in investing activities | (34,926) | 1,495 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Warrants and options exercised | 146 | 4,715 |
| Shares issued | 60,792 | 6,476 |
| Net cash provided by financing activities | 60,938 | 11,191 |
| Net increase in cash and cash equivalents | 29,293 | 1,686 |
| Cash and cash equivalents as at 1 July | 5,541 | 3,855 |
| Cash and cash equivalents as at 30 June | 34,834 | 5,541 |

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| (US\$000) | Share capital | Capital reserve | Accumulated loss | Total | Minority interests | Total |
|---|---------------|-----------------|------------------|----------|--------------------|----------|
| Balance as at 1 July 2003 | 2,824 | - | (22,590) | 33,990 | 10 | 34,000 |
| Merger reserve | | 34,929 | | | | |
| Share premium account | | 18,827 | | | | |
| Shares issued | 108 | 6,368 | - | 6,476 | - | 6,476 |
| Warrants and options exercised | 346 | 4,369 | - | 4,715 | - | 4,715 |
| Conversion of directors' remuneration to shares | 11 | 518 | - | 529 | - | 529 |
| Transfer to distributable reserve, February 2004 | - | (24,221) | 24,221 | - | - | - |
| Capital reserve | | | | | | |
| Capital reserve arising on revaluation of exploration rights in Marakand Minerals Limited | - | 16,296 | | 16,296 | 12,160 | 28,456 |
| Capital reserve arising on issue of shares in Marakand Minerals Limited | - | 3,360 | - | 3,360 | 2,508 | 5,868 |
| Distribution of Marakand Minerals Limited shares | - | - | (17,490) | (17,490) | - | (17,490) |
| Minority interest adjustments relating to previous years: | | | | | | |
| - Marakand Minerals Limited | - | - | 6 | 6 | (6) | - |
| - Talas Gold Mining Company | - | - | 8 | 8 | (8) | - |
| Profit for the year | - | - | 11,429 | 11,429 | (539) | 10,890 |
| Balance as at 1 July 2004 | 3,289 | 60,446 | (4,416) | 59,319 | 14,125 | 73,444 |
| Shares issued | 1,281 | 59,511 | - | 60,792 | - | 60,792 |
| Warrants and options exercised | 10 | 136 | - | 146 | - | 146 |
| Conversion of directors' remuneration to shares | 1 | 32 | - | 33 | - | 33 |
| Capital reserve arising on revaluation of investments: | | | | | | |
| Eurogold plc | - | (1,383) | - | (1,383) | - | (1,383) |
| Ovoca Resources plc | - | 266 | - | 266 | - | 266 |
| On consolidation | - | 4 | 85 | 89 | (76) | 13 |
| Profit for the year | - | - | 3,474 | 3,474 | (1,191) | 2,283 |
| Balance as at 30 June 2005 | 4,581 | 119,012 | (857) | 122,736 | 12,858 | 135,594 |

NOTES

1. The above financial information for the year ended 30 June 2005 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 year ended 30 June 2004 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 2005 will be delivered to the Registrar of Companies. The Annual Report will be posted to shareholders in mid-October 2005 and the Annual General Meeting will be held on 17 November 2005.
2. The basic and diluted profit per share has been calculated by reference to a profit, after taxation, of \$2,283,000 (2004: \$10,890,000) and the weighted average number of ordinary shares in issue of 248,790,894 (2004: 204,519,144).
3. The directors do not recommend the payment of a dividend in respect of this period (2004 - nil).
4. The Consolidated Financial Statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and the interpretations issued by the Standing Interpretations Committee of the IASB.
5. The Company will account for stock-based compensation under the rules of IFRS 2, Accounting for Share-Based Payments, with effect from 1 July 2005, whereby the fair value of such options is expensed to the income statement in accordance with the specific vesting periods. The Company has not taken any charge in its financial statements in the year ended 30 June 2005, but had IFRS 2 been implemented a charge of \$90,000 would have been made to the income statement and an adjustment to capital reserves of \$90,000. In addition a charge of \$93,000 would be made in respect of Marakand Minerals Limited, of which \$ 40,000 relates to minority interests. These charges will be made as a prior year adjustment in the 2006 accounts, in accordance with IFRS 2. The basic and diluted profit per share, taking these adjustments into account, is US cents 0.86 per share (basic) and US cents 0.84 per share (diluted).