



## AVRVM MINING PLC

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

#### **Interim Results for the six months ended 30 September 2009**

Aurum Mining plc (AIM: AUR), the gold mining company focused on the Former Soviet Union (FSU) and whose principal asset is the Andash Project in the Kyrgyz Republic, announces its interim results for the six months ended 30 September 2009.

#### **Key points**

- US\$13.6m net proceeds from the disposal to Kentor of a majority stake of the Andash asset and ancillary mining fleet currently expected by the end of the calendar year
- The company will retain a 10% interest in the Andash project post completion of the deal with Kentor
- Shareholders approved the Company's future investing strategy at the General Meeting held on 12 November 2009
- Existing cash balances of approximately £1.2m
- The Board is currently evaluating a number of exciting acquisition opportunities and hopes to make a recommendation to Shareholders by the end of the Company's financial year

**Sean Finlay, Aurum's Chairman, said:** "The Board looks forward to the next phase of Aurum's transformation with great confidence, a situation that would have been unthinkable only six months ago. This not only highlights the great progress made over this period, but also demonstrates the confidence that the Board has in delivering strong returns to all the Company's stakeholders in the near future."

# **Aurum Mining Plc**

## **Interim financial statements**

**For the six months ended 30 September 2009**

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## Aurum Mining Plc

### Company information

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<b>Directors</b>	<b>Sean Finlay</b> <b>Mark Jones</b> <b>Chris Eadie</b> <b>Haresh Kanabar</b> <b>Colin Knight</b>	Non-Executive Chairman Chief Executive Officer Chief Financial Officer Non-Executive Director Non-Executive Director
<b>Company Secretary and Registered Office</b>	<b>Haresh Kanabar</b> 22 Great James Street London WC1N 3ES	
<b>Company Number</b>	5059457	
<b>Nominated Advisor and Broker</b>	<b>Arbuthnot Securities Ltd.</b> Arbuthnot House 20 Ropemaker Street London EC2Y 9AR	
<b>Auditors</b>	<b>BDO LLP</b> 55 Baker Street London W1U 7EU	
<b>Solicitors</b>	<b>Lawrence Graham LLP</b> 4 More London Riverside London SE1 2AU	
<b>Website</b>	<a href="http://www.aurummining.net">www.aurummining.net</a>	

The story of Aurum's current financial year to date has been well documented, but it is worth recapping on the key events of the period as they serve to highlight the tremendous progress made by the Company. During the last six months, the Company has gone, quite literally, from a state of total paralysis to the brink of complete transformation.

Following the return of £15.9 million to Shareholders during April 2009, the Company was left in the untenable situation of being valued by the market at only the level of cash that remained in its balance sheet. In effect, the Andash project and the mining fleet were valued at zero by the market. The return of cash also happened to coincide with a period of crisis in the global capital markets so the Company was effectively stranded with limited resources and negligible value in a market where it was not possible for a junior mining company like Aurum to raise additional funds. The Company was therefore faced with circumstances in which it had no chance of bringing the Andash Project into production in the near term. This also occurred at a time when the Andash Project was the subject of a groundless legal challenge in Kyrgyzstan that questioned the Group's ownership of the asset.

Despite these problems, the Board remained focused on rescuing the situation and delivering value from the Andash Project for Shareholders. The first step in the process was to get the court case closed and to get the Andash mining licences reconfirmed. As part of this process, the Company transferred 20 per cent. of the Andash Mining Company ("AMC") to Investcenter Talas LLC (ITL), a local partner (formed with the express goal of benefiting the local population) in return for Aurum receiving a fair and transparent hearing in the Bishkek courts. With this partnership in place, the claimant failed to provide representation at the court hearing and the court case was closed and the licences reconfirmed. With these two vital milestones complete, the Company then continued its pursuit of finding an operational partner for the Andash project and the Company was delighted to announce in late June 2009 that it had signed an agreement to dispose of the Andash asset and ancillary mining fleet to Kentor Gold Ltd ("Kentor"). The deal has now been finalised and it is anticipated that completion of the disposal will occur before the end of the calendar year.

On successful completion of the Kentor deal and despite the fact that the Company is retaining a 10% stake in the Andash project, Aurum will, by definition, become an investing company. In view of this, the Board was delighted that Shareholders approved the Company's future investing strategy at the General Meeting on 12<sup>th</sup> November 2009. This approval marked a watershed moment in Aurum's development and provides the backdrop against which Aurum can complete its transformation.

As outlined in the recent Circular to Shareholders, Aurum's management are looking at a number of exciting opportunities in a range of different geographic areas that, should they meet the Board's exacting criteria, will be considered for appropriate study, due diligence and, if appropriate, recommendation to Shareholders for approval.

The Board is conscious that Shareholders want to see Aurum emerge from this current phase as a stronger company and whilst it is aware that this is best expressed by a strong share price, it is also cognisant of the fact that there is not an unlimited time period in which this needs to happen. As outlined in the recent Circular, it is the Board's intention to finalise its

work on the proposals that it is currently assessing and complete the appropriate work required in order to make a recommendation by the end of the Company's financial year.

## **Financial Information**

The Company currently has net cash balances of approximately £1.2 million. This balance takes into account a large majority of the transaction costs, professional fees and other costs incurred in facilitating and enabling the sale of Andash asset.

Upon completion of the sale of Andash (and once the acquisition of the 10 per cent. minority stake in AMC from ITL has taken place) the Company will have net proceeds from the disposal of \$13.6 million (approximately £8.2 million). Taking this into account, and including existing cash balances, the Company expects to have net cash balances of approximately £9.3 million at the end of the 2009 calendar year.

On completion, the Company will, however, be setting up a cash provision of £3 million to safeguard the Company against potential future claims or liabilities that may arise from the sale of Andash either from the warranties or indemnities given by Aurum in relation to the transaction itself or from Aurum's historical ownership of the Andash asset. This provision will be gradually released as each of the specific potential risks and liabilities are mitigated. It is currently expected that the Company will be in a position to have a full view on all potential claims and liabilities by the end of the 2010 calendar year.

Free cash on completion of the Andash disposal and post the acquisition of the 10 per cent. minority stake in AMC from ITL is therefore currently estimated to be in the region of £6.3 million.

If the sale of Andash to Kentor does not complete for any reason, the Company forecasts that it will have net cash of approximately £1.1 million at the end of the 2009 calendar year.

## **Summary**

The Board looks forward to the next phase of Aurum's transformation with great confidence, a situation that would have been unthinkable only six months ago. This not only highlights the great progress made over this period, but also demonstrates the confidence that the Board has in delivering strong returns to all the Company's stakeholders in the near future.

**Sean Finlay**  
Chairman

**Mark Jones**  
Chief Executive Officer

7 December 2009

# Aurum Mining Plc

## Condensed consolidated income statement

For the six months ended 30 September 2009

	Notes	Six months to 30 September 2009 \$'000 Unaudited	Six months to 30 September 2008 \$'000 Unaudited	Year ended 31 March 2009 \$'000 Audited
Impairment of assets		-	(18,886)	(5,468)
Depreciation		(4)	(1,273)	(1,648)
Other administrative expenses		(2,024)	(1,900)	(4,711)
Other operating income		250	-	-
Administrative expenses		(1,778)	(22,059)	(11,827)
<b>Operating loss</b>		<b>(1,778)</b>	<b>(22,059)</b>	<b>(11,827)</b>
Finance income		1	1,138	1,706
Finance expenses		(3)	(6)	-
<b>Loss for the period before taxation</b>		<b>(1,780)</b>	<b>(20,927)</b>	<b>(10,121)</b>
Taxation		-	-	-
Loss for the period		(1,780)	(20,927)	(10,121)
<b>Loss for the period attributable to equity shareholders of the parent company</b>		<b>(1,780)</b>	<b>(20,927)</b>	<b>(10,121)</b>
<b>Loss per share expressed in US cents per share</b>				
Basic and Diluted	3	<b>(3.69)c</b>	(43.43)c	(21.00)c

## Aurum Mining Plc

### Condensed consolidated statement of comprehensive income

For the six months ended 30 September 2009

	<b>Six months to 30 September 2009 \$'000 Unaudited</b>	Six months to 30 September 2008 \$'000 Unaudited	Year ended 31 March 2009 \$'000 Audited
<b>Loss after taxation</b>	<b>(1,780)</b>	<b>(20,927)</b>	<b>(10,121)</b>
Other comprehensive income: Exchange differences on translating foreign operations	<b>1,716</b>	<b>(5,001)</b>	<b>(14,528)</b>
<b>Other comprehensive income for the period</b>	<b>1,716</b>	<b>(5,001)</b>	<b>(14,528)</b>
<b>Total comprehensive income for the period</b>	<b>(64)</b>	<b>(25,928)</b>	<b>(24,649)</b>

## Condensed consolidated balance sheet

As at 30 September 2009

	Notes	30 September 2009 \$'000 Unaudited	30 September 2008 \$'000 Unaudited	31 March 2009 \$'000 Audited
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment, including mining properties		17	4,152	13,974
<b>Total non-current assets</b>		<b>17</b>	<b>4,152</b>	<b>13,974</b>
<b>Current assets</b>				
Inventories		32	300	40
Receivables		266	1,214	962
Cash and cash equivalents		3,439	35,401	25,680
		<b>3,737</b>	<b>36,915</b>	<b>26,682</b>
Assets classified as held for sale	4	14,309	-	-
<b>Total current assets</b>		<b>18,046</b>	<b>36,915</b>	<b>26,682</b>
<b>Total assets</b>		<b>18,063</b>	<b>41,067</b>	<b>40,656</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Trade and other payables		-	311	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>311</b>	<b>-</b>
<b>Current liabilities</b>				
Trade and other payables		1,563	1,362	406
<b>Total current liabilities</b>		<b>1,563</b>	<b>1,362</b>	<b>406</b>
<b>Total liabilities</b>		<b>1,563</b>	<b>1,673</b>	<b>406</b>
<b>Total net assets</b>		<b>16,500</b>	<b>39,394</b>	<b>40,250</b>
<b>Capital and reserves attributable to the equity holders of the company</b>				
Share capital		921	921	921
Share premium reserve		40,609	64,295	64,295
Merger reserve		5,816	5,816	5,816
Presentational currency translation reserve		(11,751)	(3,940)	(13,467)
Warrant reserve		350	350	350
Retained earnings		(19,445)	(28,048)	(17,665)
<b>Total equity</b>		<b>16,500</b>	<b>39,394</b>	<b>40,250</b>



# Aurum Mining plc

## Condensed consolidated cash flow statement

For the six months ended 30 September 2009

	Six months to 30 September 2009 \$'000 Unaudited	Six months to 30 September 2008 \$'000 Unaudited	Year ended 31 March 2009 \$'000 Audited
<b>Cash flow from operating activities</b>			
Loss before tax	(1,780)	(20,927)	(10,121)
Adjustments for:			
Finance expense	3	6	-
Finance income	(1)	(1,138)	(1,706)
Other operating income	(250)	-	-
(Profit)/loss on disposal of property, plant and equipment	(34)	-	323
Depreciation of property, plant and equipment	4	1,273	1,648
Share-based payments	-	59	(364)
Impairments losses	-	18,886	5,468
Foreign exchange differences	(3)	165	371
<b>Cash flow from operating activities before changes in working capital</b>	<b>(2,061)</b>	<b>(1,676)</b>	<b>(4,381)</b>
Increase / (decrease) in trade and other payables	1,157	15	(1,225)
Decrease / (increase) in trade and other receivables	696	(213)	(129)
Decrease / (increase) in inventories	8	42	(422)
Taxation	-	-	-
<b>Net cash flow from operating activities</b>	<b>(200)</b>	<b>(1,832)</b>	<b>(5,313)</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment	(3)	(1,145)	(1,265)
Proceeds from sale of property, plant and equipment	45	-	344
Proceeds from sale of option	250	-	-
Interest received	1	973	1,335
<b>Net cash flow from investing activities</b>	<b>293</b>	<b>(172)</b>	<b>414</b>
<b>Cash flow from financing activities</b>			
Capital repayment to shareholders	(23,686)	-	-
Interest paid	-	(6)	-
<b>Net cash flow from financing activities</b>	<b>(23,686)</b>	<b>(6)</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(23,593)</b>	<b>(2,010)</b>	<b>(4,899)</b>
Cash and cash equivalents at the beginning of the period	25,680	41,730	41,730
Exchange gains / (losses) on cash and cash equivalents	1,352	(4,319)	(11,151)
<b>Cash and cash equivalents at the end of the period</b>	<b>3,439</b>	<b>35,401</b>	<b>25,680</b>

## Aurum Mining plc

### Condensed consolidated statement of changes in equity

#### For the six months ended 30 September 2009

	Share premium reserve \$'000	Merger reserve \$'000	Presentational currency translation reserve \$'000	Warrant reserve \$'000	Retained earnings \$'000	Total \$'000
<b>Unaudited</b>						
At 1 April 2009	64,295	5,816	(13,467)	350	(17,665)	39,329
Capital repayment to shareholders	(23,686)	-	-	-	-	(23,686)
Total comprehensive income for the period	-	-	1,716	-	(1,780)	(64)
At 30 September 2009	<u>40,609</u>	<u>5,816</u>	<u>(11,751)</u>	<u>350</u>	<u>(19,445)</u>	<u>15,579</u>

#### For the six months ended 30 September 2008

	Share premium reserve \$'000	Merger reserve \$'000	Presentational currency translation reserve \$'000	Warrant reserve \$'000	Retained earnings \$'000	Total \$'000
<b>Unaudited</b>						
At 1 April 2008	64,295	5,816	1,061	350	(7,180)	64,342
Share based payments	-	-	-	-	59	59
Total comprehensive income for the period	-	-	(5,001)	-	(20,927)	(25,928)
At 30 September 2008	<u>64,295</u>	<u>5,816</u>	<u>(3,940)</u>	<u>350</u>	<u>(28,048)</u>	<u>38,473</u>

#### For the year ended 31 March 2009

	Share premium reserve \$'000	Merger reserve \$'000	Presentational currency translation reserve \$'000	Warrant reserve \$'000	Retained earnings \$'000	Total \$'000
<b>Audited</b>						
At 1 April 2008	64,295	5,816	1,061	350	(7,180)	64,342
Share based payments	-	-	-	-	(364)	(364)
Total comprehensive income for the year	-	-	(14,528)	-	(10,121)	(24,649)
At 31 March 2009	<u>64,295</u>	<u>5,816</u>	<u>(13,467)</u>	<u>350</u>	<u>(17,665)</u>	<u>39,329</u>

# **Aurum Mining Plc**

## **Notes to the condensed consolidated interim financial statements**

### **For the half year ended 30 September 2009**

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#### **1. Basis of preparation**

The financial information set out in this report is based on the consolidated financial statements of Aurum Mining plc and its subsidiary companies (together referred to as the 'Group'). The accounts of the Group for the six months ended 30 September 2009, which are unaudited, were approved by the Board on 3 December 2009. In accordance with s240(s) of the Companies Act 1985, such unaudited results do not constitute statutory accounts of the Company or Group.

These accounts have been prepared in accordance with the accounting policies set out in the Report and Financial Statements of Aurum Mining plc for the year ended 31 March 2009. Presentation applied to the interim report is in line with the IAS 1 'Presentation of Financial Statements' (revised 2007) in respect of the primary statements presentation. The statutory accounts for the year ended 31 March 2009 have been filed with the registrar of Companies. The auditors' report on those accounts was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under section 237 (2) or (3) of the Companies Act 1985. These accounts have not been audited by the Company's auditors.

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.

#### **2. Changes in accounting policies**

There were no changes in accounting policies during the six months ended 30 September 2009.

# Aurum Mining Plc

## Notes to the condensed consolidated interim financial statements

### For the half year ended 30 September 2009

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#### 3. Loss per share

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

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

	<b>Six months to 30 September 2009 \$'000 Unaudited</b>	Six months to 30 September 2008 \$'000 Unaudited	Year ended 31 March 2008 \$'000 Audited
<b>Loss attributable to equity shareholders of the parent Company</b>	<b>(1,780)</b>	(20,927)	(10,121)

	<b>Six months to 30 September 2009 Unaudited</b>	Six months to 30 September 2008 Unaudited	Year ended 31 March 2009 Audited
<b>Weighted average number of shares</b>			
<b>Basic Loss per Share</b>	<b>48,188,275</b>	48,188,275	48,188,275
Effect of dilutive share options and warrants	-	-	-
<b>Diluted Loss per share</b>	<b>48,188,275</b>	48,188,275	48,188,275
<b>Basic and diluted Loss per Share – US cents</b>	<b>(3.69)c</b>	(43.43)c	(21.00)c

The total number of shares in issue at 30 September 2009 amounted to 48,188,275. The total amount of options and warrants held over the shares at 30 September 2009 was 3,805,000.

For the prior periods, the effect of 4,305,000 potential ordinary shares at 30 September 2008 and 31 March 2009 arising from the exercise of options and warrants is considered to be anti-dilutive and have been excluded from the above calculations.

# Aurum Mining Plc

## Notes to the condensed consolidated interim financial statements

### For the half year ended 30 September 2009

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#### 4. Assets classified as held for sale

The Group plans to dispose its subsidiary Kaldora which holds the Company's stake in the Andash project, following shareholder approval on 12 November 2009. The major classes of assets comprising the assets classified as held for sale at the balance sheet date are:

	30 September 2009 \$'000 Unaudited	30 September 2008 \$'000 Unaudited	31 March 2009 \$'000 Audited
<b>Assets classified as held for sale</b>			
Property, plant and equipment, including mining properties	14,309	-	-
Assets classified as held for sale	<u>14,309</u>	<u>-</u>	<u>-</u>
<b>Net assets classified as held for sale</b>	<u><u>14,309</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

In accordance with the relevant accounting standards, prior year balance sheets have not been restated.

#### 5. Post balance sheet events

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