

AURUM MINING PLC
("Aurum" or "the Company")

Issue of Secured Convertible Loan Notes

Aurum Mining plc (AIM: AUR), the company formed to acquire gold and other mineral extraction projects in the Former Soviet Union (FSU), today announces the issue of £1,000,000 secured convertible loan notes ("Loan Notes") together with warrants to subscribe for up to 1,000,000 Ordinary Shares in the Company. This issue will provide the Company with the necessary working capital to continue to develop its Andash gold and copper project in the Kyrgyz Republic (the "Andash Project").

Loan Notes with a value of £1,000,000 were issued for cash at par (being £1 per Loan Note) on 15 February 2006 (the "Commencement Date"). The Loan Notes, which are transferable (in whole or in part), may be redeemed (in whole or in part) at par at any time after the first anniversary of the Commencement Date and prior to the third anniversary of the Commencement Date (the "Repayment Date").

The Loan Notes are secured on the Group's interest in the Andash Project.

Interest is payable on the Loan Notes, at the interest rate from the Commencement Date to the earlier of the date of redemption or the date of conversion. Interest is charged at 11 per cent until the first anniversary of the Commencement Date and thereafter at 10 per cent. Interest accrues from day to day on the aggregate principal amount of the Loan Notes outstanding at that time and all interest accruing after the Commencement Date is payable to the Loan Noteholders with effect from the first anniversary of the Commencement Date by quarterly payments in arrears until conversion or, if earlier, when the Loan Notes are repaid.

If at any time prior to the Repayment Date the Company completes a raising of further funds by way of an issue of new Ordinary Shares or by way of convertible debt ("Fundraising") at less than 35p per share (or, where such Fundraising is structured by way of convertible debt, where conversion rights may be exercised at less than 35p per share), Loan Noteholders shall have the right to redeem their Loan Notes (in whole or in part) at par, together with interest accrued up to and including the date of redemption.

The Loan Notes are convertible at the lesser of 35p per Ordinary Share and the price at which any Fundraising takes place (or where such Fundraising is structured by way of convertible debt, the price per share at which such debt may be converted). The Ordinary Shares to be so issued will rank *pari passu* in all respects with the existing Ordinary Shares in issue.

Each Loan Noteholder will receive one warrant entitling him to subscribe for 1 Ordinary Share (each a "Warrant") for each £1 of Loan Notes subscribed for. The Warrants, which are transferable (in whole or in part) are exercisable at 45p per share at any time prior to 15 February 2016. The Ordinary Shares to be so issued will rank *pari passu* in all respects with the existing Ordinary Shares in issue.

Amongst the subscribers for the Loan Notes are the following related parties: Mark Jones, director (£100,000), Sean Finlay, director (£20,000) and David Bryans, consultant and substantial shareholder (£150,000).

Pursuant to Rule 13 of the AIM Rules, the issue of the Loan Notes to such parties constitutes a related party transaction. The Board of the Company (excluding the aforementioned Directors), having

consulted with W.H. Ireland Limited, the Company's Nominated Adviser, considers that the terms of the Loan Note issue and the participation of the related parties are fair and reasonable insofar as the Company's shareholders are concerned.

Following the issue of the Loan Notes, there would be the following changes in the interests of the Directors and substantial shareholder of the Company, should the Loan Notes be converted in full to Ordinary Shares:

	Number of Ordinary Shares at present	Percentage of Ordinary Shares at present	Number of Ordinary Shares assuming full conversion under the Loan Notes	Percentage of Ordinary Shares assuming full conversion under the Loan Notes	Number of Ordinary Shares assuming full conversion under the Loan Notes and exercise of all Warrants	Percentage of Ordinary Shares assuming full conversion under the Loan Notes and exercise of all Warrants
Sean Finlay	250,000	2.6	307,143	2.5	327,143	2.4
Mark Jones	-	-	285,714	2.3	385,714	2.9
David Bryans	2,370,000	24.9	2,798,571	22.6	2,948,571	22.1

Mark Jones, Aurum Mining's Chief Executive, stated: "I am delighted by the support we have received in this financing round which gives us the funding we require to continue to progress our Andash gold and copper project in the Kyrgyz Republic. In the near term, the funding will allow us to continue work at Andash Zone 1 to support our first mining licence application, which we expect to submit to the Kyrgyz authorities later this year."

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Notes to editors

Aurum Mining joined the AIM market of the London Stock Exchange in May 2004 with the strategy of seeking, evaluating and acquiring gold and other mineral extraction projects in the Former Soviet Union (FSU). In January 2005 the Company completed its first acquisition, giving the Company an exploration licence over the Andash gold and copper project in the Kyrgyz Republic. In its State Register, the State Commission of Resources of the Kyrgyz Republic has included 21.7 million tonnes

of C1 and C2 reserves for the project, amounting to gold and gold equivalent of more than 1.5 million ozs.