

For immediate release

29 September 2005

AURUM MINING plc
(“Aurum” or “the Company”)

Preliminary Results for the 12 month period ended 31 March 2005

Aurum Mining plc (AIM: AUR), the company formed last year to acquire gold and other mineral extraction projects in the Former Soviet Union (FSU), is pleased to announce its preliminary results for the 12 month period ended 31 March 2005.

Highlights to date

- Aurum has today announced that it has entered a conditional agreement to purchase a 51 per cent stake in Open Joint-Stock Company Geocentr (“Geocentr”), a Russian company that owns an exploration licence and abandoned gold mine in the Russian Far East (see separate release)
- Aurum successfully completed its first acquisition in January 2005 by acquiring Kaldora Company Ltd whose wholly owned subsidiary, Andash Mining Company, holds an exploration licence over the Andash Project in the Kyrgyz Republic
- The State Commission of Resources of the Kyrgyz Republic has included 21.7 million tonnes of C1+C2 reserves at Andash into the State Register, containing total gold and gold equivalent of more than 1.5 million ozs.
- A leading UK mining consultant has confirmed a JORC resources estimate for one of the Andash orebodies of 1.15 million ozs of gold and gold equivalent
- To ensure the timely development of the Andash asset, and to put the Company into a position to exploit other opportunities, a further issue of shares is planned

Sean Finlay, the Chairman of Aurum Mining, commented: “I am delighted by the progress we have made since the Company’s flotation on AIM last year. Through the acquisition of the Andash Project we have shown that we can deliver on our strategy of identifying and acquiring assets in the FSU and we look forward to continuing this strategy through the purchase of a majority stake in Geocentr.”

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Notes for editors

About Aurum Mining

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 a 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 from the project, amounting to gold and gold equivalent of more than 1.5 million ozs.

CHAIRMAN'S STATEMENT

Introduction

I am delighted to present the results of Aurum Mining plc ("Aurum") for the period ended 31 March 2005. These are Aurum's maiden full year results and cover a period in which considerable progress has been made both as a company and as a management team.

Aurum was formed in March last year with the objective of acquiring and developing undervalued gold and mineral resources in the Former Soviet Union (FSU), a region that offers significant potential. We were attracted to the FSU for compelling reasons including the history of gold production in the region, the extensive geological records from the Soviet era, the availability of unexploited and underdeveloped assets and the much improved business and political climate.

When Aurum was formed, it comprised a management team with experience of mining in the FSU and a clear strategy for generating value. I am pleased to report that just one-and-a-half years later we have made significant progress in realising our strategy. We have a resource of an estimated 1.5 million ozs (C2) of gold and gold equivalent, a quotation on the London Stock Exchange and a significantly strengthened management team.

Aurum joined the Alternative Investment Market (AIM) market of the London Stock Exchange in May 2004, having successfully raised £1.5 million in a Placing to finance the identification and evaluation of potential acquisitions in the FSU. At the time of the flotation, the Directors of the Company highlighted their belief that gold prices would remain buoyant, contributing to the attractiveness of the company as an investment proposition.

Acquisition

After a period of systematic project identification and evaluation in the FSU, we identified our first acquisition, a gold and copper project in the Kyrgyz Republic. The Kyrgyz Republic, which was once part of the Soviet Union, sits within a broad band of gold mineralisation that stretches through Central Asia. This band is commonly known as the Tien Shan gold belt and is one of the largest proven gold provinces in the world. The acquisition, called the Andash Project, is located in the Talas valley, close to the north western border of the Kyrgyz Republic.

In January 2005 we raised £600,000 via a Placing to acquire Kaldora Company Ltd whose wholly owned subsidiary, Andash Mining Company, holds an exploration licence over the Andash Project. The deal was structured to include a deferred consideration of up to \$5 million in shares, conditional on the project's level of gold reserves.

Progress at Andash

We have identified significant mineralisation at Andash. The State Commission of Resources of the Kyrgyz Republic included 21.7 million tonnes of C1+C2 reserves at Andash into the State Register, containing total gold and gold equivalent of over 1.5 million ozs. In addition, Wardell Armstrong International (WAI), a leading UK based independent mining consultancy, has confirmed a JORC resources estimate, for one of the Andash orebodies of 1.15 million ozs. of gold and gold equivalent.

Additional drilling is planned for Andash in the near future which will enhance the resources estimate and facilitate the completion of a Feasibility Study for the project. This study, which

is underway, includes an open pit design, a process flow sheet and an environmental assessment.

People

We have strengthened our team considerably since flotation. I am particularly pleased to welcome Mark Jones, who has considerable mining and management experience, as Chief Executive. Mark was appointed on 1 July 2005. I am also delighted to welcome Colin Knight, a highly experienced mining professional, to the Board as a Non-Executive Director. Dr Knight was appointed to the Board on 6 September 2005. We now have a formidable team of Executive and Non-Executive Directors supported by consulting partners to drive the business forward.

Post Balance Sheet event

On 29 September the Company entered into a conditional agreement with Loyal Wealthy Limited ("Seller") to purchase 51 per cent of the share capital in Open Joint-Stock Company Geocentr ("Geocentr"), a Russian company that owns an exploration licence and abandoned gold mine in the Russian Far East, for an initial consideration of \$371,000. The agreement is conditional upon, inter alia, the completion of satisfactory due diligence by Aurum on Geocentr. In addition to the initial consideration of US\$371,000, further consideration of up to a total of US\$2.35 million is payable in two stages dependent on the measured and indicated ore reserves of gold at the project as stated in the final feasibility report.

Outlook

Aurum has become a significant player in mining within Central Asia and we continue to believe that the Andash Project is an exciting gold opportunity. In addition we are evaluating several other projects as potential acquisitions to further develop our platform for future growth. To ensure the timely development of the Andash Project, and to put the Company into a position to exploit other opportunities, we are embarking on a further issue of shares to finance Andash through to the completion of a bankable feasibility study.

Sean Finlay
Chairman
29 September 2005

CHIEF EXECUTIVE'S REVIEW

Since our admission to trading on AIM in May 2004, Aurum Mining plc ("Aurum") has pursued opportunities in Central Asia, culminating in the acquisition of Kaldora Company Ltd ("Kaldora") in January of this year. Kaldora's principal asset is an exploration licence held by its wholly owned subsidiary, Andash Mining Company, over the Andash gold and copper exploration project ("Andash Project") in the Talas valley in the north west of the Kyrgyz Republic on the border with Kazakhstan. The deposit is located on the southern slope of the Kyrgyz ridge, lying above the Karakol river.

The region is well served with infrastructure. Transport links to the site are good with gravel and asphalt roads to the oblast capital town of Talas and to Bishkek via the Susamyr Valley. Electricity is available at Kupre-Bazar village (10kV) and a main power line (500kV) with a sub-station is located within 15km of the deposit. Water is readily available from the Karakol river.

The mineralisation at the Andash Au-Cu (gold-copper) deposit comprises a northwest-southeast striking, gentle southeast plunging mineralised porphyry body. The deposit has been explored and evaluated from a series of surface trenches, surface drilling and channel sampling from a main adit underground.

Progress at the Andash project

Since acquisition, Aurum has progressed the Andash project through local pre-feasibility study, approval of C1+C2 reserves and primary metallurgical assessment. Key activities included:

Exploration Drilling

Two series of diamond drill holes were drilled in zone 1, the P series (size NQ) used for delineation of mineralization on the ore body flanks and the TX series (size HQ) drilled within the ore body for metallurgical purposes. A total of 2300m were drilled.

Resource Audit

Wardell Armstrong International (WAI) were contracted to generate a new resource estimation for zone 1 in digital format in accordance with western resource classification codes (CIM and JORC). WAI used geostatistical methods within Gemcom mining software at a 0.5 g/t Au cut-off grade.

Category	Million Tonnes	Au g/t	Cu%
Measured	1.75	0.99	0.40
Indicated	8.19	1.12	0.41
Inferred	7.61	1.08	0.37
Total	17.55	1.09	0.39

At 1 tonne of Cu = 7.5 oz of Au, the total Au and 'Au equivalent' is:

Measured and Indicated	670, 000 oz
Inferred	485, 200 oz
Total	1, 155, 800 oz

Mineralogy

A sample from the TX holes was sent to WAI, where a programme of head assay, mineralogy and flotation and leach test work was undertaken.

Head assay results were consistent with those established from all the drill holes:

Cu	Total %	0.59
Au	g/t	1.50

The mineralogy can be summarised as follows:

- Main minerals present were silicates and quartz and iron oxides.
- The principle sulphide minerals were pyrite and chalcopyrite.
- The copper bearing minerals were chalcopyrite and the secondary copper carbonates were malachite and azurite.

A scoping test work programme demonstrated satisfactory recoveries of copper and gold by flotation of copper/gold followed by cyanide leaching of the flotation tailings. Gold recoveries were in excess of 91%, and copper recovery was over 70%. WAI believe that further optimisation of the flotation process should increase copper recovery to 75-80% and lower cyanide consumption during leaching.

A 2100 kg bulk sample from holes TX 1 to 4 is at WAI, where a scope of works to confirm and refine the initial test work will be completed by the end of October 2005.

Mining Licence

The results from the exploration drilling programme entitled Andash to initiate a local pre-feasibility study with resource estimation to the Kyrgyz State Commission of Resources. The standards achieved allow the resource to be approved and entered into the State Register as C1+C2 category. AMC now has the rights to exclusively develop and mine the deposit, and has been granted a temporary mining licence.

Environmental study

A programme of work was started in May to monitor the environment so AMC can obtain OVOS and DVOS as well as develop a Plan of Reclamation for a Bankable Feasibility Study. A complete hydrogeological study was completed and the report is available. WAI have been commissioned to provide Aurum with resource and reserve statements, mineralogy studies, assessment of process parameters, mine and plant capital and operating cost estimates and environmental study statements.

Four further mineralised zones have been identified in the Andash licence area with similar geological, geophysical and structural setting, including elevated gold and copper grades; they are Malaya Kokkia, Jeganak, Chonkyshto and Karakol. A work programme of geophysical survey, trenching and some DD and RC holes is included in the exploration programme to establish resource profiles in these areas.

Andash has many positives which make the project attractive: it is a relatively high-grade porphyry, very amenable to surface mining and appears to have a fairly simple process

metallurgy. The programme of work outlined will enable us to establish the final parameters so that we can work on bringing a low cost mine on stream as early as 2007.

Further work at Andash

In-fill drilling programme

WAI have provided Andash with a 3000m RC drilling programme which will up rate the resource to the indicated level of confidence as a minimum as well as place 25% of the resource into the measured category. Bulk samples will be used for further optimisation of mineral processing and Au and Cu recovery. This will give the project a sound basis for going to a feasibility study.

Diamond drilling programme

Zone 1 extension. Drilling is expected to confirm approximately 2 million tonnes of ore on the northern and eastern flanks of the orebody.

Zones 2 and 3. Drilling will determine localization of the additional ore resource and the relationship between each Zone and Zone 1. RC drilling will also be required. Soviet work showed the possibility of 8-10 million tons in this area. One hole, DDH# 27, intersected 119.2 metres of mineralisation at an average grade of 2.16 g/t, with similar mineralogy to Zone 1.

Additional exploration

Four further mineralised zones have been identified in the Andash licence area with similar geological, geophysical and structural setting, including elevated gold and copper grades; they are Malaya Kokkia, Jeganak, Chonkyshto and Karakol. A work programme of geophysical survey, trenching and some DD and RC holes is included to establish resource profiles in these areas.

Working through winter

AMC has purchased exploration support equipment, including tracked Haggglunds which will allow the exploration programme to continue throughout the winter.

Mark Jones
Chief Executive
29 September 2005

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 MARCH 2005**

	£'000
Administrative expenses	(389)
Total administration expenses and operating loss	<u>(389)</u>
Net interest receivable and similar income	45
Loss on ordinary activities before taxation	<u>(344)</u>
Tax on loss on ordinary activities	-
Loss on ordinary activities after taxation	<u>(344)</u>
Retained loss for the financial period	<u>(344)</u>
Loss per share - basic and diluted	<u>(4.23p)</u>

All amounts relate to continuing activities, which were acquired in the period.

**CONSOLIDATED AND COMPANY BALANCE SHEET
AS AT 31 MARCH 2005**

	Group £'000	Company £'000
Fixed assets		
Intangible fixed assets	819	-
Tangible fixed assets	189	9
Investments in subsidiary undertakings	-	665
	<u>1,008</u>	<u>674</u>
Current assets		
Debtors: amounts falling due within one year	265	257
Debtors: amounts falling due after one year	-	335
	<u>265</u>	<u>592</u>
Cash at bank and in hand	944	937
	<u>1,209</u>	<u>1,529</u>
Creditors: amounts falling due within one year	<u>(281)</u>	<u>(258)</u>
Net current assets	<u>928</u>	<u>1,271</u>
Total assets less current liabilities	<u>1,936</u>	<u>1,945</u>
Capital and reserves		
Called up share capital	95	95
Share premium	1,681	1,681
Merger Reserve	504	504
Profit and loss account – deficit	(344)	(335)
Total equity shareholders' funds	<u>1,936</u>	<u>1,945</u>

**CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31
MARCH 2005**

	£'000
Net cash outflow from continuing operating activities	(487)
Returns on investments and servicing of finance	
Interest received	45
Net cash inflow from returns on investments and servicing of finance	45
Capital expenditure and financial investment	
Purchase of tangible fixed assets	(179)
Payments to acquire intangible assets	(56)
Net cash outflow for capital expenditure and financial investment	(235)
Acquisitions	
Purchase of subsidiary undertaking	(160)
Cash acquired with subsidiary	5
Net cash outflow from acquisitions	(155)
Cash outflow before management of liquid resources & financing	(832)
Financing	
Issue of ordinary shares	2,150
Expenses paid in connection with share issues	(374)
Cash inflow from financing	1,776
Increase in net cash in the period	944

Notes to the Preliminary Results

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with currently applicable Accounting Standards in the United Kingdom, which have been applied consistently, and under the historical cost convention.

Basis of consolidation

Aurum Mining Plc, together with its subsidiaries as listed in note 9, is a gold exploration group that is focused on opportunities in the territories of the Former Soviet Union.

The consolidated financial statements incorporate the results of Aurum Mining Plc and all of its subsidiaries as at 31 March 2005 using the acquisition method of accounting as required. Under the acquisition method, the results of subsidiary undertakings are included from the date of acquisition.

Merger accounting

Where merger accounting is used, the investment is recorded in the Company's balance sheet at the nominal value of the shares issued together with the fair value of any additional consideration paid.

In the Group financial statement, merged subsidiary undertakings are treated as if they had always been a member of the Group. The corresponding figures for the previous year include its results for that period, the assets and liabilities at the previous balance sheet date and the shares issued by the Company as consideration as if they had always been in issue. Any difference between the nominal value of the shares acquired by the Company and those issued by the Company to acquire them is taken to reserves.

Goodwill

Goodwill arising on acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired.

Fixed asset investments

Investments held as fixed assets are stated at cost less provision for any impairment to their carrying value.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less the estimated residual value of each asset over its expected useful economic life, as follows:

Office and computer equipment: 3-5 years on a straight-line basis

Plant and Equipment: 3-5 years on a straight-line basis

Unevaluated mining properties

All costs associated with mining development and investment are capitalised on a project-by-project basis pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses but not general overheads. If a mining development project is successful, the related expenditures will be amortised over the estimated life of the commercial ore reserves on a unit of production basis. Where a licence is relinquished, a project is abandoned, or is considered to be of no further commercial value to the company, the related costs will be written off.

The recoverability of deferred mining costs and mining interests is dependent upon the discovery of economically recoverable reserves, the ability of the company to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposition of recoverable reserves.

Costs on productive areas are amortised over the life of the area of interest to which such costs relate on a unit of production output basis.

Environmental provisions

Appropriate and adequate provision is made for rehabilitation costs over the estimated period of exploration activity. As at 31 March 2005 no environmental damage had occurred and hence no provision has been made.

Operating leases

Amounts payable under operating leases are charged against income on a straight-line basis over the lease term.

Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken to the profit and loss account as they arise. Results of overseas subsidiaries and their balance sheets are translated at year end rate. Exchange differences which arise from the translation of the opening net assets of foreign subsidiaries are taken to reserves.

Deferred Taxation

FRS 19 'Deferred tax' requires deferred taxation to be recognised in full in respect of transactions or events that have taken place by the balance sheet date and which could give rise to an obligation to pay more or less taxation in the future. Deferred tax assets are only recognised to the extent they are deemed recoverable. The group has chosen not to discount deferred tax balances, as permitted by FRS 19.

Financial instruments

In relation to the disclosures made in note 17:

- short term debtors and creditors are not treated as financial assets or financial liabilities except for the currency disclosures; and
- the group does not hold or issue derivative financial instruments for trading purposes.

Share based employee remuneration

When shares and share options are awarded to employees a charge is made to the profit and loss account based on the difference between the market value of the company's shares at the date of grant and the option exercise price in accordance with UITF Abstract 17 (Revised 2004) 'Employee Share Schemes'.

Liquid resources

For the purposes of the cash flow statement, liquid resources are defined as short term deposits.

2. Loss per ordinary share

The calculation of loss per share of 4.23 pence is based on the loss for the year of £344,000 and on 8,144,579 ordinary shares, being the weighted average number of ordinary shares in issue during the period ended 31 March 2005.

The effect of all potential ordinary shares is anti-dilutive and therefore dilutive EPS is the same as basic EPS.

Basis of preparation

The figures for the year ended 31 March 2005 do not constitute full accounts within the meaning of Section 240 of the Companies Act 1985. They have been prepared under the accounting policies set out on the Company's statutory accounts for the year ended 31 March 2004. The figures for the year ended 31 March 2004 have been extracted from the full accounts for that period, which have been delivered to the Registrar of Companies and on which the auditors gave a qualified report in relation to limitation of scope and included a statement under section 237 (2) and (3).

A copy of the Company's annual report is available on Aurum Mining's website, www.aurummining.net.