

# **Aurum Mining Plc**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

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**FOR THE YEAR ENDED 31 MARCH 2011**

# Annual Report and financial statements

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for the year ended 31 March 2011

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# Company information

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|--|--|---|
| <b>Directors</b>                               | Sean Finlay<br>Chris Eadie<br>Haresh Kanabar<br>Mark Jones             | Non-Executive Chairman<br>Chief Executive Officer<br>Non-Executive Director<br>Non-Executive Director |
| <b>Company Secretary and Registered Office</b> | Haresh Kanabar<br>22 Great James Street<br>London<br>WC1N 3ES          |   |
| <b>Company Number</b>                          | 5059457  |   |
| <b>Nominated Adviser and Broker</b>            | Fairfax I.S. PLC<br>46 Berkeley Square<br>Mayfair<br>London<br>W1J 5AT |   |
| <b>Auditors</b>                                | BDO LLP<br>55 Baker Street<br>London<br>W1U 7EU                        |   |
| <b>Solicitors</b>                              | Lawrence Graham LLP<br>4 More London Riverside<br>London<br>SE1 2AU    |   |
| <b>Website</b>                                 | <a href="http://www.aurummining.net">www.aurummining.net</a>           |   |

# Review of activities

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for the year ended 31 March 2011

The last twelve months have been a period of intense activity and sustained progress for the Company. During the year, Aurum has undergone radical transformation and the Company is now well positioned to fulfill on its investing strategy as approved by the Company's Shareholders in November 2009.

It is the Company's intention to take advantage of and exploit some of the convincing mining opportunities that are available in the market and the Board feels that the Company now has sufficient funding, a supportive shareholder base and the appropriate personnel and adviser team to ensure the Company's strategy is delivered.

## Background

In December 2009, on the completion of the disposal of the Andash asset in Kyrgyzstan, Aurum became an investing company pursuant to the AIM Rules for Companies. This meant that the Company had 12 months in which to execute an appropriate transaction in order to ensure its shares continued to trade on AIM.

However, it became apparent during the summer of 2010 that certain of the Company's then major shareholders were in favour of a return of a significant proportion of the Company's cash to Shareholders. The Board subsequently agreed to return £7.72m to Shareholders in late 2010. Due to the fact that the Directors were concentrating their efforts on the return of cash to shareholders, the Company was unable to execute an appropriate transaction within the 12 month time limit and trading in its ordinary shares on AIM was suspended on 23 December 2010.

With the return of cash completed at the end of December 2010, the key objective for the Company was to restructure the shareholder register and to bring on board investors who were committed to the growth and development of Aurum. In this respect, the Company was extremely fortuitous in that a number of key new investors, who could see the potential of Aurum as an investment vehicle, were able to acquire significant shareholdings in the Company. With this new supportive shareholder base the Board was able to look forward with confidence.

With the Company's shares suspended from trading on AIM, the Board was focused on completing a transaction which would qualify for the restoration of trading of its shares and provide a springboard for the future development of the Company.

The Board was therefore delighted to announce in March 2011, that it had entered into a joint venture agreement with Ormonde Mining plc ("Ormonde") under which Aurum will partner with Ormonde in gold exploration over four permit areas in northwest Spain, which are considered by the Board to be highly prospective for gold. Under the terms of the joint venture agreement with Ormonde, Aurum has committed to expend Euros 500,000 on exploration work over an eighteen month period across the four permit areas in return for 60% of Ormonde's interest in these permit areas.

Following the completion of the joint venture agreement with Ormonde, trading in the ordinary shares of the Company on AIM was restored on 14 March 2011.

The Aurum Board is excited about the opportunity these permit areas represent and looks forward to working alongside Ormonde over the next eighteen months and beyond. The first tranche of Aurum's investment into the joint venture has now taken place and drilling work on one of the permit areas has already begun with results of the drilling expected at some point over the summer months.

# Review of activities

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continued

## Equity fundraising

With the Ormonde transaction completed, Aurum's admission to trading on AIM protected and the Company's strategic direction clarified, the Board felt it appropriate to complete an equity fundraising to strengthen the Company's balance sheet and to give the Company sufficient funds to appraise projects and to complete transactions.

Key to the completion of an equity fundraising was the need to appoint a new broker who was fully supportive of the Aurum Board and strategy and who could assist the Company in identifying potential acquisitions. At the end of March 2011, the Board appointed Fairfax I.S. PLC ("Fairfax") as broker and nominated adviser to the Company and immediately set about the equity fundraising. In April 2011, the Board announced that it had successfully raised £2m (before expenses) by way of an equity issue. The equity fundraising was approved by Shareholders at a general meeting. The Board would like to thank existing Shareholders for their support and extend a very warm welcome to all the new Shareholders of the Company.

## Next steps

The Board is now fully focused on identifying and completing an acquisition or acquisitions that will ensure the long term future of the Company and create shareholder value.

The Board is currently looking at a number of exciting opportunities across a wide range of geographies and commodities and looks forward to updating the market when a suitable acquisition is identified and the transaction completed.

As outlined in the circular published by the Company on 6 April 2011, the Board has set itself a target of completing a substantial transaction by the end of calendar year.

In the meantime, the Board very much hopes that it will be able to deliver some news from the ongoing exploration work being carried out by the Company's Spanish joint venture with Ormonde.

## Key financials

For the year to 31 March 2011, the Group reported a loss of \$3.4m compared to a loss of \$1.0m in 2010.

Gross cash at the end of May 2011 was circa £2.5m.

During this year of transition, cash management and cost control have remained key priorities for the Company.

## Corporate

Following the return of cash in December 2010 and the subsequent efforts to reduce costs, Mark Jones stepped down as Chief Executive Officer in order to pursue other business opportunities. However, given Mark's substantial expertise, the Company was pleased that he remained on the Board as a non-executive Director. Chris Eadie replaced Mark Jones as Chief Executive Officer.

Dr Colin Knight stepped down from the Board with effect from 1 January 2011. The Board would like to thank Colin for his tremendous efforts and commitment towards Aurum over the last few years.

We would also like to thank our staff for their unwavering effort and determination during the last twelve months and the Company's advisers and consultants for their support.

**Sean Finlay**  
Chairman

**Chris Eadie**  
Chief Executive Officer

8 June 2011

# Report of the Directors

for the year ended 31 March 2011

The Directors present their report together with the audited financial statements for the year ended 31 March 2011.

## Principal activity

Following the completion of the disposal of the Andash asset in December 2009, the Company became an 'investing company' pursuant to Rule 15 of the AIM Rules for Companies.

The Company's investment strategy is to acquire mining assets either by taking outright control or through partnering arrangements.

Prior to the disposal of the Andash asset the Group operated mining assets in Kyrgyzstan.

On 14 March 2011 the Company announced that it had entered into a joint venture agreement with Ormonde under which Aurum will partner with Ormonde in gold exploration over four permit areas in northwest Spain.

## Business review and future developments

Further details of the Group's business and expected future developments are outlined in the Review of activities report on pages 3 and 4.

## Results and dividends

The audited financial statements for the year ended 31 March 2011 are presented on pages 14 to 41. The Directors do not recommend payment of a dividend for the year (2010: £nil).

## Principal risks and uncertainties

At the present time, there is strong competition within the mining industry for the identification and acquisition of appropriate assets. The Company competes with other exploration and production companies for these assets, some of which have greater financial resources than the Company, for the acquisition of properties, leases and other interests. The challenge for management is to secure appropriate assets without having to overpay for them.

## Key performance indicators (KPIs)

The Company is currently an investing company, with an intention of becoming a resource development or exploration entity in due course. Consequently, the key performance indicators for the Company will be linked to the specific projects acquired and the increase in overall enterprise value of the Company.

The key performance indicators of the Group are as follows:

|                               | 2011      | 2010      |
|-------------------------------|-----------|-----------|
| Loss per share                | \$(7.09c) | \$(2.00c) |
| Share price at 31 March       | 4.0p      | 13.9p     |
| Cash at bank                  | \$1.2m    | \$14.6m   |
| Cash returned to shareholders | \$12.1m   | \$23.7m   |

# Report of the Directors

continued

## Directors and Directors' interests

The Directors of the Company during the year and their beneficial interests in the ordinary shares of the Company for the year were as follows:

|                                    | Number of<br>shares held at<br>31 March 2011 | Number of<br>shares held at<br>31 March 2010 |
|------------------------------------|--|--|
| S Finlay                           | 332,721                                      | 312,721                                      |
| M Jones                            | 2,413,612                                    | 313,612                                      |
| H Kanabar                          | 175,000                                      | 175,000                                      |
| C Knight (resigned 1 January 2011) | –  | –  |
| C Eadie                            | 500,000                                      | –  |

The Directors' interests in the share options and warrants of the Company at 31 March 2011 are as follows:

|                 | Options at<br>1 April<br>2010 | Options<br>granted<br>during<br>the year | Options<br>exercised<br>during<br>the year | Options at<br>31 March<br>2011 | Exercise<br>Price | Date of<br>grant | First<br>date of<br>exercise | Final<br>date of<br>exercise |
|-----------------|-------------------------------|--|--|--------------------------------|-------------------|------------------|------------------------------|------------------------------|
| <b>Options</b>  |                               |  |  |                                |                   |                  |                              |                              |
| M Jones         | 1,000,000                     | –  | (1,000,000)                                | –                              | 8p                | 23/02/06         | 23/02/06                     | 23/02/11                     |
| M Jones         | 250,000                       | –  | (250,000)                                  | –                              | 8p                | 23/02/06         | 05/09/06                     | 05/09/11                     |
| M Jones         | 250,000                       | –  | (250,000)                                  | –                              | 8p                | 23/02/06         | 20/12/06                     | 20/12/11                     |
| M Jones         | 500,000                       | –  | (500,000)                                  | –                              | 8p                | 23/02/06         | 30/09/08                     | 30/09/13                     |
| C Eadie         | 150,000                       | –  | (150,000)                                  | –                              | 14p               | 17/11/06         | 08/12/06                     | 08/12/11                     |
| C Eadie         | 150,000                       | –  | (150,000)                                  | –                              | 14p               | 17/11/06         | 28/02/07                     | 28/02/12                     |
| C Eadie         | 200,000                       | –  | (200,000)                                  | –                              | 14p               | 17/11/06         | 30/09/08                     | 30/09/13                     |
| <b>Warrants</b> |                               |  |  |                                |                   |                  |                              |                              |
| S Finlay        | 20,000                        | –  | (20,000)                                   | –                              | 6p                | 15/02/06         | 15/02/06                     | 15/02/16                     |
| M Jones         | 100,000                       | –  | (100,000)                                  | –                              | 6p                | 15/02/06         | 15/02/06                     | 15/02/16                     |

These were no new options granted to Directors during the year. All outstanding options and warrants were exercised during the year by the Directors.

On 10 November 2010, 100,000 ordinary shares of 1p were allotted to Mark Jones following the exercise of warrants at 6p per share.

On 10 November 2010, 20,000 ordinary shares of 1p were allotted to Sean Finlay following the exercise of warrants at 6p per share.

On 26 November 2010, 2,000,000 ordinary shares of 1p were allotted to Mark Jones following the exercise of share options at 8p per share. This resulted in an unrealised profit on the date of exercise of \$280,998 (2010: \$nil).

On 26 November 2010, 500,000 ordinary shares of 1p were allotted to Chris Eadie following the exercise of share options at 14p per share. This resulted in an unrealised profit on the date of exercise of \$23,417 (2010: \$nil).

On 6 April 2011 further incentive stock options were granted to the Directors of the Company following the successful completion of the placing – refer to Note 22 for further information.

# Report of the Directors

continued

## Directors and Directors' interests (continued)

The remuneration of Directors during the year was as follows:

|                                | Directors'<br>emoluments<br>2011<br>\$ | Pension<br>costs<br>2011<br>\$ | Total<br>2011<br>\$ | Total<br>2010<br>\$ |
|--------------------------------|--|--------------------------------|---------------------|---------------------|
| <b>Executive Directors</b>     |  |                                |                     |                     |
| C Eadie                        | 347,776                                | 12,847                         | 360,623             | 374,563             |
| <b>Non-Executive Directors</b> |  |                                |                     |                     |
| M Jones                        | 728,645                                | –                              | 728,645             | 702,459             |
| S Finlay                       | 70,135                                 | –                              | 70,135              | 120,327             |
| H Kanabar                      | 60,212                                 | –                              | 60,212              | 102,240             |
| C Knight                       | 53,983                                 | –                              | 53,983              | 93,443              |
|                                | 1,260,751                              | 12,847                         | 1,273,598           | 1,393,032           |

## Creditor payment policy

The Group has no formal code or standard that deals specifically with the payment of creditors. However, the Group's policy on the payment of all creditors is to ensure that the terms of payment, as specified and agreed with the creditor, are not exceeded. Trade creditors as at 31 March 2011 represents 9 days (2010: 18 days) as a proportion of the total amount invoiced by creditors during the year ended on that date.

## Donations

The Group made no charitable donations during the period (2010: \$nil).

No charitable or political donations were made by the Company during the period (2010: \$nil).

## Going concern

The financial statements have been prepared on a going concern basis. The Group intends to continue to operate within its cash resources.

## Events after the reporting date

For details on events after the reporting date see note 22 for further information.

## Financial instruments

Details of the use of financial instruments by the Company and its subsidiary undertakings are contained in note 19 of the financial statements.

## Disclosure of information to auditors

So far as each Director at the date of approval of this report is aware, there is no relevant audit information on which the Company's auditors are unaware and each Director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.



# Report of the Directors

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continued

## **Annual General Meeting**

The Company proposes to convene the Annual General Meeting for 12 noon on 8 July 2011 at the offices of Lawrence Graham LLP, 4 More London Riverside, London SE1 2AU.

The special business to be proposed at the Annual General Meeting relates to the following matters:

### **Resolution 5**

The current authority of the Directors to issue shares will expire at the Company's 2011 Annual General Meeting. Resolution 5, which is proposed as an Ordinary Resolution, is to provide the Directors with authority to issue new ordinary shares up to an aggregate nominal value of £393,866.47 representing approximately 33 per cent. of the current issued share capital of the Company. This authority will expire on the date of the next Annual General Meeting of the Company or 15 months after the passing of the resolution, whichever is the earlier.

### **Resolution 6**

The current authority of the Directors to allot shares on a non pre-emptive basis will expire at the Company's 2011 Annual General Meeting. Resolution 6, which is proposed as a Special Resolution, is to approve a disapplication of statutory pre-emption rights in respect of the issue of new ordinary shares or sale of treasury shares for cash up to an aggregate nominal value of £236,319.89 representing approximately 20 per cent. of the current issued share capital of the Company. The Directors have no current intention to issue shares pursuant to this authority but consider that it is prudent to have this authority so as to be able to act at short notice if circumstances change. This authority will expire on the date of the next Annual General Meeting of the Company or 15 months after the passing of the resolution, whichever is the earlier.

### **Resolution 7**

Resolution 7, which is proposed as a Special Resolution, is to authorise the Company to purchase up to 17,723,991 ordinary shares in the market, representing 14.99 per cent. of the current issued ordinary share capital of the Company, at a price not less than the nominal value of the ordinary shares and not more than 5 per cent. above the average of the middle market quotations of the Company's ordinary shares derived from the London Stock Exchange Daily Official List for the five business days before the purchase is made.

The Company may either cancel any shares that it purchases under this authority or transfer them into treasury (and subsequently sell or transfer them out of treasury or cancel them). This authority will expire on the date of the next Annual General Meeting of the Company or 15 months after the passing of the resolution, whichever is the earlier. The Directors have no present intention of making such purchases, but consider that it is prudent to have this authority so as to be able to act at short notice if circumstances change. The authority would, however, only be exercised if the Directors believe that to do so would be in the best interests of shareholders generally.

# Report of the Directors

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continued

## **Auditors**

The current senior statutory auditor has acted in the capacity for 7 years, the Ethical Standards set a maximum of 5 years before rotation unless the audit committee decides that serving additional years is necessary to safeguard audit quality whilst the Company goes through a period of change. In light of the recently completed strategy to return surplus cash to shareholders the audit committee are of the view that retention of the senior statutory auditor whilst this strategy is implemented will safeguard audit quality.

BDO LLP have expressed their willingness to continue in office as auditors, and a resolution to reappoint them will be proposed at the Annual General Meeting.

By order of the Board

**Chris Eadie**  
Chief Executive Officer

8 June 2011

# Corporate governance statement

for the year ended 31 March 2011

The Company, being listed on AIM, is not required to comply with The Combined Code on Corporate Governance ("the code"). However the Company has given consideration to the provisions set out in Section 1 of the Code. The Directors support the objectives of the Code and intend to comply with those aspects that they consider relevant to the Group's size and circumstances. Details of these are set out below. A statement of the Directors' responsibilities in respect of the financial statements is set out on page 11. Below is a brief description of the role of the Board and its committees, including a statement regarding the Group's system of internal financial control.

## The Board of Directors

The Board currently comprises one executive and three non-executive Directors.

The Board meets approximately every one to two months and is responsible, inter alia, for setting and monitoring Group strategy, reviewing trading performance, ensuring adequate funding, examining major acquisition opportunities, formulating policy on key issues and reporting to the shareholders.

## Internal Financial Control

The Board is responsible for establishing and maintaining the Group's system of internal financial controls. Internal financial control systems are designed to meet the particular needs of the Group and the risk to which it is exposed, and by its very nature can provide reasonable, but not absolute, assurance against material misstatement or loss.

The Directors are conscious of the need to keep effective internal financial control. Due to the relatively small size of the Group's operations, the Directors are very closely involved in the day-to-day running of the business and as such have less need for a detailed formal system of internal financial control. The Directors have reviewed the effectiveness of the procedures presently in place and consider that they are appropriate to the nature and scale of the operations of the Group.

## The Audit Committee

An Audit Committee has been established which comprises two Non-Executive Directors – Sean Finlay (who chairs the Committee) and Haresh Kanabar. The Committee is responsible for ensuring that the financial performance of the Group is properly reported on and monitored, and for meeting the auditors and reviewing the reports from the auditors relating to accounts and internal controls. The Committee also reviews the Group's annual and interim financial statements before submission to the Board for approval. The role of the audit Committee is also to consider the appointment of the auditors, audit fees, scope of audit work and any resultant findings.

## The Remuneration Committee

The Remuneration Committee comprises two non-executive Directors – Haresh Kanabar (who chairs the Committee) and Sean Finlay. It is responsible for reviewing the performance of the executive Directors and for setting the scale and structure of their remuneration, paying due regard to the interests of Shareholders as a whole and the performance of the Group. The remuneration of the Chairman and the non-executive Directors is determined by the Board as a whole, based on a review of the current practices in other companies.

In order to facilitate the return of cash to Shareholders in 2010, and following consultation with the Company's advisers, the Remuneration Committee deemed it necessary to vary certain key terms in the employee contracts which included the removal of the contractual notice periods from Directors contracts.

Following consultation with the Company's major Shareholder, and to appropriately incentivise and retain Directors to ensure the Board is appropriately structured to deliver on its strategy and objectives, the Remuneration Committee re-instated the notice periods in the Directors contracts from 28 March 2011.

## The Nomination Committee

The Nomination Committee comprises two non-executive Directors – Sean Finlay (who chairs the Committee) and Haresh Kanabar. The Committee is responsible for reviewing the size, structure and composition of the Board of Directors, succession planning and identifying and monitoring candidates for all Board vacancies.

# Statement of Directors' responsibilities

for the year ended 31 March 2011

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the AIM.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 requirements of the Companies Act 2006. 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.

## Website publication

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

# Report of the independent auditors

## To the members of Aurum Mining Plc

We have audited the financial statements of Aurum Mining Plc for the year ended 31 March 2011 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

As explained more fully in the statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 March 2011 and of the group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Report of the independent auditors

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continued

## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Scott Knight** (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor

London

United Kingdom

8 June 2011

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Consolidated income statement

for the year ended 31 March 2011

|   | Notes  | 2011<br>\$'000 | 2010<br>\$'000 |
|---|--------|----------------|----------------|
| Impairment of available for sale investment                               | 11, 16 | (1,250)        | –              |
| Other administrative expenses   |        | (1,910)        | (2,428)        |
| <b>Operating loss</b>   | 4      | (3,160)        | (2,428)        |
| Finance income  | 7      | 26             | 739            |
| Finance expenses  | 7      | (285)          | –              |
| <b>Loss for the year before taxation</b>                                  |        | (3,419)        | (1,689)        |
| <b>Taxation</b>   | 8      | –              | –              |
| <b>Loss for the year from continuing operations</b>                       |        | (3,419)        | (1,689)        |
| <b>Profit for the year from discontinued operations</b>                   | 3      | –              | 726            |
| <b>Loss attributable to the equity shareholders of the parent company</b> |        | (3,419)        | (963)          |
| <b>Loss per share expressed in US cents per share</b>                     |        |                |                |
| <b>From continuing operations</b>   |        |                |                |
| Basic and Diluted   | 9      | (7.09c)        | (3.51c)        |
| <b>From discontinued operations</b>                                       |        |                |                |
| Basic and Diluted   | 9      | –              | 1.51c          |
| <b>Total operations</b>   |        |                |                |
| Basic and Diluted   | 9      | (7.09c)        | (2.00c)        |

The notes on pages 20 to 41 form part of these financial statements.

# Consolidated statement of comprehensive income

for the year ended 31 March 2011

|  | 2011<br>\$'000 | 2010<br>\$'000 |
|--|----------------|----------------|
| <b>Loss after taxation for the financial year</b>  | (3,419)        | (963)          |
| Other comprehensive income:  |                |                |
| Exchange translation differences on consolidation of Group entities                              | 572            | (28)           |
| <b>Other comprehensive income</b>  | 572            | (28)           |
| <b>Total comprehensive expense attributable to the equity shareholders of the parent company</b> | (2,847)        | (991)          |

The notes on pages 20 to 41 form part of these financial statements.



# Consolidated and Company statement of financial position

as at 31 March 2011

|   | Notes | Group          |                | Company        |                |
|---|-------|----------------|----------------|----------------|----------------|
|   |       | 2011<br>\$'000 | 2010<br>\$'000 | 2011<br>\$'000 | 2010<br>\$'000 |
| <b>Assets</b>   |       |                |                |                |                |
| <b>Non-current assets</b>   |       |                |                |                |                |
| Available for sale financial asset  | 11    | –              | 1,250          | –              | –              |
| Property, plant and equipment   | 10    | 4              | 11             | 4              | 11             |
| Amounts owed by subsidiaries  | 13    | –              | –              | –              | 1,242          |
| <b>Total non-current assets</b>   |       | 4              | 1,261          | 4              | 1,253          |
| <b>Current assets</b>   |       |                |                |                |                |
| Receivables   | 14    | 98             | 280            | 98             | 279            |
| Cash and cash equivalents   | 19    | 1,173          | 14,584         | 1,173          | 14,579         |
| <b>Total current assets</b>   |       | 1,271          | 14,864         | 1,271          | 14,858         |
| <b>Total assets</b>   |       | 1,275          | 16,125         | 1,275          | 16,111         |
| <b>Liabilities</b>  |       |                |                |                |                |
| <b>Current liabilities</b>  |       |                |                |                |                |
| Trade and other payables  | 15    | 180            | 503            | 180            | 491            |
| <b>Total current liabilities</b>  |       | 180            | 503            | 180            | 491            |
| <b>Total liabilities</b>  |       | 180            | 503            | 180            | 491            |
| <b>Net assets</b>   |       | 1,095          | 15,622         | 1,095          | 15,620         |
| <b>Capital and reserves attributable to the equity holders of the company</b> |       |                |                |                |                |
| Share capital   | 17    | 973            | 921            | 973            | 921            |
| Share premium account   |       | 29,227         | 40,609         | 29,227         | 40,609         |
| Merger reserve  |       | 5,816          | 5,816          | 5,816          | 5,816          |
| Presentational currency translation reserve                                   |       | (12,923)       | (13,495)       | (12,960)       | (13,493)       |
| Warrant reserve   |       | –              | 350            | –              | 350            |
| Retained earnings   |       | (21,998)       | (18,579)       | (21,961)       | (18,583)       |
| <b>Total equity</b>   |       | 1,095          | 15,622         | 1,095          | 15,620         |

The financial statements were approved by the Board of Directors and authorised for issue on 8 June 2011. They were signed on its behalf by:

**Chris Eadie**  
Chief Executive Officer

Company number: 5059457

The notes on pages 20 to 41 form part of these financial statements.

# Consolidated statement of changes in equity

for the year ended 31 March 2011

|  | Share capital<br>\$'000 | Share premium<br>\$'000 | Merger reserve<br>\$'000 | Present-<br>ational<br>currency<br>translation<br>reserve<br>\$'000 | Warrant<br>reserve<br>\$'000 | Retained<br>earnings<br>\$'000 | Total<br>equity<br>\$'000 |
|--|-------------------------|-------------------------|--------------------------|---|------------------------------|--------------------------------|---------------------------|
| At 1 April 2009  | 921                     | 64,295                  | 5,816                    | (13,467)  | 350                          | (17,665)                       | 40,250                    |
| Total comprehensive<br>expense for the year            | –                       | –                       | –                        | (28)  | –                            | (963)                          | (991)                     |
| Issue of B shares<br>(see note 17)                     | 23,686                  | (23,686)                | –                        | –   | –                            | –                              | –                         |
| Capital repayments<br>to shareholders<br>(see note 17) | (23,686)                | –                       | –                        | –   | –                            | –                              | (23,686)                  |
| Share based payments                                   | –                       | –                       | –                        | –   | –                            | 49                             | 49                        |
| <b>At 31 March 2010</b>                                | <b>921</b>              | <b>40,609</b>           | <b>5,816</b>             | <b>(13,495)</b>   | <b>350</b>                   | <b>(18,579)</b>                | <b>15,622</b>             |
| Total comprehensive<br>expense for the year            | –                       | –                       | –                        | 572   | –                            | (3,419)                        | (2,847)                   |
| Conversion of warrants                                 | 13                      | 414                     | –                        | –   | (350)                        | –                              | 77                        |
| Exercise of share options                              | 39                      | 320                     | –                        | –   | –                            | –                              | 359                       |
| Issue of B shares<br>(see note 17)                     | 12,116                  | (12,116)                | –                        | –   | –                            | –                              | –                         |
| Capital repayments<br>to shareholders<br>(see note 17) | (12,116)                | –                       | –                        | –   | –                            | –                              | (12,116)                  |
| <b>At 31 March 2011</b>                                | <b>973</b>              | <b>29,227</b>           | <b>5,816</b>             | <b>(12,923)</b>   | <b>–</b>                     | <b>(21,998)</b>                | <b>1,095</b>              |

The notes on pages 20 to 41 form part of these financial statements.

# Company statement of changes in equity

for the year ended 31 March 2011

|  | Share capital<br>\$'000 | Share premium<br>\$'000 | Merger reserve<br>\$'000 | Presentational<br>currency<br>translation<br>reserve<br>\$'000 | Warrant<br>reserve<br>\$'000 | Retained<br>earnings<br>\$'000 | Total<br>equity<br>\$'000 |
|--|-------------------------|-------------------------|--------------------------|--|------------------------------|--------------------------------|---------------------------|
| At 1 April 2009  | 921                     | 64,295                  | 5,816                    | (15,545)   | 350                          | (15,665)                       | 40,172                    |
| Total comprehensive<br>expense for the year            | –                       | –                       | –                        | 2,052  | –                            | (2,967)                        | (915)                     |
| Issue of B shares<br>(see note 17)                     | 23,686                  | (23,686)                | –                        | –  | –                            | –                              | –                         |
| Capital repayments<br>to shareholders<br>(see note 17) | (23,686)                | –                       | –                        | –  | –                            | –                              | (23,686)                  |
| Share based payments                                   | –                       | –                       | –                        | –  | –                            | 49                             | 49                        |
| <b>At 31 March 2010</b>                                | <b>921</b>              | <b>40,609</b>           | <b>5,816</b>             | <b>(13,493)</b>  | <b>350</b>                   | <b>(18,583)</b>                | <b>15,620</b>             |
| Total comprehensive<br>expense for the year            | –                       | –                       | –                        | 533  | –                            | (3,378)                        | (2,845)                   |
| Conversion of warrants                                 | 13                      | 414                     | –                        | –  | (350)                        | –                              | 77                        |
| Exercise of share options                              | 39                      | 320                     | –                        | –  | –                            | –                              | 359                       |
| Issue of B shares<br>(see note 17)                     | 12,116                  | (12,116)                | –                        | –  | –                            | –                              | –                         |
| Capital repayments<br>to shareholders<br>(see note 18) | (12,116)                | –                       | –                        | –  | –                            | –                              | (12,116)                  |
| <b>At 31 March 2011</b>                                | <b>973</b>              | <b>29,227</b>           | <b>5,816</b>             | <b>(12,960)</b>  | <b>–</b>                     | <b>(21,961)</b>                | <b>1,095</b>              |

The following describes the nature and purpose of each reserve within owners' equity.

| Reserve                                     | Description and purpose  |
|---|--|
| Share premium                               | Amounts subscribed for share capital in excess of nominal value.   |
| Merger reserve                              | Merger relief reserve for amount in excess of nominal value on issue of shares in relation to business combinations. |
| Warrant reserve                             | Fair value of the warrants issued as part of compound financial instruments.   |
| Presentational currency translation reserve | Gains/losses arising on retranslating the net assets of Group operations into US Dollars.                            |
| Retained earnings                           | Cumulative net gains and losses recognised in the income statement less distributions made.                          |

The Company has taken advantage of the exemption provided under Section 408 of the Companies Act 2006 not to publish its individual income statement, statement of comprehensive income and related notes. The Company's loss for the year was \$3,378k (2010: loss of \$2,967k).

The notes on pages 20 to 41 form part of these financial statements.

# Consolidated and Company statements of cash flows

for the year ended 31 March 2011

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2011<br>\$'000 | 2010<br>\$'000 | 2011<br>\$'000 | 2010<br>\$'000 |
| <b>Cash flows from operating activities</b>                                  |                |                |                |                |
| Loss for the year before tax   | (3,419)        | (963)          | (3,378)        | (2,967)        |
| Adjustments for:   |                |                |                |                |
| Depreciation of property, plant and equipment                                | 7              | 10             | 7              | 10             |
| Finance income   | (26)           | (739)          | (26)           | (739)          |
| Finance expense  | 285            | –              | 285            | –              |
| (Profit)/loss on sale of discontinued operations                             | –              | (1,489)        | –              | 1,255          |
| Impairment losses  | 1,250          | –              | 1,242          | 48             |
| Share based payments   | –              | 49             | –              | 49             |
| <b>Cash flow from operating activities before changes in working capital</b> | (1,903)        | (3,132)        | (1,870)        | (2,344)        |
| Decrease in trade and other receivables                                      | 182            | 671            | 181            | 516            |
| Increase/(decrease) in trade and other payables                              | (323)          | 101            | (311)          | 281            |
| <b>Net cash flow used in operating activities</b>                            | (2,044)        | (2,360)        | (2,000)        | (1,547)        |
| <b>Investing activities</b>  |                |                |                |                |
| Purchase of property, plant and equipment                                    | –              | (26)           | –              | (4)            |
| Disposal of discontinued operations, net of cash disposed of                 | –              | 1,473          | –              | 1,473          |
| Purchase of available for sale financial asset                               | –              | (1,250)        | –              | –              |
| Interest income  | 26             | 5              | 26             | 5              |
| <b>Net cash flow from investing activities</b>                               | 26             | 202            | 26             | 1,474          |
| <b>Financing activities</b>  |                |                |                |                |
| Capital repayments to shareholders   | (12,116)       | (23,686)       | (12,116)       | (23,686)       |
| Increase in loans to subsidiaries  | –              | –              | (33)           | (1,993)        |
| Proceeds from conversion of warrants   | 77             | –              | 77             | –              |
| Proceeds from issue of share capital   | 359            | –              | 359            | –              |
| Repayment of loan  | –              | 13,500         | –              | 13,500         |
| <b>Net cash flow used in financing activities</b>                            | (11,680)       | (10,186)       | (11,713)       | (12,179)       |
| <b>Net decrease in cash and cash equivalents</b>                             | (13,698)       | (12,344)       | (13,689)       | (12,252)       |
| <b>Cash and cash equivalents at the beginning of the year</b>                | 14,584         | 25,680         | 14,579         | 25,620         |
| Effect of exchange rate changes on cash and cash equivalents                 | 287            | 1,248          | 283            | 1,211          |
| <b>Cash and cash equivalents at the end of the year</b>                      | 1,173          | 14,584         | 1,173          | 14,579         |

The notes on pages 20 to 41 form part of these financial statements.

# Notes to the financial statements

for the year ended 31 March 2011

## 1 Accounting policies

The Company is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is 22 Great James Street, London, WC1N 3ES. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### Basis of preparation

These financial statements for the year ended 31 March 2011 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). These financial statements have been prepared on the historic cost basis.

The Group financial statements are presented in United States Dollars, and all values are rounded to the nearest thousand Dollars (\$'000) except when otherwise indicated. The functional currencies of the individual Group companies are:

| Company                      | Functional currency                |
|------------------------------|------------------------------------|
| Aurum Mining Plc             | Great Britain Pound Sterling (GBP) |
| Aurum Mining Kazakhstan LLP  | Kazakh Tenge (KZT)                 |
| Tryden International Limited | US \$ (USD)                        |
| Aurum Mining KG              | Kyrgyz Som                         |

The exchange rate at 31 March 2011 was £:\$1.6030 and the average rate for the year was £:\$1.5572.

### Accounting standards issued but not adopted

The IFRS financial information has been drawn up on the basis of accounting policies consistent with those applied in the financial statements for the year to 31 March 2011. The following standards, interpretations and amendments to existing standards have been adopted for the first time in 2010:

| International Accounting Standards (IAS/IFRS)  | Effective date              |
|--|-----------------------------|
| ● IAS 27 Amendment – Consolidated and Separate Financial Statements                            | 1 July 2009                 |
| ● IFRS 3 Revised – Business Combinations   | 1 July 2009                 |
| ● IAS 39 Amendment – Financial Instruments: Recognition and Measurement: Eligible Hedged Items | 1 July 2009                 |
| ● IFRS 2 Amendment – Group Cash-settled Share-based Payment Transactions                       | 1 January 2010              |
| ● IAS 39 Amendment – Embedded Derivative   | 1 January 2010              |
| ● 'Additional exemptions for first-time adopters' (Amendment to IFRS 1)                        | 1 January 2010              |
| ● Improvements to IFRSs (2009)   | Generally<br>1 January 2010 |
| ● IAS 32 Amendment – Classification of Right Issues  | 1 February 2010             |

| International Financial Reporting Interpretations (IFRIC)    | Effective date |
|--|----------------|
| ● IFRIC 17 Distributions of Non-cash Assets to Owners        | 1 January 2010 |
| ● IFRIC 18 Transfer of Assets from Customers                 | 1 January 2010 |
| ● IFRIC 9 Amendment – Embedded Derivative                    | 1 January 2010 |
| ● IFRIC 16 Hedges of a Net Investment in a Foreign Operation | 1 January 2010 |

The adoption of these standards, interpretations and amendments did not affect the Group results of operations or financial positions. The presentation of these financial statements incorporates changes arising from adoption of these standards, interpretations and amendments.

# Notes to the financial statements

continued

## 1 Accounting policies (continued)

### Accounting standards issued but not adopted (continued)

The IASB and IFRIC have issued the following standards and interpretations which are effective for reporting periods beginning after the date of these financial statements, and which the group is not early adopting:

| International Accounting Standards (IAS/IFRS) |  | Effective date |
|---|--|----------------|
| ● IFRS 1                                      | Amendment – First Time Adoption of IFRS                                  | 1 July 2010    |
| ● IAS 24                                      | Revised – Related Party Disclosures                                      | 1 January 2011 |
| ● IFRS 7*                                     | Amendment – Transfer of financial assets                                 | 1 July 2011    |
| ● IFRS 1*                                     | Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters | 1 July 2011    |
| ● Improvements to IFRSs (2010)*               |  | 1 January 2011 |
| ● IAS 12*                                     | Deferred Tax: Recovery of Underlying Assets                              | 1 January 2012 |
| ● IFRS 9*                                     | Financial instruments  | 1 January 2013 |
| ● IFRS 10*                                    | Consolidated Financial Statements  | 1 January 2013 |
| ● IFRS 11*                                    | Joint Arrangements   | 1 January 2013 |
| ● IFRS 12*                                    | Disclosure of Interests in Other Entities                                | 1 January 2013 |
| ● IFRS 13*                                    | Fair Value Measurement   | 1 January 2013 |
| ● IAS 27*                                     | Separate Financial Statements  | 1 January 2013 |
| ● IAS 28*                                     | Investments in Associates and Joint Ventures                             | 1 January 2013 |

  

| International Financial Reporting Interpretations (IFRIC) |   | Effective date |
|---|---|----------------|
| ● IFRIC 19  | Extinguishing Financial Liabilities with Equity Instruments | 1 July 2010    |
| ● IFRIC 14  | Amendment – IAS 19 Limit on a defined benefit asset         | 1 January 2011 |

\*Not yet endorsed by European Union.

The Group is evaluating the impact of the above pronouncements but they are not expected to be material to the Group's earnings or to shareholders' funds.

### Going concern

The financial statements have been prepared on a going concern basis. The Board consider that the Group has sufficient cash resources to enable it to meet its current commitments and pursue its strategy of delivering value from its residual assets.

### Accounting estimates and judgements

The Group makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may deviate from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

### Carrying values of PP&E

The Group monitors internal and external indicators of impairment relating to its property, plant and equipment.

# Notes to the financial statements

continued

## 1 Accounting policies (continued)

### Useful lives of property, plant and equipment

PP&E are amortised or depreciated over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Due to the long lives of certain assets, changes to the estimates used could result in significant variations in the carrying value.

### Income taxes

The Group is subject to income taxes in several jurisdictions and in other jurisdictions has significant carried forward tax losses. Significant judgement is required in determining provisions for income taxes and in determining deferred tax assets based on assessment of probability that taxable profits will be available against which carried forward losses can be utilised.

### Legal proceedings

In accordance with IFRS the Group only recognises a provision where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be estimated reliably. In instances where the criteria are not met, a contingent liability may be disclosed in the notes to the financial statements. Application of these accounting principles to legal cases requires the Group's management to make determinations about various factual and legal matters beyond its control. The Group reviews outstanding legal cases following developments in the legal proceedings and at each balance sheet date, in order to assess the need for provisions in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Group's management as to how it will respond to the litigation, claim or assessment.

### Foreign currency transactions

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at the fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined.

The income statements of individual Group companies with functional currencies other than US Dollars are translated into US Dollars at the rate approximating the rate ruling at the date of the transaction and the balance sheet translated at the rate of exchange ruling on the balance sheet date. Exchange differences which arise from retranslation of the opening net assets and results of such subsidiary undertakings are taken to reserves. On disposal of such entities, the deferred cumulative amount recognised in equity relating to that particular operation is recognised in the income statement.

### Basis of consolidation

The consolidated financial statements incorporate the results of Aurum Mining Plc and its subsidiaries as at 31 March 2011.

The subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. All intercompany balances and transactions, including unrealised profits arising from them, are eliminated.

# Notes to the financial statements

continued

## 1 Accounting policies (continued)

### Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

Share capital is translated into presentational currency using historical rates.

### Discontinued operations

The results of operations disposed during the year are included in the consolidated statement of comprehensive income up to the date of disposal.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that meets the criteria to be classified as held for sale.

Discontinued operations are presented in the consolidated statement of comprehensive income (including the comparative period) as a single line which comprises the post tax profit or loss of the discontinued operation and the post-tax gain or loss recognised on the re-measurement to fair value less costs to sell or on disposal of the assets/disposal groups constituting discontinued operations.

### Property, plant and equipment

Property, plant and equipment, is stated at cost less depreciation and impairment losses. Cost includes the purchase price plus any directly attributable costs to bring the asset into working condition and location for its intended use.

Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost of each asset over its useful life:

|                               |                      |
|-------------------------------|----------------------|
| Office and computer equipment | 20% to 33% per annum |
| Plant and equipment           | 20% to 33% per annum |
| Vehicles                      | 33% per annum        |

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

### Investments in subsidiaries

Investments in subsidiary undertakings are shown at cost less provisions for impairment. The cost of acquisition includes directly attributable professional fees and other expenses incurred in connection with the acquisition.

### Amounts owed by subsidiaries

Amounts owed by subsidiaries to the Company are treated as receivables in the Company. Refer to the receivables accounting policy for further details.

### Operating leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged to the income statement on a straight line basis over the term of the lease.



# Notes to the financial statements

continued

## 1 Accounting policies (continued)

### Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

A previously recognised impairment loss is reversed only if permitted by International Financial Reporting Standards and if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit and loss. After such a reversal the depreciation or amortisation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### Financial instruments

Financial assets and financial liabilities are recognised in the group's balance sheet when the group becomes a party to the contractual provisions of the instrument.

### Fair value of financial instruments

The Group determines the fair value of financial instruments that are not quoted, based on estimates using present values or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Where market prices are not readily available, fair value is either based on estimates obtained from independent experts or quoted market prices of comparable instruments. In that regard, the derived fair value estimates cannot be substantiated by comparison with independent markets and, in many cases, could not be realised immediately.

### Financial assets

The Group's financial assets fall into two categories, loans and receivables and available for sale financial assets which are discussed below. The Group does not have any held to maturity or fair value through profit or loss financial assets.

### Loans and receivables

Receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

# Notes to the financial statements

continued

## 1 Accounting policies (continued)

### Available for sale financial assets

These comprise of the Group's investments in entities not qualifying as subsidiaries, associate or jointly controlled entities. They are carried at fair value with changes in fair value recognised directly in equity and other comprehensive income. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in the income statement. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be readily measured are measured at cost.

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments with less than three months original maturity that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

### Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities fall into one category, financial liabilities held at amortised cost, which is discussed below.

### Financial liabilities held at amortised cost

Financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

### Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

### Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

### Finance income and expense

Finance income comprises interest income on funds invested and foreign exchange gains. Interest income is recognised as it accrues, calculated in accordance with the effective interest rate method.

Finance costs comprise interest expense on borrowings, the accumulation of interest on provisions and foreign exchange losses. All interest and other costs incurred in connection with borrowings are expensed as incurred as part of finance costs, using the effective interest rate method.

# Notes to the financial statements

continued

## 1 Accounting policies (continued)

### Income taxes

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affect neither accounting nor taxable profit or loss; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or losses can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited directly to equity if it relates to items that are credited or charge to equity. Otherwise income tax is recognised in the income statement.

### National Insurance on share options

To the extent that the share price as at the balance sheet date is greater than the exercise price of outstanding options, provision for any National Insurance contributions has been made based on the prevailing rate. The provision is accrued over the performance period attaching to the award.

### Pension contribution

The Group does not enter into any pension scheme arrangements. The Group does make payments in lieu of pensions for certain individuals; these costs are expensed as incurred.

### Share-based payments

In order to calculate the charge for share-based payments as required by IFRS2, the Group makes estimates principally relating to assumptions used in its option-pricing model as set out in note 18.

The cost of equity-settled transactions with suppliers of goods and services is measured by reference to the fair value of the good or service received, unless that fair value cannot be estimated reliably. The fair value of the good or service received is recognised as an expense as the Group receives the good or service. The cost of equity-settled transactions with employees, and transactions with suppliers where fair value cannot be estimated reliably, is measured by reference to the fair value of the equity instrument. The fair value of equity-settled transactions with employees is recognised as an expense over the vesting period. The fair value of the equity instrument is determined at the date of grant, taking into account market based vesting conditions. The fair value is determined using an option pricing model.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, the number of equity instruments that will ultimately vest, or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

# Notes to the financial statements

continued

## 2 Segmental information

In the current year the Group had one reportable segment: Corporate and Investment. In the prior year the Group had two reportable segments: Corporate and Investment and Mining.

**Corporate and Investment** – The heads office activities of the Group and all non-current assets allocated to corporate activities in the United Kingdom.

**Mining** – The mining, production and exploration of gold and other precious metals and all non-current assets allocated to mining activities in the Kyrgyz Republic.

The operating results of these segments are regularly reviewed by the Group's chief operating decision makers in order to make decisions about the allocation of resources and access their performance.

The accounting policies of these segments are in line with those described in note 1.

The segment results as follows:

|                                 | Corporate<br>and<br>investment<br>\$'000 | Group<br>\$'000 |
|---------------------------------|--|-----------------|
| <b>Year ended 31 March 2011</b> |  |                 |
| Operating expenses              | (3,160)                                  | (3,160)         |
| Segment result                  | (3,160)                                  | (3,160)         |
| Finance income                  |  | 26              |
| Finance expenses                |  | (285)           |
| Loss for the year               |  | <u>(3,419)</u>  |

|   | Corporate<br>and<br>investment<br>\$'000 | Mining<br>\$'000 | Group<br>\$'000 |
|---|--|------------------|-----------------|
| <b>Year ended 31 March 2010</b>           |  |                  |                 |
| Profit on sale of discontinued operations | –  | 1,489            | 1,489           |
| Operating expenses                        | (2,428)                                  | (763)            | (3,191)         |
| Segment result                            | (2,428)                                  | 726              | (1,702)         |
| Finance income                            |  |                  | 739             |
| Finance expenses                          |  |                  | –               |
| Loss for the year                         |  |                  | <u>(963)</u>    |

# Notes to the financial statements

continued

## 2 Segmental information (continued)

Other segment items included in the income statement are as follows:

| <b>Year ended 31 March 2011</b> | <b>Corporate and investment \$'000</b> | <b>Group \$'000</b> |
|---------------------------------|--|---------------------|
| Depreciation                    | 7                                      | 7                   |
| Impairment of assets            | (1,250)                                | (1,250)             |

| <b>Year ended 31 March 2010</b>  | <b>Corporate and investment \$'000</b> | <b>Mining \$'000</b> | <b>Group \$'000</b> |
|----------------------------------|--|----------------------|---------------------|
| Depreciation                     | 10                                     | –                    | 10                  |
| Share based compensation charges | 49                                     | –                    | 49                  |

The segment assets and liabilities and capital expenditure are analysed as follows:

| <b>Year ended 31 March 2011</b> | <b>Corporate and investment \$'000</b> | <b>Group \$'000</b> |
|---------------------------------|--|---------------------|
| Segment assets                  | 1,275                                  | 1,275               |
| Segment liabilities             | (180)                                  | (180)               |
| Segment net assets              | 1,095                                  | 1,095               |
| Capital expenditure             | –                                      | –                   |

| <b>Year ended 31 March 2010</b> | <b>Corporate and investment \$'000</b> | <b>Mining \$'000</b> | <b>Group \$'000</b> |
|---------------------------------|--|----------------------|---------------------|
| Segment assets                  | 16,125                                 | –                    | 16,125              |
| Segment liabilities             | (503)                                  | –                    | (503)               |
| Segment net assets              | 15,622                                 | –                    | 15,622              |
| Capital expenditure             | 4                                      | 22                   | 26                  |

# Notes to the financial statements

continued

## 3 Discontinued operations

On 22 December 2009 the Group completed the disposal of Kaldora Company Limited and the Andash Mining Company, which operated in the Kyrgyz Republic. The Group owned 100% of the Andash Mining Company until 22 October 2009, when it disposed of 20% of the Company to local interests as part of settlement of the Bishkek court case and to secure its mining rights. Gross proceeds for the disposal amounted to \$15m which included repayment of a \$13.5m intercompany loan by Andash Mining Company.

In the current year there were no discontinued operations.

Financial information relating to the discontinued operations for the prior year to the date of disposal is set out below.

| <b>Group</b>  | <b>2010<br/>\$'000</b> |
|---|------------------------|
| <b>Consideration received:</b>  |                        |
| Consideration cash  | 1,501                  |
| Consideration option fee (cash)   | 250                    |
| Legal costs directly attributable to sale of Kaldora and Andash                                     | (278)                  |
| <b>Net consideration</b>  | <b>1,473</b>           |
| <b>Net assets disposed:</b>   |                        |
| Non-current assets  | 14,051                 |
| Inventories   | 29                     |
| Trade and other receivables   | 79                     |
| Trade and other payables  | (2)                    |
| Repayment of intercompany loan  | (13,500)               |
| Total net assets disposed of  | 657                    |
| Recycling of cumulative translation reserve (Kaldora + Andash)                                      | (673)                  |
| <b>Total disposed of</b>  | <b>(16)</b>            |
| <b>Gain on disposal of discontinued operations</b>  | <b>1,489</b>           |
|   | <b>2010<br/>\$'000</b> |
| <b>Results of discontinued operations:</b>  |                        |
| Operating expenses  | (763)                  |
| Gain from selling operations after tax  | 1,489                  |
| <b>Profit/(loss) from discontinued operations</b>   | <b>726</b>             |
| <b>The cash flow statements includes the following amounts relating to discontinued operations:</b> |                        |
| Cash flow used in operating activities  | (763)                  |
| Cash flow from investing activities   | 1,473                  |
| Cash flow from financing activities   | 13,500                 |
| <b>Total cash flows from discontinued operations</b>  | <b>14,210</b>          |

# Notes to the financial statements

continued

## 4 Operating loss

Operating loss is stated after charging:

|  | 2011<br>\$'000 | 2010<br>\$'000 |
|--|----------------|----------------|
| Depreciation   | 7              | 10             |
| Operating lease expense  | 43             | 77             |
| External auditors' remuneration  |                |                |
| – Audit fee for the annual audit of the company and group financial statements | 30             | 30             |
| – Auditing of accounts of associates of the Company under legislation          | 5              | 5              |
| – Other taxation services  | 24             | 46             |
| Share-based payments (all equity settled)                                      | –              | 49             |

The Group has a policy in place for the award of non-audit work to the auditors, which requires approval of the audit committee.

## 5 Staff costs

|                                     | Group          |                | Company        |                |
|-------------------------------------|----------------|----------------|----------------|----------------|
|                                     | 2011<br>\$'000 | 2010<br>\$'000 | 2011<br>\$'000 | 2010<br>\$'000 |
| Wages and salaries                  | 1,336          | 1,563          | 1,336          | 1,429          |
| Social security costs               | 58             | 116            | 58             | 67             |
| Pension costs                       | 13             | 13             | 13             | 13             |
| Share based payments                | –              | 49             | –              | 49             |
| National Insurance on share options | 39             | –              | 39             | –              |
|                                     | 1,446          | 1,741          | 1,446          | 1,558          |

Staffs costs include Directors' salaries, fees, benefits and share based payments and are shown gross.

The share-based payment charge for the year was \$nil (2010: \$49k).

The weighted average monthly number of employees, including executive Directors, employed by the Group and the Company during the year was:

|                | Group |      | Company |      |
|----------------|-------|------|---------|------|
|                | 2011  | 2010 | 2011    | 2010 |
| Administration | 6     | 6    | 6       | 6    |
| Operations     | –     | 10   | –       | –    |
| Total          | 6     | 16   | 6       | 6    |

# Notes to the financial statements

continued

| 6 <b>Directors' emoluments – Group and Company</b> | 2011<br>\$'000 | 2010<br>\$'000 |
|--|----------------|----------------|
| Directors' emoluments                              | 1,261          | 1,331          |
| Social security costs                              | 49             | 56             |
| Pension costs                                      | 13             | 13             |
| Total Directors' emoluments                        | 1,323          | 1,400          |
| Share based payments                               | –              | 49             |
| National Insurance on share options                | 39             | –              |
|  | 1,362          | 1,449          |

No new options were granted to Directors during the year (2010: none) and all Directors share options and warrants were exercised during the year. For further information refer to Directors report.

The highest paid Director received emoluments (including share based payments) totalling \$729k (2010: \$702k).

M Jones is paid via J Cubed Ventures Ltd, a private service company.

S Finlay is paid via Mostop Ltd, a private service company.

C Knight was paid via Knights Consultants Ltd, a private service company.

Directors' interests and share options are disclosed in the Directors report.

In 2011 and 2010 key management personnel are considered to be Directors only.

| 7 <b>Finance income and expenses</b>                             | 2011<br>\$'000 | 2010<br>\$'000 |
|--|----------------|----------------|
| <b>Finance income</b>  |                |                |
| Bank interest receivable   | 26             | 5              |
| Total interest income calculated using effective interest method | 26             | 5              |
| Exchange gains   | –              | 734            |
|  | 26             | 739            |
| <b>Finance expenses</b>  |                |                |
| Exchange losses  | (285)          | –              |
|  | (285)          | –              |
| Net finance income/(expense) recognised in profit or loss        | (259)          | 739            |



# Notes to the financial statements

continued

## 8 Taxation

No current or deferred tax charge has arisen in the current year.

The Company and the Group have incurred tax losses for the year and a corporation tax charge is not anticipated. At 31 March 2011, the Group had tax losses of \$7.9m (2010: \$6.1m) carried forward which can be used against future profits. The majority of these losses arose in a jurisdiction with a lower tax rate than in the UK. However, these losses are only recoverable against future profits, the timing of which is uncertain and as a result no deferred tax asset is being recognized in relation to these losses.

The total of potential deferred tax assets relating to tax losses which have not been recognised for in the financial statements amount to \$2.2m (2010: \$1.7m).

The Directors believe that there have been no breaches of foreign tax regulations and that all necessary provisions have been made in these accounts.

### Current taxation

The tax assessed for the year is different from the standard rate of Corporation Tax in the UK. The differences are explained below:

|   | 2011<br>\$'000 | 2010<br>\$'000 |
|---|----------------|----------------|
| Loss before taxation  | (3,419)        | (963)          |
| Loss at the standard rate of Corporation tax in the UK of 28% (2010: 28%) | (957)          | (270)          |
| Effects of:   |                |                |
| Expenses not deductible for tax purposes                                  | (383)          | (24)           |
| Unutilised tax losses carried forward                                     | (574)          | 294            |
| Current tax charge  | –              | –              |

The Group did not recognise any deferred tax assets or liabilities at 31 March 2011 or 2010.

## 9 Loss per share

Basic loss per share is calculated by dividing the loss attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

For diluted loss per share, the weighted average number of shares in issue is adjusted to assume conversion of all the dilutive potential ordinary shares.

In 2011 and 2010 the potential ordinary shares are anti-dilutive and therefore diluted loss per share has not been calculated.

At the balance sheet date there were nil (2010: 3,805,000) potentially dilutive ordinary shares. Dilutive potential ordinary shares include share options and warrants.

| <b>Net loss attributable to equity holders of the parent:</b> | <b>2011<br/>\$'000</b> | <b>2010<br/>\$'000</b> |
|---|------------------------|------------------------|
| From continuing operations                                    | (3,419)                | (1,689)                |
| From discontinued operations                                  | –                      | 726                    |
| From total operations   | (3,419)                | (963)                  |
| <b>Weighted average number of shares:</b>                     | <b>2011<br/>Number</b> | <b>2010<br/>Number</b> |
| Basic Loss per share  | 48,253,934             | 48,188,275             |
| Effect of dilutive share options and warrants                 | –                      | –                      |
| Diluted loss per share  | 48,253,934             | 48,188,275             |

# Notes to the financial statements

continued

## 10 Property, plant and equipment

| Group                             | Office and<br>computer<br>equipment<br>\$'000 | Plant,<br>equipment<br>and vehicles<br>\$'000 | Mining<br>properties<br>\$'000 | Total<br>\$'000   |
|-----------------------------------|---|---|--------------------------------|---|
| <b>Cost</b>                       |   |   |                                |   |
| At 1 April 2009                   | 126   | 9,934   | 8,959                          | 19,019  |
| Foreign currency re-translation   | (5)   | (441)   | 328                            | (118)   |
| Additions                         | 6   | 20  | –                              | 26  |
| Assets disposed with subsidiaries | (72)  | (9,513)                                       | (9,287)                        | (18,872)  |
| Disposals                         | (18)  | –   | –                              | (18)  |
| At 1 April 2010 and 31 March 2011 | 37  | –   | –                              | 37  |
| <b>Depreciation</b>               |   |   |                                |   |
| At 1 April 2009                   | 107   | 4,938   | –                              | 5,045   |
| Foreign currency re-translation   | (5)   | (215)   | –                              | (220)   |
| Charge for the year               | 10  | –   | –                              | 10  |
| Assets disposed with subsidiaries | (68)  | (4,723)                                       | –                              | (4,791)   |
| Disposals                         | (18)  | –   | –                              | (18)  |
| At 1 April 2010                   | 26  | –   | –                              | 26  |
| Charge for the year               | 7   | –   | –                              | 7   |
| At 31 March 2011                  | 33  | –   | –                              | 33  |
| <b>Net book value</b>             |   |   |                                |   |
| At 31 March 2011                  | 4   | –   | –                              | 4   |
| At 31 March 2010                  | 11  | –   | –                              | 11  |
| <b>Company</b>                    |   |   |                                | <b>Office and<br/>computer<br/>equipment<br/>\$'000</b> |
| <b>Cost</b>                       |   |   |                                |   |
| At 1 April 2009                   |   |   |                                | 46  |
| Foreign currency re-translation   |   |   |                                | 5   |
| Additions                         |   |   |                                | 4   |
| Disposals                         |   |   |                                | (18)  |
| At April 2010 and 31 March 2011   |   |   |                                | 37  |
| <b>Depreciation</b>               |   |   |                                |   |
| At 1 April 2009                   |   |   |                                | 31  |
| Foreign currency re-translation   |   |   |                                | 3   |
| Charge for the year               |   |   |                                | 10  |
| Disposals                         |   |   |                                | (18)  |
| At 1 April 2010                   |   |   |                                | 26  |
| Charge for the year               |   |   |                                | 7   |
| At 31 March 2011                  |   |   |                                | 33  |
| <b>Net book value</b>             |   |   |                                |   |
| At 31 March 2011                  |   |   |                                | 4   |
| At 31 March 2010                  |   |   |                                | 11  |

# Notes to the financial statements

continued

## 11 Available-for-sale financial asset

| Group                 | \$'000  |
|-----------------------|---------|
| <b>Cost</b>           |         |
| As at 1 April 2009    | –       |
| Additions             | 1,250   |
| At 31 March 2010      | 1,250   |
| Impairment charges    | (1,250) |
| At 31 March 2011      | –       |
| <b>Net book value</b> |         |
| At 31 March 2011      | –       |
| At 31 March 2010      | 1,250   |

In November 2010 the Board took the decision to write down the carrying value of the Group's 10% residual Shareholding in the Andash asset to \$nil. This valuation was determined after considering the status on-going litigation that involves Aurum's subsidiary, Tryden International Limited that holds the Group's residual Shareholding in the Andash asset.

While progress on the litigation has been made, the Board does not feel there is any reason to change the fair value of the asset from \$nil at the current time. The Board will continually review the carrying value of this asset in the future.

The fair value hierarchy has the following levels: Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. as derived from prices); and Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The valuation is classified at Level 2 under IFRS 7 because it is based on observable market data.

There are no further assets or liabilities held at fair value within the financial statements.

## 12 Investment in subsidiaries

| Company                               | \$'000  |
|---------------------------------------|---------|
| <b>Cost</b>                           |         |
| At 1 April 2009                       | 4,603   |
| Foreign currency re-translation       | 515     |
| Disposal of subsidiaries – see note 3 | (5,118) |
| At 1 April 2010 and 31 March 2011     | –       |

The Company had the following subsidiary undertakings at 31 March 2011 and 31 March 2010 which have been included in the consolidated financial statements:

|                              | Percentage interest |           | Country of incorporation | Activity                   |
|------------------------------|---------------------|-----------|--------------------------|----------------------------|
|                              | 2011<br>%           | 2010<br>% |                          |                            |
| Aurum Mining Kazakhstan LLP  | –                   | 100       | Republic of Kazakhstan   | Mining and exploration     |
| Tryden International Limited | 100                 | 100       | British Virgin Islands   | Investment holding company |
| Aurum Mining KG              | –                   | 100       | Kyrgyz Republic          | Mining and exploration     |

# Notes to the financial statements

continued

## 13 Amounts owed by subsidiaries

| Company                                    | 2011<br>\$'000 | 2010<br>\$'000 |
|--|----------------|----------------|
| Gross amounts owed by subsidiaries         | 1,323          | 1,290          |
| Impairment of amounts owed by subsidiaries | (1,323)        | (48)           |
| Amounts owed by subsidiaries               | –              | 1,242          |

The Directors have carried out an impairment review in respect of subsidiaries assets and as a result the carrying value of the loans to the subsidiaries have been written down by \$1,323k (2010: \$48k) as they are unlikely to be recovered in the short term.

## 14 Receivables

|                 | Group          |                | Company        |                |
|-----------------|----------------|----------------|----------------|----------------|
|                 | 2011<br>\$'000 | 2010<br>\$'000 | 2011<br>\$'000 | 2010<br>\$'000 |
| VAT recoverable | 13             | 46             | 13             | 46             |
| Prepayments     | 85             | 234            | 85             | 233            |
|                 | 98             | 280            | 98             | 279            |

The fair value of receivables is not materially different from the carrying value.

## 15 Trade and other payables

|                                    | Group          |                | Company        |                |
|------------------------------------|----------------|----------------|----------------|----------------|
|                                    | 2011<br>\$'000 | 2010<br>\$'000 | 2011<br>\$'000 | 2010<br>\$'000 |
| <b>Current</b>                     |                |                |                |                |
| Trade creditors                    | 43             | 108            | 43             | 108            |
| Other taxation and social security | 11             | 103            | 11             | 103            |
| Accruals and deferred income       | 126            | 292            | 126            | 280            |
|                                    | 180            | 503            | 180            | 491            |

The fair value of trade and other payables is not materially different from the carrying value.

## 16 Impairment charges

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2011<br>\$'000 | 2010<br>\$'000 | 2011<br>\$'000 | 2010<br>\$'000 |
| Impairment of available for sale asset        | 1,250          | –              | –              | –              |
| Impairment of amounts owed<br>by subsidiaries | –              | –              | 1,323          | 48             |
| Exchange gains                                | –              | –              | (34)           | –              |
| Total   | 1,250          | –              | 1,289          | 48             |

The Directors have carried out an impairment review in respect of subsidiaries assets and as a result the carrying value of the loans to the subsidiaries have been written down by \$1,323k (2010: \$48k) as they are unlikely to be recovered in the short term.

# Notes to the financial statements

continued

## 17 Share capital

|  | 2011                  |          | 2010                  |          |
|--|-----------------------|----------|-----------------------|----------|
|  | \$'000                |          | \$'000                |          |
| <b>Authorised</b>                                      |                       |          |                       |          |
| 200,000,000 Ordinary shares of £0.01                   |                       |          | 3,474                 | 3,474    |
|  |                       |          |                       |          |
|  | 2011                  |          | 2010                  |          |
|  | £0.01 ordinary shares |          | £0.01 ordinary shares |          |
|  | Number                | \$'000   | Number                | \$'000   |
| <b>Allotted, issued and fully paid ordinary shares</b> |                       |          |                       |          |
| At beginning of year                                   | 48,188,275            | 921      | 48,188,275            | 921      |
| Exercise of warrants                                   | 805,000               | 13       | –                     | –        |
| Exercise of share options                              | 2,500,000             | 39       | –                     | –        |
| At end of year   | 51,493,275            | 973      | 48,188,275            | 921      |
|  |                       |          |                       |          |
|  | 2011                  |          | 2010                  |          |
|  | £0.15 B shares        |          | £0.33 B shares        |          |
|  | Number                | \$'000   | Number                | \$'000   |
| <b>Allotted, issued and fully paid B shares</b>        |                       |          |                       |          |
| At beginning of year                                   | –                     | –        | –                     | –        |
| Issue of B shares                                      | 51,493,275            | 12,116   | 48,188,275            | 23,686   |
| Capital repayment to shareholders                      | (51,493,275)          | (12,116) | (48,188,275)          | (23,686) |
| At end of year   | –                     | –        | –                     | –        |

### Share capital

The following issues of shares were undertaken in the year ended 31 March 2011:

During the year, 685,000 ordinary shares of 1p were allotted to warrant holders following the exercise of warrants at 6p per share.

On 10 November 2010, 100,000 ordinary shares of 1p were allotted to Mark Jones following the exercise of warrants at 6p per share.

On 10 November 2010, 20,000 ordinary shares of 1p were allotted to Sean Finlay following the exercise of warrants at 6p per share.

On 26 November 2010, 2,000,000 ordinary shares of 1p were allotted to Mark Jones following the exercise of share options at 8p per share.

On 26 November 2010, 500,000 ordinary shares of 1p were allotted to Chris Eadie following the exercise of share options at 14p per share.

On 6 April 2011 further incentive stock options were granted to the Directors of the Company following the successful completion of the placing – refer to Note 22 for further information.

### Return of capital to shareholders

As approved by shareholders on 12 October 2010, the Company returned 15p per ordinary share to Shareholders in December 2010 by way of issuing out of share premium 51,493,275 B shares of 15p each to ordinary shareholders (at the rate of 1 B share per ordinary share held), and subsequently cancelling and extinguishing these shares by repayment of 15p capital per share.

As approved by shareholders on 11 March 2009, the Company returned 33p per ordinary share to Shareholders in April 2010 by way of issuing out of share premium 48,188,275 B shares of 15p each to ordinary shareholders (at the rate of 1 B share per ordinary share held), and subsequently cancelling and extinguishing these shares by repayment of 33p capital per share.

# Notes to the financial statements

continued

## 18 Share Options and Warrants

### Share Options

The following options over ordinary shares remained outstanding at 31 March 2011:

|                            | Options<br>at<br>1 April<br>2010 | Options<br>exercised<br>during<br>the year | Options<br>lapsed<br>during<br>the year | Options<br>at<br>31 March<br>2011 | Exercise<br>price | Date of<br>grant | First<br>date of<br>exercise | Final<br>date of<br>exercise |
|----------------------------|----------------------------------|--|---|-----------------------------------|-------------------|------------------|------------------------------|------------------------------|
| <b>Options – Directors</b> |                                  |  |   |                                   |                   |                  |                              |                              |
| M Jones*                   | 1,000,000                        | (1,000,000)                                | –                                       | –                                 | 8p                | 23/02/06         | 23/02/06                     | 23/02/11                     |
| M Jones**                  | 250,000                          | (250,000)                                  | –                                       | –                                 | 8p                | 23/02/06         | 05/09/06                     | 05/09/11                     |
| M Jones***                 | 250,000                          | (250,000)                                  | –                                       | –                                 | 8p                | 23/02/06         | 20/12/06                     | 20/12/11                     |
| M Jones                    | 500,000                          | (500,000)                                  | –                                       | –                                 | 8p                | 23/02/06         | 30/09/08                     | 30/09/13                     |
| C Eadie                    | 150,000                          | (150,000)                                  | –                                       | –                                 | 14p               | 17/11/06         | 08/12/06                     | 08/12/11                     |
| C Eadie****                | 150,000                          | (150,000)                                  | –                                       | –                                 | 14p               | 17/11/06         | 28/02/07                     | 28/02/12                     |
| C Eadie***                 | 200,000                          | (200,000)                                  | –                                       | –                                 | 14p               | 17/11/06         | 30/09/08                     | 30/09/13                     |
| <b>Options – Others:</b>   |                                  |  |   |                                   |                   |                  |                              |                              |
| Others                     | 500,000                          | –  | (500,000)                               | –                                 | 12p               | 13/01/05         | 13/01/05                     | 01/05/10                     |
| <b>Total</b>               | <b>3,000,000</b>                 | <b>(2,500,000)</b>                         | <b>(500,000)</b>                        | <b>–</b>                          |                   |                  |                              |                              |

Since 1 April 2010, options over 500,000 ordinary shares have lapsed. All other remaining options were exercised during the year by Directors.

The following options over ordinary shares remained outstanding at 31 March 2010:

|                            | Options<br>at<br>1 April<br>2009 | Options<br>exercised<br>during<br>the year | Options<br>lapsed<br>during<br>the year | Options<br>at<br>31 March<br>2010 | Exercise<br>price | Date of<br>grant | First<br>date of<br>exercise | Final<br>date of<br>exercise |
|----------------------------|----------------------------------|--|---|-----------------------------------|-------------------|------------------|------------------------------|------------------------------|
| <b>Options – Directors</b> |                                  |  |   |                                   |                   |                  |                              |                              |
| S Finlay                   | 250,000                          | –  | (250,000)                               | –                                 | 7p                | 30/04/04         | 06/05/04                     | 06/05/09                     |
| H Kanabar                  | 250,000                          | –  | (250,000)                               | –                                 | 7p                | 30/04/04         | 06/05/04                     | 06/05/09                     |
| M Jones                    | 1,000,000                        | –  | –                                       | 1,000,000                         | 8p                | 23/02/06         | 23/02/06                     | 23/02/11                     |
| M Jones*                   | 250,000                          | –  | –                                       | 250,000                           | 8p                | 23/02/06         | 05/09/06                     | 05/09/11                     |
| M Jones**                  | 250,000                          | –  | –                                       | 250,000                           | 8p                | 23/02/06         | 20/12/06                     | 20/12/11                     |
| M Jones***                 | 500,000                          | –  | –                                       | 500,000                           | 8p                | 23/02/06         | 30/09/08                     | 30/09/13                     |
| C Eadie                    | 150,000                          | –  | –                                       | 150,000                           | 14p               | 17/11/06         | 08/12/06                     | 08/12/11                     |
| C Eadie****                | 150,000                          | –  | –                                       | 150,000                           | 14p               | 17/11/06         | 28/02/07                     | 28/02/12                     |
| C Eadie***                 | 200,000                          | –  | –                                       | 200,000                           | 14p               | 17/11/06         | 30/09/08                     | 30/09/13                     |
| <b>Options – Others:</b>   |                                  |  |   |                                   |                   |                  |                              |                              |
| Others                     | 500,000                          | –  | –                                       | 500,000                           | 12p               | 13/01/05         | 13/01/05                     | 01/05/10                     |
| <b>Total</b>               | <b>3,500,000</b>                 | <b>–</b>                                   | <b>(500,000)</b>                        | <b>3,000,000</b>                  |                   |                  |                              |                              |

\* these options became exercisable upon the mineral reserves in respect of the Company's Andash Project being signed off to JORC standards – 05/09/2006.

\*\* these options became exercisable upon completion of the feasibility study in respect of the Andash Project being prepared to Western standards – 20/12/2006.

\*\*\* these options become exercisable upon the commencement of gold production at the Andash Project-previously estimated 30/09/2008. The performance criteria were modified in the year to include the sale of the Andash project.

\*\*\*\* these options became exercisable immediately following the secure of financing for the Company's Andash Project – 28/02/2007.

# Notes to the financial statements

continued

## 18 Share Options and Warrants (continued)

### Warrants

The following warrants over ordinary shares have been granted and remained outstanding at 31 March 2011:

|                             | Warrants<br>at<br>1 April<br>2010 | Warrants<br>exercised<br>during<br>the year | Warrants<br>lapsed<br>during<br>the year | Warrants<br>at<br>31 March<br>2011 | Exercise<br>price | Date of<br>grant | First<br>date of<br>exercise | Final<br>date of<br>exercise |
|-----------------------------|-----------------------------------|---|--|------------------------------------|-------------------|------------------|------------------------------|------------------------------|
| <b>Warrants – Directors</b> |                                   |   |  |                                    |                   |                  |                              |                              |
| S Finlay                    | 20,000                            | (20,000)                                    | –  | –                                  | 6p                | 15/02/06         | 15/02/06                     | 15/02/16                     |
| M Jones                     | 100,000                           | (100,000)                                   | –  | –                                  | 6p                | 15/02/06         | 15/02/06                     | 15/02/16                     |
| <b>Warrants – Others</b>    |                                   |   |  |                                    |                   |                  |                              |                              |
| Others                      | 685,000                           | (685,000)                                   | –  | –                                  | 6p                | 15/02/06         | 15/02/06                     | 15/02/16                     |
| <b>Total</b>                | <b>805,000</b>                    | <b>(805,000)</b>                            | <b>–</b>                                 | <b>–</b>                           |                   |                  |                              |                              |

The following warrants over ordinary shares have been granted and remained outstanding at 31 March 2010:

|                             | Warrants<br>at<br>1 April<br>2009 | Warrants<br>exercised<br>during<br>the year | Warrants<br>lapsed<br>during<br>the year | Warrants<br>at<br>31 March<br>2010 | Exercise<br>price | Date of<br>grant | First<br>date of<br>exercise | Final<br>date of<br>exercise |
|-----------------------------|-----------------------------------|---|--|------------------------------------|-------------------|------------------|------------------------------|------------------------------|
| <b>Warrants – Directors</b> |                                   |   |  |                                    |                   |                  |                              |                              |
| S Finlay                    | 20,000                            | –   | –  | 20,000                             | 6p                | 15/02/06         | 15/02/06                     | 15/02/16                     |
| M Jones                     | 100,000                           | –   | –  | 100,000                            | 6p                | 15/02/06         | 15/02/06                     | 15/02/16                     |
| <b>Warrants – Others</b>    |                                   |   |  |                                    |                   |                  |                              |                              |
| Others                      | 685,000                           | –   | –  | 685,000                            | 6p                | 15/02/06         | 15/02/06                     | 15/02/16                     |
| <b>Total</b>                | <b>805,000</b>                    | <b>–</b>                                    | <b>–</b>                                 | <b>805,000</b>                     |                   |                  |                              |                              |

The following illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

|                                  | 2011<br>Number | 2011<br>WAEP<br>Pence | 2010<br>Number | 2010<br>WAEP<br>Pence |
|----------------------------------|----------------|-----------------------|----------------|-----------------------|
| Outstanding at beginning of year | 3,000,000      | 9.67                  | 3,500,000      | 9.29                  |
| Exercised                        | 2,500,000      | 9.20                  | –              | –                     |
| Lapsed during the year           | 500,000        | 12.00                 | 500,000        | 7.00                  |
| Outstanding at 31 March          | –              | –                     | 3,000,000      | 9.67                  |
| Exercisable at 31 March          | –              | –                     | 3,000,000      | 9.67                  |

There were no new options or warrants granted in the year ended 31 March 2011 or 2010.

On 6 April 2011 further incentive stock options were granted to the Directors of the Company following the successful completion of the placing – refer to Note 22 for further information.

Options and warrants held by Directors are disclosed in the report of the Directors on pages 5 to 9.

The market price of shares as at 31 March 2011 was £0.04 (2010: £0.14). The range during the financial year was £0.03 to £0.17.

The weighted average remaining contractual life of options outstanding at the end of the year was nil (2010: 2 years 7 months).

The expense recognised for share-based payments in respect of Directors and consultant services received during the year ended 31 March 2011 was \$nil (2010: \$49k).

# Notes to the financial statements

continued

## 19 Financial instruments

The Group and the Company uses financial instruments, other than derivatives, comprising cash at bank and various items such as sundry receivables and payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

Categories of financial assets and financial liabilities:

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2011<br>\$'000 | 2010<br>\$'000 | 2011<br>\$'000 | 2010<br>\$'000 |
| <b>Loans and receivables</b>                        |                |                |                |                |
| Cash and cash equivalents                           | 1,173          | 14,584         | 1,173          | 14,579         |
| Receivables   | 98             | 280            | 98             | 279            |
| Amounts owed by subsidiaries                        | –              | –              | –              | 1,242          |
|   | 1,271          | 14,864         | 1,271          | 16,100         |
| <b>Available for sale financial assets</b>          | –              | 1,250          | –              | –              |
| <b>Total financial assets</b>                       | 1,271          | 16,114         | 1,271          | 16,100         |
| <b>Financial liabilities held at amortised cost</b> |                |                |                |                |
| Current trade and other payables                    | 180            | 503            | 180            | 491            |
| <b>Total financial liabilities</b>                  | 180            | 503            | 180            | 491            |

### General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's Finance function. The Board receives monthly reports from the Chief Executive Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

The main risks arising from the Group and the Company's financial instruments are liquidity risk, credit risk, currency risk, and interest rate risk. Further details regarding these policies are set out below:

### Liquidity risk

The Group finances its operations through the issue of equity share capital and debt. The Group seeks to manage financial risk, to ensure sufficient liquidity to meet foreseeable requirements and to invest cash profitably at low risk.

The Group holds investments in bank deposits as a liquid resource to fund the projects of the Group. The Group's strategy for managing cash is to maximise interest income whilst ensuring its availability to match the profile of the Group's expenditure. Liquidity risk is further managed by tight controls over expenditure.

Maturity analysis of financial liabilities:

|                    | Group          |                | Company        |                |
|--------------------|----------------|----------------|----------------|----------------|
|                    | 2011<br>\$'000 | 2010<br>\$'000 | 2011<br>\$'000 | 2010<br>\$'000 |
| Less than 3 months | 180            | 503            | 180            | 491            |

### Credit risk

The Group and the Company's credit risk is primarily attributable to the cash held on deposit at financial institutions. It is the Group and the Company's policy to only use recognised financial institutions for these deposits. The Group and Company do not have any trade receivables.



# Notes to the financial statements

continued

## 19 Financial instruments (continued)

### Currency risk

The Group and the Company does not hedge its exposure of foreign investments held in foreign currencies. The Group and the Company are exposed to translation and transaction foreign exchange risk and takes profits or losses on these as they arise. The Group and the Company are continually reviewing its strategy towards currency risk.

### Currency of net monetary asset

The net monetary assets of the Group and Company are denominated as follows:

|            | Group          |                | Company        |                |
|------------|----------------|----------------|----------------|----------------|
|            | 2011<br>\$'000 | 2010<br>\$'000 | 2011<br>\$'000 | 2010<br>\$'000 |
| UK Pounds  | 1,091          | 888            | 1,091          | 887            |
| US Dollars | –              | 14,723         | –              | 14,772         |
|            | 1,091          | 15,611         | 1,091          | 15,609         |

The Group is mainly exposed to US\$ (presentation currency of Aurum Mining Plc) – a 5% increase in the value of the US\$ against the GBP£ will increase expenses and pre-tax loss by \$170k (2010: \$77k).

### Interest rate risk

The Group and the Company's exposure to changes in interest rates relates primarily to cash at bank. Cash is held either on current or on short term deposits at floating rates of interest determined by the relevant bank's prevailing base rate. The Group and the Company seeks to obtain a favourable interest rate on its cash balances through the use of bank treasury deposits.

### Borrowing facilities and interest rate risk

The Group and the Company have financed their operations through the issue of equity share capital.

The Group and the Company earned interest on its cash assets at rates between 0% and 0.50% (2010: 0% and 0.50%).

An increase of 0.5% in interest rates will increase finance income by \$48k (2010: \$36k).

### Cash and cash equivalents

|                        | Group          |                | Company        |                |
|------------------------|----------------|----------------|----------------|----------------|
|                        | 2011<br>\$'000 | 2010<br>\$'000 | 2011<br>\$'000 | 2010<br>\$'000 |
| Floating interest rate | 1,173          | 14,584         | 1,173          | 14,579         |

### Fair values

The fair values of the Group's financial instruments are considered not materially different from the book value.

### Capital disclosures

As described in note 17 and consolidated statement of changes in equity, the Group considers its capital to comprise its ordinary share capital, share premium and accumulated retained earnings as its capital reserves. In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity Shareholders through capital growth. In order to achieve this objective, the Group seeks to maintain a gearing ratio that balances risk and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through new share issues or the reduction of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

There have been no significant changes to the Group's capital management objectives, policies and processes in the year nor has there been any change in what the Group considers to be its capital.

# Notes to the financial statements

continued

## 20 Financial commitments

The total of future minimum lease payments under non-cancellable operating leases are as follows:

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2011<br>\$'000 | 2010<br>\$'000 | 2011<br>\$'000 | 2010<br>\$'000 |
| Land and buildings                                  |                |                |                |                |
| – Not later than one year                           | –              | 45             | –              | 45             |
| – Later than one year and not later than five years | –              | 63             | –              | 63             |
| Total   | –              | 108            | –              | 108            |

The total of future minimum payments under joint venture agreement with Ormonde Mining plc are as follows:

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2011<br>\$'000 | 2010<br>\$'000 | 2011<br>\$'000 | 2010<br>\$'000 |
| Exploration costs                                   |                |                |                |                |
| – Not later than one year                           | 285            | –              | 285            | –              |
| – Later than one year and not later than five years | 428            | –              | 428            | –              |
| Total   | 713            | –              | 713            | –              |

The joint venture agreement with Ormonde is described in more detail in note 22.

## 21 Related party transactions

Other than disclosed in notes 6 and 13 there were no related party transactions in the Group or Company during the year.

## 22 Events after the reporting period

On 14 March 2011 the Company entered into a joint venture agreement with Ormonde under which Aurum will partner with Ormonde in gold exploration over four permit areas in northwest Spain.

Under the terms of the Agreement, Aurum has committed to expend Euros 500,000 on exploration work across these four permit areas in return for 60% of Ormonde's interest in these permit areas. Once Aurum has incurred the Euros 500,000 expenditure, it will own a 60% interest in the two permit areas in the Zamora province and a 54% interest in the two permit areas in the Salamanca province. In May 2011 Euros 100,000 of the Euros 500,000 committed expenditure was advanced by Aurum.

On 26 April 2011 the Company announced the placing of 66,666,667 new Ordinary Shares in the Company at a price of 3 pence per share raising £2.0 million (before commissions and expenses). On the same date 3.95m share options with an exercise price of 3.5 pence per option were granted to the directors. The options will be exercisable for a period of five years.

# Notice of Annual General Meeting

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Notice is hereby given that the Annual General Meeting of Aurum Mining Plc (the "Company") will be held at 12 noon on 8 July 2011 at the offices of the Company's solicitors, Lawrence Graham LLP, 4 More London Riverside, London SE1 2AU to consider and if thought fit to pass the following resolutions, which in the case of resolutions 1 to 5 will be proposed as Ordinary Resolutions and in the case of resolutions 6 and 7 will be proposed as Special Resolutions:

## Ordinary Business

1. To receive and adopt the report of the Directors and the financial statements for the year ended 31 March 2011.
2. To re-elect Mark Jones, who retires by rotation as a Director under article 89 of the Company's articles of association and, being eligible, offers himself for re-election as a Director at the Annual General Meeting.
3. To re-elect Haresh Kanabar, who retires by rotation as a Director under article 89 of the Company's articles of association and, being eligible, offers himself for re-election as a Director at the Annual General Meeting.
4. To re-appoint BDO LLP as auditors to the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.

## Special Business

5. THAT the Directors be and are hereby generally and unconditionally authorised (in substitution for any existing such powers) for the purposes of section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot the following shares in the Company or grant rights to subscribe for or convert any securities into shares ("Rights") up to a maximum aggregate nominal amount of £393,866.47, provided that this authority shall expire (unless previously revoked, varied or extended by the Company in a general meeting) on the conclusion of the next Annual General Meeting of the Company or 15 months from the date of this resolution, whichever is earlier, save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred hereby has expired.
6. THAT (subject to the passing of Resolution 5 above) and in accordance with section 570 of the Act, the Directors be and they are hereby empowered (in substitution for any existing such powers) to allot equity securities (as defined in section 560 of the Act) or to sell the relevant shares (within the meaning of section 560 of the Act) if, immediately before the sale, such shares are held by the Company as treasury shares (as defined in section 724(3) of the Act)("Treasury Shares") for cash pursuant to the authority conferred by the previous resolution as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities and the sale of Treasury Shares:
  - (a) in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange;
  - (b) otherwise than pursuant to sub-paragraph (a) above up to a maximum aggregate nominal amount of £236,319.89 and shall expire (unless previously revoked, varied or extended by the Company in a general meeting) on the conclusion of the next Annual General Meeting of the Company or 15 months from the date of this resolution, whichever is earlier, save that the Company may, before such expiry allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred hereby has expired.

# Notice of Annual General Meeting

continued

7. THAT the Company be and is hereby generally and unconditionally authorised pursuant to section 701 of the Act to make market purchases (as defined by section 693(4) of the Act) on the London Stock Exchange of ordinary shares of 1p each in the capital of the Company (“Ordinary Shares”) provided that:
- (a) the maximum aggregate number of shares authorised to be purchased is 17,723,991 Ordinary Shares;
  - (b) the minimum price which shall be paid for the Ordinary Shares is 1p for each share, and the maximum price (exclusive of expenses) which may be paid for such shares is five per cent. above the average of the middle market quotations derived from the London Stock Exchange Daily Official List for the five business days before the purchase is made;
  - (c) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or 15 months from the date of this resolution (whichever is earlier); and
  - (d) the Company may, before such expiry, make a contract to purchase its own shares under the authority hereby conferred which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own shares in pursuance of such a contract.

By Order of the Board

**Haresh Kanabar**  
Secretary

Registered Office:  
22 Great James Street  
London WC1N 3ES

Dated: 8 June 2011

## Notes:

1. A member entitled to attend and vote at the meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of him/her. The proxy need not be a member of the Company but must attend the meeting to represent you.
2. Members may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Company’s Registrars, Neville Registrars on +44 121 585 1131.
3. A Form of Proxy is enclosed. To be valid, the Form of Proxy, together with a power of attorney or other authority, if any, under which it is executed or a notarially certified copy thereof, must be deposited at the Company’s Registrars, Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA or returned by fax on +44 121 585 1132 not less than 48 hours before the time for holding the meeting or adjourned meeting (save that weekends, Christmas Day, Good Friday and any bank holiday within the UK shall not count in the 48 hour period).
4. In the case of a corporation, the Form of Proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.

# Notice of Annual General Meeting

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continued

5. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
6. A vote withheld option is provided on the Form of Proxy to enable you to instruct your proxy not to vote on any particular resolution. However, it should be noted that a vote withheld in this way is not a "vote" in law and will not be counted in the calculation of the votes "For" and "Against" a resolution.
7. The Company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at the close of business on 6 July 2011 shall be entitled to attend and vote, whether in person or by proxy, at the Annual General Meeting, in respect of the number of ordinary shares in the capital of the Company registered in their name at that time. Changes to entries in the register of members after the close of business on 6 July 2011 shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of it by using the procedures described in the CREST Manual. CREST personal members, sponsored CREST members and CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action for them.
9. To complete a valid proxy appointment or instruction using the CREST service, the CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must in order to be valid, be transmitted and received by Neville Registrars (Participant ID: 7RA11) 48 hours before the time fixed for the meeting (or adjournment thereof). The time of receipt of the instruction will be the time as determined by the timestamp applied to the message by the CREST Applications Host) from which Neville Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
10. CREST members and, where applicable, CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will apply to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s) to ensure that his CREST sponsor or voting service provider(s) take(s) the necessary action to ensure that a message is transmitted by means of the CREST system by a particular time. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should refer to the sections of the CREST Manual concerning practical limitations of the CREST system and timings.
11. The Company may treat a CREST Proxy Instruction as invalid as set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
12. Completion and return of a Form of Proxy will not preclude members from attending or voting in person at the meeting if they so wish.

