Aurum Mining Plc

ANNUAL REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

Annual Report and financial statements

for the year ended 31 March 2009

Contents

Page

Company information

Directors	Sean Finlay	Non-Executive Chairman
	Mark Jones	Chief Executive Officer
	Chris Eadie	Chief Financial Officer
	Haresh Kanabar	Non-Executive Director
	Colin Knight	Non-Executive Director

Company Secretary and Registered Office

Haresh Kanabar
22 Great James Street
London
WC1N 3ES

Company Number

5059457

Nominated Adviser and Broker

Arbuthnot Securities Ltd.
Arbuthnot House
20 Ropemaker Street
London
EC2Y 9AR

Auditors

BDO Stoy Hayward LLP
55 Baker Street
London
W1U 7EU

Solicitors

Lawrence Graham LLP
4 More London Riverside
London
SE1 2AU

Website

www.aurummining.net

Chairman's statement

The period since I wrote my previous Chairman's Statement has been one of considerable progress for Aurum and we now, once again, feel very confident and excited about the Company's future.

During this time not only did we successfully resolve the Bishkek court case but we also moved the Company through the recovery phase of its development and we have now progressed into the transformation phase that I believe will result in Aurum becoming a consolidated mining company.

Twelve months ago we were in the full grip of the Bishkek court case. While the case was entirely without merit there is no question that it did cause significant delays and disruption to the Andash project. The whole process took about a year from start to finish to get resolved and during that time it became clear that, due to a number of different factors, Aurum no longer had the financial resources to get the Andash mine into production without significant further fundraising.

In view of this, it was obviously disappointing, but of no real surprise, that there were calls from our major Shareholders to return some of the cash that had been raised by the Company for the purpose of getting the Andash mine into production. The Board acted appropriately and responsibly in responding to Shareholder sentiment and as a result £15.9m was returned to Shareholders in April 2009.

The return of cash to Shareholders left the Company in a perilous position where it was valued by the market at only the level of cash that was left in the balance sheet. Therefore, the Board was then left with the task of obtaining value from the Andash asset and to secure funds that could then be used for the transformation of the Company.

Since April, management has been entirely focused on the task of unlocking value from the Andash asset and the Company was delighted to announce in late June that it had signed an option agreement with ASX listed gold mining company Kentor Gold Limited ("Kentor") to sell the bulk of its shareholding in the Andash asset and the associated mining fleet for net proceeds of $13.8m. The process with Kentor is on track and we expect to receive the proceeds from the transaction in early 2010.

The Board is also very pleased that under the terms of the proposed deal, Aurum will retain a 10% interest in the Andash asset. The Board continues to believe very strongly in the potential of Andash and believes that the retention of a stake in Andash is in the best interests of all of the Company's stakeholders.

With the unlocking of value from the Andash asset well underway, the Board is now focusing on taking the Company to the next stage. The Board is currently examining in detail a number exciting assets and opportunities and we will update the market as and when we find the right next opportunity for the Company.

Financials

For the year to 31 March 2009, the Group reported a loss of $10.1m compared to a loss of $1.6m in 2008. The loss has primarily increased due to impairment and depreciation charges that have arisen on the Group's fixed assets.

Cash in the bank at the end of August 2009 was £2m compared to £17.9m at the end of March 2009. The reduction in cash balances in primarily the result of the return of £15.9m to Shareholders in April 2009.

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

People

I would like to thank our staff in both the UK and the Kyrgyz Republic and also the Company's consultants and other advisers for all their dedication throughout this difficult period.

Outlook

There is no question that it has been a turbulent, but ultimately successful, twelve months for the Company, and we now feel that we are extremely well positioned to take advantage of some of the exceptional acquisition opportunities that we are currently considering.

We look forward to the completion of the deal to dispose of the Andash asset to Kentor. The cash that Aurum will receive from this deal will give the Company the leverage to obtain appropriate assets on terms beneficial to all of our stakeholders.

Sean Finlay
Chairman

17 September 2009

Chief Executive's review

Over the years, Aurum has met many significant challenges, but none of these have had a greater impact on our operations than the Bishkek court case that prevented us bringing the Andash mine into production in the 2008 calendar year. Aurum lost almost exactly twelve months as a result of the court case, and once it was finally resolved we were in a position of requiring additional funds to complete the Andash mine construction at a time when the global credit crisis had effectively ensured the closure of the capital markets to junior mining companies like ourselves.

As you are fully aware the Aurum Board had always maintained that the attack against our Andash asset was entirely without merit; and while this was finally proven by the closure of the case by the Bishkek courts in February of this year, the damage to our business had already been done.

It was a direct result of these factors that led the Board, in August 2008, to approve the commencement of a strategic review with the intention of diversifying the Company out of Kyrgyzstan and finding a partner that could bolster our regional strengths whilst providing the additional capital needed to bring the Andash project into production.

By November 2008, whilst there had been some interest in the Andash asset, the Board strongly believed that the deals being discussed did not value Andash appropriately and it was not in the interests of our Shareholders to continue the process. As a result of the failure to find an appropriate business partner, the company faced pressure from major Shareholders to return some of the cash that had been raised by the Company for the purpose of getting the Andash mine into production.

With a need to secure our future with Andash, Aurum's management embarked on a strategy to work with representatives of the Kyrgyz Government to find a solution.

On the basis that the legal claim was not in the interests of the Kyrgyz Republic, in particular its national and local economy, negotiations commenced in November last year with representatives of the Kyrgyz Government to establish a new ownership structure for the project which would give local inhabitants access to the economic benefits of a successful mining venture. In a ground-breaking agreement, a Memorandum of Understanding ("MOU") was signed in February 2009 and under the terms of this agreement 20% of the Andash asset will be taken up by a local company formed with the express goal of benefiting the local population in return for Aurum getting a fair and transparent hearing in the Bishkek courts. With this in place, the claimant did not even provide representation at the court hearing and the case was dismissed in March 2009.

Whilst the court case reconfirmed the security of tenure of both exploration and mining licences, we still faced the inability to raise the necessary finance to meet the full financial commitment to build the mine and the calls from our major Shareholders to return some of the cash continued. As a result of these demands, £15.9m was returned to Shareholders in April 2009.

Since the return of cash to Shareholders, the Company has continued to focus on ways of unlocking the value from the Andash asset for its Shareholders. Aurum's management have always understood the value of Andash; as a low technical risk project it stood out both in terms of its economic valuation and its resource upside, so it was therefore no surprise when we started to get enquiries from potential business partners now that the validity of the Andash mining licence had been reconfirmed.

The Company therefore was delighted to announce in late June that it has signed an agreement to dispose of a majority share in the Andash asset and the associated mining fleet for net proceeds of $13.8m. Under the terms of the proposed deal, Aurum will retain a 10% interest in the Andash asset and believes that considering the potential upside, the retention of a stake in Andash is in the best interests of all of the Company's stakeholders.

At the time of writing, the due diligence process with Kentor is seemingly progressing well and we are very confident that the Company will receive the $13.8m net proceeds early in the 2010 calendar year.

Our future

Since the formation of Aurum in 2004 and the subsequent acquisition of the Andash asset in early 2005, Aurum has amassed the skill sets to take a project from exploration, through pre-feasibility, full feasibility, project finance, detailed design, permitting and development. It has seen its market capitalisation grow from £3m to £65m and grow its human capital base from thirty to over one hundred whilst maintaining tight fiscal, statutory and technical control, and has managed to do this in emerging markets where the challenges are larger and tougher. Whilst we are currently close to our lowest point in terms of market capitalisation and manpower numbers, we still retain these core skills.

If we look now at the global mining world, whilst the declarations of the industry in 2007 of being in the early stages of a 'Super Cycle' have been shown to be more of a myth than a reality, opportunities in emerging markets still exist. In fact in some areas they have been enhanced, as the medium and larger mining companies withdraw back into their core territories where they can control costs and outputs and overstretched and overleveraged local players are forced to divest of assets to survive. As a result, there are a small number of highly desirable assets that are becoming available and many of these can be acquired on excellent partnership terms if the management has the track record to show that they can manage the technical, regulatory and money raising challenges needed to bring the projects to life.

Aurum's Board feel confident that the Company fits into the required category, and can establish opportunities for growing stakeholder value through partnering on such projects.

Currently Aurum's executive management are working in a number of different areas, looking at exciting acquisition opportunities that should they meet our exacting criteria will be considered for appropriate study, due diligence and in due course recommendation to our Shareholders for approval.

Our historical geography has been the FSU which has been hit very hard by the global credit crisis; so much of our energy is still focused here as we see strong acquisition opportunity. However Aurum's management has very diverse geographical experience and whilst our focus remains in the FSU, the Board will look at all acquisition opportunities based on whether the Company can capitalise on its strong skill sets and where capital fund raising is less challenging.

We are conscious that our Shareholders want to see Aurum emerge from this difficult time as a stronger company, and we are aware that this is best expressed by a strong share price; we are also cognisant of the fact that there is not an unlimited time period in which this needs to happen. It is the Board's intention to finalise our work on the proposals that we are currently assessing and complete the appropriate work required for us to make a recommendation by the end of the Company's financial year. Key to this timetable will be the realisation of cash proceeds from our partnership proposal with Kentor.

Summary

It has been a year of significant progress for Aurum – we started the year in the midst of a court case that threatened our very existence and we now find ourselves feeling very confident of delivering strong returns to all our stakeholders in 2010.

Mark Jones
Chief Executive Officer

17 September 2009

Report of the Directors

for the year ended 31 March 2009

The Directors present their report together with the audited financial statements for the year ended 31 March 2009.

Financial results

The audited financial statements are presented on pages 16 to 45.

The Directors do not recommend a dividend for the year ended 31 March 2009 (2008: £nil).

Principal activities

The principal activity of the Company is to make investments in mining projects.

Business review and future developments

Cash balances currently stand at approximately £2m. The decrease in funds since the year end is primarily due to the return of £15.9m of cash to Shareholders in April 2009.

In June 2009, the Company announced that it has granted options to Kentor to facilitate the disposal of the Andash asset and the ancillary mining fleet for net proceeds of $13.8m. Under the terms of the deal, Aurum will retain a 10% interest in the Andash project.

The Board is now examining a number of assets and opportunities and will update the market as and when it finds the right next opportunity for the Company.

A detailed review of the business for the year and likely future developments are set out in the Chairman's and Chief Executive's reports on pages 3 to 6.

Principal risks and uncertainties

The Group operates in jurisdictions that have varying degrees of political and commercial risk. The Group's current operations are located in or near communities that may now, or in the future, regard such operations as having a detrimental effect on their economic and social circumstances. Should this occur, it may have a material adverse impact on the profitability or, in an extreme case, the viability of the Group's operations.

Details of litigation in relation to the ownership of and the Group's interest in the Andash mining property are included within the Chairman's statement and Chief Executive's review.

Key performance indicators (KPIs)

The key performance indicators of the Group are as follows:

	2009	2008
Loss per share	$(21.00c)	$(3.57c)
Share price at 31 March	37.0p	94.5p
Cash at bank	$25.7m	$41.7m
Proven and probable ounces of gold and gold equivalent	1.1m	1.1m

The gold and gold equivalent resource at Andash zone 1 was proven up to a Joint Ore Reserves Committee (JORC) compliant proven and probable reserve level as a result of the feasibility study completed by Wardell Armstrong International (WAI) in December 2006.

Directors and 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 shares held at 31 March 2009	Number of shares held at 31 March 2008
S Finlay	312,721	312,721
M Jones	313,612	313,612
H Kanabar	175,000	175,000
C Knight	–	–
C Eadie	–	–

The Directors' interests in the share options and warrants of the Company as at 31 March 2009 were as follows:

	Options at 31 March 2008	Exercise Price	Date of grant	First date of exercise	Final exercise date
Options					
S Finlay	250,000	47p	30/04/2004	06/05/2004	06/05/2009
M Jones	1,000,000	55.5p	23/02/2006	23/02/2006	23/02/2011
M Jones*	250,000	55.5p	23/02/2006	05/09/2006	05/09/2011
M Jones**	250,000	55.5p	23/02/2006	20/12/2006	20/12/2011
M Jones***	500,000	55.5p	23/02/2006	30/09/2008	30/09/2013
H Kanabar	250,000	47p	30/04/2004	06/05/2004	06/05/2009
C Eadie	150,000	99.5p	17/11/2006	08/12/2006	08/12/2011
C Eadie****	150,000	99.5p	17/11/2006	28/02/2007	28/02/2012
C Eadie***	200,000	99.5p	17/11/2006	30/09/2008	30/09/2013
Warrants					
S Finlay	20,000	45p	15/02/2006	15/02/2006	15/02/2016
M Jones	100,000	45p	15/02/2006	15/02/2006	15/02/2016

These were no options granted to Directors during the year. No options were exercised during the year by the Directors.

These options have been granted pursuant to stand alone option deeds between the Company and the relevant option holder.

* these options became exercisable upon the 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.

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

Ordinary Shares resulting from the exercise of any such rights will rank pari passu in all respects with the Ordinary Shares in issue at the time of such exercise.

The exercise prices of the Company's warrants and options were adjusted following the capital repayment to Shareholders in April 2009.

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 2009 represents 12 days (2008: 20 days) as a proportion of the total amount invoiced by creditors during the year ended on that date.

Donations

The 100% owned subsidiary, Andash Mining Company, made charitable donations of $10,092 during the period (2008: $15,986) to Kupero Bazaar, a local mining village, for educational and kindergarten projects.

No charitable or political donations were made by the Company during the period.

Post balance sheet events

For details on post balance sheet events refer to note 23 of the financial statements.

Going concern

The financial statements have been prepared on a going concern basis. The Group's cash resources currently stand at approximately £2m and the Group intends to continue to operate within its cash resources.

The Board is very confident of receiving $15m from the Kentor deal early in the 2010 calendar year.

Environmental issues

The Group operates in regions and countries that have a long history of mining exploration and whose authorities accept mining can cause some disturbance to the local environment. The Group ensures that all its projects incur the minimum environmental impact possible. In particular, the Group seeks to ensure that, in sensitive regions, environmental baselines studies are undertaken to assess the initial environmental state prior to the Group's involvement.

Financial instruments

The disclosures included in note 20 to the financial statements set out the policies and procedures undertaken by the Directors to manage the risk exposure of the Company and the Group.

Auditors

BDO Stoy Hayward LLP have indicated their willingness to continue in office as auditors to the Company and a resolution proposing their re-appointment will be put to the forthcoming Annual General Meeting.

Disclosure of information to auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

Report of the Directors

continued

Annual General Meeting

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

Resolutions 5 and 6

As from 1 October 2009 sections 80 and 89 of the Companies Act 1985 will be replaced by sections 551 and 561 of the Companies Act 2006 respectively. The current authority of the Directors to issue shares will expire at the Company's 2009 AGM and the Directors do not currently have any authority to allot shares on a non pre-emptive basis as the previous authority expired on 4 April 2009. Therefore Resolutions 5 and 6, which are proposed as an Ordinary Resolution and a Special Resolution respectively, are to put in place the relevant authorities.

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 £318,024.60 in relation to a pre-emptive rights issue only representing approximately 66 per cent. of the current issued share capital and in any other case £159,012.30 representing approximately 33 per cent. of the current issued share capital of the Company. This authority will expire on the earlier of 31 October 2010 or the date of the next Annual General Meeting of the Company.

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 £96,376.55 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 earlier of 31 October 2010 or the date of the next Annual General Meeting of the Company.

Resolution 7

Resolution 7, which is proposed as a Special Resolution, is to authorise the Company to purchase up to 7,228,241 ordinary shares in the market, representing 15 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 earlier of 31 October 2010 or the date of the next Annual General Meeting of the Company and it is presently intended that a resolution for the renewal of such authority will be proposed at each succeeding Annual General Meeting. 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.

By order of the Board

Mark Jones
Chief Executive Officer

17 September 2009

Corporate governance statement

The Company, being listed on AIM, is not required to comply with the Combined Code. However the Company has given consideration to the code provisions set out in Section 1 of the Combined Code 2008 ("the Code") on Corporate Governance annexed to the Financial Services Authority Listing Rules. 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 13. 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 two 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.

Directors frequently visit the Kyrgyz Republic to oversee the operational activities. All the material business plans are appraised and agreed by the Board. The Board also receives independent professional advice on risk assessment matters where appropriate. It is the Board's policy to ensure that the management structure and the quality and integrity of the personnel are compatible with the requirements 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 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.

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets of the Company, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report which complies with the requirements of the Companies Act 1985.

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with the Companies Act 1985. The Directors are also required to prepare financial statements for the Group in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. The Directors have chosen to prepare financial statements for the Company in accordance with IFRSs.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. A fair presentation also requires the Directors to:

- consistently select and then apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

Financial statements are published on the Group'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 Group'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 SHAREHOLDERS OF AURUM MINING PLC

We have audited the Group and Parent Company financial statements (the "financial statements") of Aurum Mining Plc for the year ended 31 March 2009 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements, the Consolidated and Parent Company Statement of Recognised Income and Expense and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the Annual report and the financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Report of the Directors' is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's statement, Chief Executive's review, Corporate governance statement, Statement of Directors' responsibilities and the Report of the Directors. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 March 2009 and of the Group's loss for the year then ended; and
- the Parent Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the Parent Company's affairs as at 31 March 2009; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors' is consistent with the financial statements.

BDO Stoy Hayward LLP
Chartered Accountants
and Registered Auditors
London

17 September 2009

Consolidated income statement

for the year ended 31 March 2009

	Notes	2009 $'000	2008 $'000
Impairment of assets	16	(5,468)	(165)
Depreciation		(1,648)	(210)
Other administrative expenses		(4,711)	(4,128)
Administrative expenses		(11,827)	(4,503)
Operating loss	3	(11,827)	(4,503)
Finance income	6	1,706	2,957
Finance expenses	6	–	(79)
Loss for the year before taxation		(10,121)	(1,625)
Tax on loss for the year	7	–	–
Loss for the year after taxation		(10,121)	(1,625)
Loss attributable to the equity shareholders of the parent company		(10,121)	(1,625)
Loss per share			
Basic and Diluted	8	(21.00c)	(3.57c)

All amounts above relate to continuing operations.

The notes on pages 20 to 45 form part of these financial statements.

Consolidated and Company balance sheets

as at 31 March 2009

		Group		Company	
	Notes	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Assets					
Non-current assets					
Intangible assets	10	–	515	–	–
Property, plant and equipment	9	13,974	22,516	15	35
Investment in subsidiaries	11	–	–	4,603	6,384
Amounts owed by subsidiaries	12	–	–	9,419	20,295
Total non-current assets		13,974	23,031	14,037	26,714
Current assets					
Inventories	13	40	462	–	–
Receivables	14	962	1,671	727	159
Cash and cash equivalents	20	25,680	41,730	25,620	41,720
Total current assets		26,682	43,863	26,347	41,879
Total assets		40,656	66,894	40,384	68,593
Liabilities					
Non-current liabilities					
Trade and other payables	15	–	423	–	–
Total non-current liabilities		–	423	–	–
Current liabilities					
Trade and other payables	15	406	1,208	212	689
Total current liabilities		406	1,208	212	689
Total liabilities		406	1,631	212	689
Net assets		40,250	65,263	40,172	67,904
Capital and reserves attributable to the equity holders of the company					
Share capital	17	921	921	921	921
Share premium account	19	64,295	64,295	64,295	64,295
Merger reserve	19	5,816	5,816	5,816	5,816
Presentational currency translation reserve	19	(13,467)	1,061	(15,545)	1,284
Warrant reserve	19	350	350	350	350
Retained earnings	19	(17,665)	(7,180)	(15,665)	(4,762)
Total Equity		40,250	65,263	40,172	67,904

The financial statements were approved by the Board of Directors and authorised for issue on 17 September 2009. They were signed on its behalf by:

Chris Eadie
Chief Financial Officer

The notes on pages 20 to 45 form part of these financial statements.

Consolidated and Company cash flow statements

for the year ended 31 March 2009

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Cash flows from operating activities				
Loss for the year before tax	(10,121)	(1,625)	(10,539)	(180)
Depreciation of property, plant and equipment	1,648	210	12	14
Finance income	(1,706)	(2,957)	(1,720)	(2,990)
Finance expense	–	79	–	3
Loss on disposal of property, plant and equipment	323	17	–	–
Impairment losses	5,468	–	10,158	–
Share based payments	(364)	244	(364)	244
Foreign exchange differences	371	96	385	202
Cash flow from operating activities before changes in working capital	(4,381)	(3,936)	(2,068)	(2,707)
Decrease/(increase) in inventories	422	(101)	–	–
(Increase)/decrease in trade and other receivables	(129)	(1,488)	(568)	(42)
(Decrease)/increase in trade and other payables	(1,225)	942	(477)	57
Cash used by operations from operating activities	(5,313)	(4,583)	(3,113)	(2,692)
Income taxes paid	–	–	–	–
Net cash used in operating activities	(5,313)	(4,583)	(3,113)	(2,692)
Investing activities				
Purchase of property, plant and equipment	(1,265)	(12,617)	–	(36)
Proceeds from the sale of property, plant and equipment	344	9	–	–
Purchases of intangible assets	–	(515)	–	–
Interest income	1,335	2,788	1,335	2,788
Net cash used in investing activities	414	(10,335)	1,335	2,752
Financing activities				
Issue of ordinary shares	–	197	–	197
Interest paid	–	(6)	–	(3)
(Increase) in loans to subsidiaries	–	–	(2,954)	(14,797)
Cash flows from financing activities	–	191	(2,954)	(14,603)
Net (decrease)/increase in cash and cash equivalent	(4,899)	(14,727)	(4,732)	(14,543)
Cash and cash equivalents at the beginning of the year	41,730	55,649	41,720	55,498
Effect of exchange rate changes on cash and cash equivalents	(11,151)	808	(11,368)	765
Cash and cash equivalents at the end of the year	25,680	41,730	25,620	41,720

The notes on pages 20 to 45 form part of these financial statements.

Consolidated and Company statement of recognised income and expense

for the year ended 31 March 2009

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Exchange translation differences on consolidation of Group entities	(14,528)	890	(16,829)	845
Net income recognised directly in equity	(14,528)	890	(16,829)	845
Loss for the financial year	(10,121)	(1,625)	(10,539)	(180)
Total recognised income and expense for the financial year	(24,649)	(735)	(27,368)	665
Attributable to the equity shareholders of the parent company	(24,649)	(735)	(27,368)	665

The notes on pages 20 to 45 form part of these financial statements.

Notes to the financial statements

for the year ended 31 March 2009

1 Accounting policies

The following accounting policies have been applied in the preparation of the financial statements of Aurum Mining Plc.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

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)
Kaldora Company Limited	US $ (USD)
Andash Mining Company	Kyrgyz Som
Aureus Mining Company	Kyrgyz Som
Aurum Mining Kazakhstan LLP	Kazakh Tenge (KZT)

New & revised Standards effective for 31 March 2009 year ends and adopted by the Group

		Effective for annual periods commencing on or after
Amendments		
IAS 39 & IFRS 7	Amendment – Reclassification of Financial Instruments.	1 July 2008**
IAS 39 & IFRS 7*	Amendment – Reclassification of Financial Instruments – Effective date and transition.	1 July 2008**
Interpretations		
IFRIC 12	Service Concession Arrangements.	1 January 2008
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction.	1 January 2008

* These have not been endorsed by the EU. The Group is evaluating the impact of the above pronouncements but they are not expected to be material for the Group's operations.

** Effective from 1 July 2008, not just for periods beginning on or after this date.

New & revised Standards issued but not effective for 31 March 2009 year-ends

		Effective for annual periods commencing on or after
New Standard		
IFRS 8	Operating Segments.	1 January 2009
Amendments		
IAS 1	Presentation of financial statements: A revised presentation.	1 January 2009
IAS 23	Borrowing costs.	1 January 2009
IFRS 2	Amendment – Share based payment: vesting conditions and cancellations.	1 January 2009
IAS 27	Amendment – Consolidated and separate financial statements.	1 July 2009
IFRS 3	Revised – Business combinations.	1 July 2009
IFRS 1*	Revised – First time adoption of IFRS.	1 January 2009
IAS 32 & IAS 1	Amendment – Puttable financial instrument and obligations arising on liquidation.	1 January 2009
IFRS1 & IAS27*	Amendment – Cost of an investment in a subsidiary, jointly-controlled entity or associate.	1 January 2009
IAS 39*	Amendment – Financial Instruments: recognition and measurement: eligible hedged Items.	1 July 2009
IFRS 7*	Amendment – improving disclosures about financial instruments.	1 January 2009
Improvements to IFRSs (2009)	Amendment – The improvements in this Amendment clarify the requirements of IFRSs and eliminate inconsistencies between Standards.	1 January 2009
IFRIC 9 & IAS 39*	Amendment – Embedded derivatives.	30 June 2009
Improvements to IFRSs (2010) *	Amendment – The improvements in this Amendment clarify the requirements of IFRSs and eliminate inconsistencies between Standards.	1 January 2010
IFRS 2*	Amendment – Group cash-settled share-based payment transactions.	1 January 2010
Interpretations		
IFRIC 13	Customer Loyalty Programmes.	1 July 2008
IFRIC 15*	Agreements for the construction of real estate.	1 January 2009
IFRIC 16*	Hedges of a net investment in a foreign operation.	1 October 2008
IFRIC 17*	Distributions of non-cash assets to owners.	1 July 2009
IFRIC 18*	Transfers of assets from customers.	1 July 2009

*These have not been endorsed by the EU. The Group is evaluating the impact of the above pronouncements but they are not expected to be material for the Group's operations.

1 Accounting policies (continued)

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:

Mine rehabilitation obligations

Costs associated with rehabilitating land disturbed during the exploration and mining process and addressing environmental, health and community issues are estimated and provided for based on the most current information available. Estimates may, however, be insufficient and/or further issues may be identified. Any underestimate or unidentified rehabilitation costs will reduce earnings and could materially and adversely affect the Group's asset values, earnings and cash flows.

Capitalised mining costs and mining resources

The Group's reserves of precious metals ("mining properties") are estimates based upon geological studies. Over the longer term the actual mineable resources achieved may vary significantly from the current estimates. The Group periodically updates estimates of reserves and assesses those for indicators of impairment relating to its capitalised mining costs.

Base of mining operations

The Group's primary base of operations is in the Kyrgyz Republic. The laws relating to commercial operations, taxation and future dividend payments are still under development and there may be unforeseen changes to the operating and fiscal environment. The financial statements have been prepared on the assumption that no significant adverse changes to the economic, regulatory and fiscal environment will arise.

Carrying values of inventory

The Group monitors internal and external indicators of impairment relating to its inventory. Management has considered whether any indicators of impairment have arisen over certain spares, materials, tools and equipment held in inventory. After assessing these, management has concluded that no impairment has arisen in respect of these assets during the year. Refer to note 13.

Carrying values of PP&E

The Group monitors internal and external indicators of impairment relating to its property, plant and equipment. Management has considered whether any indicators of impairment have arisen over certain assets relating to the Group's mining operations. After assessing these, management has concluded that an impairment has arisen in respect of these assets during the year. Refer to note 16 for further details.

Useful lives of intangible assets and property, plant and equipment

Intangible assets and 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.

1 Accounting policies (continued)

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.

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. Realisation of any contingent liabilities not currently recognised or disclosed in the financial statements could have a material effect on the Group's financial position.

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.

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.

Basis of consolidation

The consolidated financial statements incorporate the results of Aurum Mining Plc and its subsidiaries as at 31 March 2009.

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 inter-company balances and transactions, including unrealised profits arising from them, are eliminated.

The Company has taken advantage of Section 230 of the Companies Act 1985 in not presenting its own income statement. The Company's loss for the year was $10,539,000 (2008: loss of $180,000).

1 Accounting policies (continued)

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. All differences are taken to the income statement, except for differences on monetary assets and liabilities that form part of the Group's net investment in a foreign operation. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

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.

Business combinations

Business combinations are accounted for under IFRS 3 using the purchase method. Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised in the balance sheet as goodwill and is regularly reviewed for impairment. To the extent that the net fair value of the acquired entity's identifiable assets, liabilities and contingent liabilities is greater than the cost of the investment, a gain is recognised immediately in the income statement.

Mining properties

Once a decision is made to proceed with the development of a mining project, exploration and evaluation expenditure other than that on buildings, machinery and equipment is capitalised under property, plant and equipment as mining properties, together with any amount transferred from exploration and evaluation assets. Mining properties are amortised over the estimated life of the reserves on a 'unit of production' basis.

Exploration and evaluation assets

All costs associated with mining development and investment are capitalised on a project-by-project basis pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses but not general overheads. When a decision is made to proceed to development, the related expenditures are transferred to mining properties. Where a licence is relinquished, a project is abandoned, or is considered to be of no further commercial value to the company, the related costs are written off.

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

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

1 Accounting policies (continued)

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 are treated as receivables. 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.

Finance leases

Leases of plant and equipment where the Group assumes a significant portion of risks and rewards of ownership are classified as a finance lease. Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is classified between the liability and the finance charges to achieve a constant rate on the finance balance outstanding. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs. The plant and equipment acquired under the finance leases are depreciated over the useful lives of the assets, or over the lease term if shorter.

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.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

1 Accounting policies (continued)

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.

Inventories

Inventory is valued at lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to disposal.

Finance costs and debt

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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.

Financial assets

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments 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.

1 Accounting policies (continued)

Financial liabilities held at amortised cost

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in profit or loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables 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.

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;
- 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.

1 Accounting policies (continued)

Rehabilitation obligations

Rehabilitation obligations include future estimated costs of closure and restoration in returning disturbed areas to their original state. Estimated rehabilitation obligations are provided for in the accounting period when the obligation arising from the related disturbance occurs and is based on the net present value of estimated future costs. The unwinding of the discount is included in finance costs. At the time of establishing the provision, a corresponding asset is capitalised, where it gives rise to a future benefit, and is depreciated over the future production from the mine to which it relates.

The provision is reviewed on an annual basis for changes to obligations and discount rates that effect cost estimates or life of operations. The cost of the related asset is adjusted for such changes in the provision and the adjusted cost of the asset is depreciated prospectively.

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

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.

2 Segmental information

For management purposes the Group is organised into two business segments, Mining and Corporate. These business segments are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Corporate – The head office activities of the Group are based in the United Kingdom.

Mining – The mining, production and exploration of gold and other precious metals in the Kyrgyz Republic.

The Group operates in two geographic segments, the United Kingdom and the Kyrgyz Republic, which correspond to the business segments as described above.

The segment results areas as follows:

Year ended 31 March 2009	Corporate $'000	Mining $'000	Group $'000
Operating expenses	(2,101)	(9,726)	(11,827)
Segment result	(2,101)	(9,726)	(11,827)
Finance income			1,706
Finance expenses			–
Loss before taxation			(10,121)
Taxation			–
Loss for the year			(10,121)

Year ended 31 March 2008	Corporate $'000	Mining $'000	Group $'000
Operating expenses	(3,167)	(1,336)	(4,503)
Segment result	(3,167)	(1,336)	(4,503)
Finance income			2,957
Finance expenses			(79)
Loss before taxation			(1,625)
Taxation			–
Loss for the year			(1,625)

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

Year ended 31 March 2009	Corporate $'000	Mining $'000	Group $'000
Depreciation	12	1,636	1,648
Share based compensation charges	(364)	–	(364)

Year ended 31 March 2008	Corporate $'000	Mining $'000	Group $'000
Depreciation	14	196	210
Share based compensation charges	244	–	244

2 Segmental information (continued)

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

Year ended 31 March 2009	Corporate $'000	Mining $'000	Group $'000
Segment assets	26,362	14,294	40,656
Segment liabilities	(212)	(194)	(406)
Segment net assets	26,150	14,100	40,250
Capital expenditure	–	1,265	1,265

Year ended 31 March 2008	Corporate $'000	Mining $'000	Group $'000
Segment assets	41,914	24,980	66,894
Segment liabilities	(689)	(942)	(1,631)
Segment net assets	41,225	24,038	65,263
Capital expenditure	28	13,104	13,132

3 Operating loss

Operating loss is stated after charging:

	2009 $'000	2008 $'000
Depreciation	1,648	210
Operating lease expense	238	238
VAT claim refund	(791)	–
Impairment of intangible assets	513	–
Impairment of property, plant and equipment	4,117	–
Impairment of other receivables	838	73
Impairment of inventories	–	92
External auditors' remuneration		
– Audit fee for the annual audit of the company and group financial statements	50	80
– Auditing of accounts of associates of the Company under legislation	15	20
– Other taxation services	33	–
Loss on disposal of assets	323	17
Share-based payments	(364)	244

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

4 Staff costs

	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Wages and salaries	1,883	2,075	1,187	1,202
Social security costs	183	228	50	56
Pension costs	14	8	14	8
Share based payments	(364)	244	(364)	244
National Insurance on share options	(201)	(43)	(201)	(43)
	1,515	2,512	686	1,467

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

In the current year, an amount of $364k previously charged to the income statement for share based payments was reversed to reflect the revised best estimate of options that will ultimately vest. The provision for National Insurance on share options has also been revised, resulting in a credit to the income statement of $201k (2008: $43k).

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

	Group 2009	Group 2008	Company 2009	Company 2008
Administration	45	73	6	6
Operations	34	31	–	–
Total	79	104	6	6

5 Directors' emoluments – Group and Company

	2009 $'000	2008 $'000
Directors' emoluments	1,104	1,105
Social security costs	41	47
Pension costs	14	8
Total Directors' emoluments	1,159	1,160
Share based payments	(364)	244
National Insurance on share options	(201)	(43)
	594	1,361

The highest paid Director received emoluments totalling $628,876 (2008: $624,924) and share based payments of ($227,957) (2008: $127,090).

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 is paid via Knights Consultants Ltd, a private service company.

Directors' interests and share options are disclosed in the report of the Directors on pages 7 to 10.

In 2009 and 2008 key management personnel are considered to be Directors only.

6 Finance income and expenses

Recognised in profit or loss:

	2009 $'000	2008 $'000
Finance income		
Bank interest receivable	1,335	2,788
Total interest income calculated using effective interest method	1,335	2,788
Exchange gains	371	169
	1,706	2,957
Finance expenses		
Bank interest payable	–	3
Lease interest payable	–	3
Total interest expense calculated using effective interest method	–	6
Exchange losses	–	73
	–	79
Net finance income/(expense) recognised in profit or loss	1,706	2,878

The above net finance income/(expense) includes the following in respect of assets/(liabilities) not at fair value through profit or loss.

	2009 $'000	2008 $'000
Total finance income on financial assets	1,706	2,788
Total finance expense on financial liabilities	–	(6)
	1,706	2,782

7 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 2009, the Group had tax losses of $14.2m (2008: $7.7m) carried forward which can be used against future profits. The majority of these losses arose in a jurisdiction with a lower tax rate than 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 recognised in relation to these losses.

The total of unprovided deferred tax assets relating to unprovided losses which have not been provided for in the financial statements amount to $2.3m (2008: $1.6m).

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:

	2009 $'000	2008 $'000
Loss before taxation	(10,121)	(1,625)
Loss at the standard rate of Corporation tax in the UK of 28% (2008: 30%)	(2,834)	(488)
Effects of:		
Expenses not deductible for tax purposes	1,972	32
Unutilised tax losses carried forward	862	456
Current tax charge	–	–

The Group did not recognise any deferred tax assets or liabilities at 31 March 2009 or 2008.

8 Loss per share

Loss per share is calculated based on a loss of $10,121,000 (2008: $1,625,000) on a weighted average of ordinary shares in issue during the year of 48,188,275 (2008: 45,467,005).

The diluted loss per share is calculated on the loss attributable to equity shareholders and on the weighted average diluted number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

In 2009 and 2008 the potential ordinary shares are anti-dilutive and therefore diluted loss per share has not been calculated.

The options and other potentially dilutive instruments are disclosed in note 18 to the financial statements.

9 Property, plant and equipment

Group

	Office and computer equipment $'000	Plant, equipment and vehicles $'000	Mining properties $'000	Total $'000
Cost				
At 1 April 2007	69	704	9,544	10,317
Foreign currency re-translation	–	–	80	80
Additions	100	10,640	1,877	12,617
Disposals	(1)	(35)	–	(36)
At 1 April 2008	168	11,309	11,501	22,978
Foreign currency re-translation	(34)	(1,676)	(2,542)	(4,252)
Additions	12	1,253	–	1,265
Disposals	(20)	(952)	–	(972)
At 31 March 2009	126	9,934	8,959	19,019
Depreciation				
At 1 April 2007	33	231	–	264
Foreign currency re-translation	(1)	(1)	–	(2)
Charge for the year	36	174	–	210
Disposals	–	(10)	–	(10)
At 1 April 2008	68	394	–	462
Foreign currency re-translation	(25)	(852)	–	(877)
Charge for the year	30	1,618	–	1,648
Impairment charges	48	4,069	–	4,117
Disposals	(14)	(291)	–	(305)
At 31 March 2009	107	4,938	–	5,045
Net book value				
At 31 March 2009	19	4,996	8,959	13,974
At 31 March 2008	100	10,915	11,501	22,516

Property, plant and equipment was written down by $4,117k (2008: $nil) during the year. Refer to note 16 for further details.

Included within plant, equipment and vehicles is an amount of $nil (2008: $91,366), which represents capitalised interest.

The net book value of non-current assets held under finance leases was:

	2009 $,000	2008 $,000
Cost	–	1,243
Depreciation	–	–
Net book value	–	1,243

9 Property, plant and equipment (continued)

Company

	Office and computer equipment $'000
Cost	
At 1 April 2007	28
Additions	36
At 1 April 2008	64
Foreign currency re-translation	(18)
Additions	–
At 31 March 2009	46
Depreciation	
At 1 April 2007	15
Charge for the year	14
At 1 April 2008	29
Foreign currency re-translation	(10)
Charge for the year	12
At 31 March 2009	31
Net book value	
At 31 March 2009	15
At 31 March 2008	35

10 Intangible assets

Group

	Unevaluated mining properties $'000
Cost	
As at 1 April 2007	–
Additions during the year	515
At 1 April 2008	515
Foreign currency re-translations	(2)
Additions during the year	–
Impairment charges	(513)
At 31 March 2009	–
Net book value	
At 31 March 2009	–
At 31 March 2008	515

The exploration and evaluation assets are considered to be intangible assets.

Intangible assets were written down by $513k (2008: $nil) during the year. Refer to note 16 for further details.

The Company had no intangible assets at 31 March 2009 or at 31 March 2008.

11 Investment in subsidiaries

Company

	Investments in subsidiaries $'000
Cost	
At 1 April 2007	6,304
Foreign currency re-translation	80
Additions	–
At 1 April 2008	6,384
Foreign currency re-translation	(1,781)
Additions	–
Impairment charges	–
At 31 March 2009	4,603

The Company had the following subsidiary undertakings at 31 March 2009 and 31 March 2008 which have been included in the consolidated financial statements:

	Percentage interest 2009 %	2008 %	Country of incorporation	Activity
Kaldora Company Limited	100	100	British Virgin Islands	Holding company
Andash Mining Company	100	100	Kyrgyz Republic	Mining and exploration
Aurum Mining Kazakhstan LLP	100	100	Republic of Kazakhstan	Mining and exploration
Aureus Mining Company	100	–	Kyrgyz Republic	Mining and exploration

Aureus Mining Company was incorporated on 20 May 2008.

12 Amounts owed by subsidiaries

	Company 2009 $'000	2008 $'000
Amounts owed by subsidiaries	17,588	20,295
Impairment of amounts owed by subsidiaries	(10,158)	–
Foreign currency re-translations	1,989	–
Amounts owed by subsidiaries	9,419	20,295

The Directors have carried out an impairment review in respect of assets in the Kyrgyz Republic and as a result the carrying value of the loans to the subsidiaries have been written down by $10,158k (2008: $nil) as they are unlikely to be recovered in the short term.

13 Inventories

	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Raw materials and consumables	40	462	–	–

Inventory consists of spare parts, fuel and various materials used in exploration and mining operations.

In the prior year, a provision of $92,000 was made in respect of steel held by a third party on behalf of Andash Mining Company. The ownership of this material remains disputed. There were no provisions made in the current year.

14 Receivables

	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Other receivables	138	1,204	–	–
VAT recoverable	756	257	659	–
Prepayments	68	146	68	95
Accrued income	–	64	–	64
	962	1,671	727	159

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

Other receivables

In the prior year, the Group's subsidiary in the Kyrgyz Republic made advance payments to various suppliers for the supply of goods and services.

A provision/impairment charge of $838,000 (2008: $73,000) was made against an advance payment to a supplier in respect of the process plant.

VAT recoverable

The Company registered for VAT in February 2009 and submitted its first VAT claim for the 41 month period ended 30 June 2009, resulting in an amount for VAT recoverable of $659k (2008: $nil) at year end.

The Group's subsidiary is a registered value added tax payer in the Kyrgyz Republic and therefore has a right to be reimbursed for value added tax paid on purchased goods and services. The Group's management believes that the subsidiary would be able to recover the value added tax in the course of future assets disposals.

15 Trade and other payables

	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Current				
Trade creditors	102	191	27	146
Obligations under finance leases	–	241	–	–
Other taxation and social security	31	62	13	22
Accruals and deferred income	273	714	172	521
	406	1,208	212	689
Non-current				
Obligations under finance leases	–	423	–	–
	–	423	–	–

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

16 Impairment charges

The Directors have carried out an impairment review of the Group's assets in the Kyrgyz Republic and as a result the Group incurred an impairment charge of $5.5m in relation to the carrying value of the Andash assets to their recoverable amount. The recoverable amount of the assets is based on the expected realisable value and has been determined by reference to the disposal value of the Andash assets under the option agreements with Kentor as outlined in note 23. The Directors are confident the disposal to Kentor will complete as per the option agreements. However, Kentor do not currently have the funds to settle the consideration. In the event that Kentor were unable to raise the required funds, the Directors are confident an alternative solution could be found to realise the current carrying value of the assets.

	Group		Company	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Impairment of intangible assets	513	–	–	–
Impairment of property, plant and equipment	4,117	–	–	–
Impairment of other receivables	838	73	–	–
Impairment of inventories	–	92	–	–
Impairment of amounts owed by subsidiaries	–	–	10,158	–
Impairment of investment in subsidiaries	–	–	–	–
Total	5,468	165	10,158	–

17 Share capital

	Number of £0.01 ordinary shares '000	**$'000**
Authorised ordinary shares		
At beginning of year	200,000	3,474
At end of year	200,000	3,474

	2009		2008	
	Number of £0.01 ordinary shares	**$'000**	**Number of £0.01 ordinary shares**	**$'000**
Allotted, issued and fully paid ordinary shares				
At beginning of year	48,188,275	921	45,467,005	868
Conversion of accrued interest on Loan Notes	–	–	26,270	1
Conversion of Warrants	–	–	195,000	3
Shares issued	–	–	2,500,000	49
At end of year	48,188,275	921	48,188,275	921

18 Share Options and Warrants

Share Options

The following options over ordinary shares have been granted and remained outstanding at 31 March 2009:

Exercise Price	Outstanding at 1 April 2008	Granted during year	Exercised during year	Outstanding at 31 March 2009	Final exercise date
47p	500,000	–	–	500,000	06/05/2009
55.5p	2,000,000	–	–	2,000,000	23/02/2011
84p	500,000	–	–	500,000	01/05/2010
99.5p	500,000	–	–	500,000	08/12/2011
	3,500,000	–	–	3,500,000	

The following options over ordinary shares have been granted and remained outstanding at 31 March 2008:

Exercise Price	Outstanding at 1 April 2007	Granted during year	Exercised during year	Outstanding at 31 March 2008	Final exercise date
47p	500,000	–	–	500,000	06/05/2009
55.5p	2,000,000	–	–	2,000,000	23/02/2011
84p	500,000	–	–	500,000	01/05/2010
99.5p	500,000	–	–	500,000	08/12/2011
	3,500,000	–	–	3,500,000	

Warrants

The following warrants over ordinary shares have been granted and remained outstanding at 31 March 2009:

Exercise Price	Outstanding at 1 April 2008	Granted during year	Exercised during year	Outstanding at 31 March 2009	Final exercise date
45p	805,000	–	–	805,000	15/02/2016

The following warrants over ordinary shares have been granted and remained outstanding at 31 March 2008:

Exercise Price	Outstanding at 1 April 2007	Granted during year	Exercised during year	Outstanding at 31 March 2008	Final exercise date
45p	1,000,000	–	195,000	805,000	15/02/2016

Options and warrants held by Directors are disclosed in the report of the Directors on pages 7 to 10.

The market price of shares as at 31 March 2009 was £0.37 (2008: £0.94). The range during the financial year was £0.05 to £0.50.

The expense recognised for share-based payments in respect of Directors and consultant services received during the year ended 31 March 2009 was ($364,192) (2008: $243,605).

In the current year, an amount of $364k previously charged to the income statement for share based payments was reversed to reflect the revised best estimate of options that will ultimately vest.

18 Share Options and Warrants (continued)

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

	2009 Number	2009 WAEP Pence	2008 Number	2008 WAEP Pence
Outstanding at beginning of year	3,500,000	64.64	3,500,000	64.64
Granted during the year	–	–	–	–
Exercised	–	–	–	–
Outstanding at 31 March	3,500,000	64.64	3,500,000	64.64
Exercisable at 31 March	2,800,000	63.79	2,800,000	63.79

There were no new options or warrants granted in the year ended 31 March 2009 or 2008.

19 Reserves

Group

	Share premium $'000	Merger reserve $'000	Shares to be issued $'000	Present-ational currency translation reserve $'000	Warrant reserve $'000	Retained earnings $'000	Total $'000
At 1 April 2008	64,295	5,816	–	1,061	350	(7,180)	64,342
Share based payments	–	–	–	–	–	(364)	(364)
Loss for the year	–	–	–	–	–	(10,121)	(10,121)
Exchange differences on retranslation	–	–	–	(14,528)	–	–	(14,528)
At 31 March 2009	64,295	5,816	–	(13,467)	350	(17,665)	39,329

Group

	Share premium $'000	Merger reserve $'000	Shares to be issued $'000	Present-ational currency translation reserve $'000	Warrant reserve $'000	Retained earnings $'000	Total $'000
At 1 April 2007	64,017	865	5,000	171	435	(5,799)	64,689
Share based payments	–	–	–	–	–	244	244
Issue of 2,500,000 shares	–	4,951	(5,000)	–	–	–	(49)
Issue of 26,270 shares following conversion of Loan Notes accrued interest	18	–	–	–	–	–	18
Issue of 195,000 shares following conversion of warrants	175	–	–	–	–	–	175
Exercise of warrants	85	–	–	–	(85)	–	–
Loss for the year	–	–	–	–	–	(1,625)	(1,625)
Exchange differences on retranslation	–	–	–	890	–	–	890
At 31 March 2008	64,295	5,816	–	1,061	350	(7,180)	64,342

19 Reserves (continued)

Company

	Share premium $'000	Merger reserve $'000	Shares to be issued $'000	Present-ational currency translation reserve $'000	Warrant reserve $'000	Retained earnings $'000	Total $'000
At 1 April 2008	64,295	5,816	–	1,284	350	(4,762)	66,983
Share based payments	–	–	–	–	–	(364)	(364)
Loss for the year	–	–	–	–	–	(10,539)	(10,539)
Exchange differences on retranslation	–	–	–	(16,829)	–	–	(16,829)
At 31 March 2009	64,295	5,816	–	(15,545)	350	(15,665)	39,251

Company

	Share premium $'000	Merger reserve $'000	Shares to be issued $'000	Present-ational currency translation reserve $'000	Warrant reserve $'000	Retained earnings $'000	Total $'000
At 1 April 2007	64,017	865	5,000	439	435	(4,826)	65,930
Share based payments	–	–	–	–	–	244	244
Issue of 2,500,000 shares	–	4,951	(5,000)	–	–	–	(49)
Issue of 26,270 shares following conversion of Loan Notes accrued interest	18	–	–	–	–	–	18
Issue of 195,000 shares following conversion of warrants	175	–	–	–	–	–	175
Exercise of warrants	85	–	–	–	(85)	–	–
Loss for the year	–	–	–	–	–	(180)	(180)
Exchange differences on retranslation	–	–	–	845	–	–	845
At 31 March 2008	64,295	5,816	–	1,284	350	(4,762)	66,983

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.
Shares to be issued	Amount for shares that the Company is obligated to issue at year end.
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.

20 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	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Loans and receivables				
Cash and cash equivalents	25,680	41,730	25,620	41,720
Receivables	962	1,671	727	159
Amounts owed by subsidiaries	–	–	9,419	20,295
Total financial assets	26,642	43,401	35,766	62,174
Financial liabilities held at amortised cost				
Current trade and other payables	406	1,208	212	689
Non-current trade and other payables	–	423	–	–
Total financial liabilities	406	1,631	212	689

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 Financial 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	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Less than 3 months	256	795	112	457
3-6 months	150	61	100	–
6-12 months	–	352	–	232
1-5 years	–	423	–	–
	406	1,631	212	689

20 Financial instruments (continued)

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.

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/(liability)

The net monetary assets/(liabilities) of the Group and Company are denominated as follows:

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
UK Pounds	26,035	41,330	35,363	43,964
US Dollars	158	408	191	17,521
Kyrgyz Som	43	32	–	–
	26,236	41,770	35,554	61,485

The Group is mainly exposed to Kyrgyz Som (functional currency of Andash Mining Company) – a 5% increase in the value of the Kyrgyz Som against the US$ will increase expenses and pre-tax loss by $338,000 (2008: $75,000).

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 6.10% (2008: 0% and 6.65%).

An increase of 0.5% in interest rates will increase finance income by $168,000 (2008: $250,000).

Cash and cash equivalents	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Floating interest rate	25,680	41,730	25,620	41,720

Fair values

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

20 Financial instruments (continued)

Capital disclosures

As described in notes 17 and 19, 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.

21 Financial commitments

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

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Land and buildings				
– Not later than one year	–	279	–	138
– Later than one year and not later than five years	–	656	–	656
Total	–	935	–	794

During the year the Group and Company settled all existing commitments under non–cancellable operating leases.

Total minimum lease payments under finance leases are as follows:

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Plant and equipment				
– Not later than one year	–	241	–	–
– Later than one year and not later than five years	–	423	–	–
Total	–	664	–	–

During the year all finance lease commitments were settled and closed as part of the process prior to the return of capital to shareholders.

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Plant and equipment	–	4,628	–	–

During the year the Group settled all commitments that were outstanding at the end of the 2008 financial year.

22 Related party transactions

For details of Directors' emoluments and key management personnel, see note 5.

Other than above, there were no related party transactions in the Group or Company during the year.

23 Post balance sheet events

Details of significant post balance sheet events are included within the Chairman's statement and Chief Executive's review.

In summary, the key post balance sheet events are as follows:

On 14 April 2009 the Company returned £15.9m to Shareholders. The exact payment made was 33p for every ordinary share held on the register of members as at close of business on 31 March 2009. In accordance with the terms and conditions of the instruments, the exercise prices of the Company's warrants and options in issue have been adjusted to take account of the capital repayment to Shareholders.

On 15 June 2009 the Kyrgyz State Agency for Geology and Mineral resources extended the Company's deadlines for the completion of key commitments outlined in its Andash Zone 1 mining licence. While the Company's mining licence for the Andash Zone 1 mine in Kyrgyzstan is valid until 2017, there are various requirements contained within the licence that need to be met. The key requirement was that the Company had to have the Zone 1 mine constructed by March 2010- this deadline has now been pushed back to June 2011.

On 30 June 2009 the Board announced that it had granted options to facilitate the disposal of both its 80% interest in the Andash gold-copper mining project ('Andash') and its ancillary assets, consisting mainly of a mining and construction fleet. The options have been granted to ASX listed gold mining company, Kentor Gold Limited ('Kentor'). If the options are exercised, Aurum will realise $10m from its 80% stake in the Andash project and a further $5m for its share of the ancillary assets. As a further component of the proposed deal and once the initial options have been exercised, Aurum will acquire 10% stake in the Andash project from its local partner for consideration of $1.2m. The shareholders in the Andash project post the transaction would be Kentor with 80%, Aurum with 10% and Aurum's local partner with 10%.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Aurum Mining Plc (the "Company") will be held at 12 noon on 23 October 2009 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 2009.

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 Stoy Hayward 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 generally and unconditionally authorised to allot Relevant Securities (as defined below):

   5.1 comprising equity securities (as defined by section 560 of the Companies Act 2006 (the "2006 Act") up to an aggregate nominal amount of £318,024.60 (such amount to be reduced by the nominal amount of any Relevant Securities allotted under paragraph 5.2 below) in connection with an offer by way of a rights issue:

   5.1.1 to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

   5.1.2 to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

   but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

   5.2 in any other case, up to an aggregate nominal amount of £159,012.30 (such amount to be reduced by the nominal amount of any equity securities allotted under paragraph 5.1 above in excess of £159,012.30),

   provided that this authority shall, unless renewed, varied or revoked by the Company, expire on 31 October 2010 or, if earlier, upon the conclusion of the next annual general meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted and the Directors may allot Relevant Securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

   This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot Relevant Securities but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

For the purposes of this resolution "Relevant Securities" shall mean:

(i) Shares in the Company other than shares allotted pursuant to:

(a) an employee share scheme (as defined by section 1166 of the 2006 Act);

(b) a right to subscribe for shares in the Company where the grant of the right itself constituted a Relevant Security; or

(c) a right to convert securities into shares in the Company where the grant of the right itself constituted a Relevant Security.

(ii) Any right to subscribe for or to convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme (as defined by section 1166 of the 2006 Act). References to the allotment of Relevant Securities in this resolution include the grant of such rights.

6. THAT (subject to the passing of resolution 5 above) the Directors be given the general power to allot equity securities (as defined by section 560 of the 2006 Act) for cash, either pursuant to the authority conferred by resolution 5 above or by way of a sale of treasury shares, as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to:

6.1 the allotment of equity securities in connection with an offer by way of a rights issue:

6.1.1 to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

6.1.2 to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

6.2 the allotment (otherwise than pursuant to paragraph 6.1 above) of equity securities up to an aggregate nominal amount of £96,376.55.

The power granted by this resolution shall, unless renewed, varied or revoked by the Company, expire on 31 October 2010 or, if earlier, upon the conclusion of the next annual general meeting of the Company save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

7. THAT the Company be and is hereby generally and unconditionally authorised 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:

7.1 the maximum aggregate number of shares authorised to be purchased is 7,228,241 Ordinary Shares;

7.2 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;

7.3 unless previously renewed, varied or revoked, the authority hereby conferred shall expire on 31 October 2010 or the date of the next Annual General Meeting of the Company (whichever is earlier); and

7.4 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: 17 September 2009

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.
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. Please contact the Company's Registrars, Neville Registrars if you wish to appoint more than one proxy.
3. 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.
4. To be valid a Form of Proxy, together with a power of attorney or other authority, if any, under which it is executed or a notarilly certified copy thereof, must be deposited at the Company's Registrars, Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA 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). A Form of Proxy is enclosed with this notice and instructions for use are shown on the form.
5. 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.
6. 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.
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 21 October 2009 shall be entitled to attend and vote, whether in person or by proxy, at the 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 21 October 2009 shall be disregarded in determining the rights of any person to attend or vote at the 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.

Printed by Michael Searle & Son Limited