

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you should immediately consult a person duly authorised under the Financial Services and Markets Act 2000, as amended, who specialises in advising on the acquisition of shares and other securities.**

If you have sold or transferred all your Ordinary Shares you should hand this document together with the accompanying Form of Proxy to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

The Directors of the Company are the persons responsible for the information contained in this document and to the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

---

# **Aurum Mining Plc**

(Incorporated in England and Wales under the Companies Act 1985 with Registered No. 5059457)

## **PROPOSED DISPOSAL OF THE ANDASH PROJECT AND ANCILLARY MINING FLEET**

**and**

## **NOTICE OF GENERAL MEETING**

---

Notice of the General Meeting to be convened for 11.00 a.m. on 12 November 2009 is set out at the end of this document. The enclosed Form of Proxy should be completed and returned in accordance with the instructions thereon to Neville Registrars at Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA to arrive as soon as possible and in any event no later than 11.00 a.m. on 10 November 2009. Completion and return of a Form of Proxy will not preclude Shareholders from attending in person and voting at the General Meeting.

## TABLE OF CONTENTS

	Page
EXPECTED TIMETABLE OF KEY EVENTS	3
DEFINITIONS	4
LETTER FROM THE CHAIRMAN	6
NOTICE OF GENERAL MEETING	10

## EXPECTED TIMETABLE OF KEY EVENTS

Latest time for receipt of Forms of Proxy for the General Meeting 11.00 a.m on 10 November 2009

General Meeting 11.00 a.m on 12 November 2009

Anticipated date of completion of the Disposal 22 December 2009

**Notes:**

This document contains certain forward-looking statements which relate to future events. Such forward-looking statements reflect the Directors' current beliefs, are based on information currently available to the Directors and are based on reasonable assumptions at this date. While the Company makes these forward-looking statements in good faith, neither the Company, nor its Directors can guarantee that any anticipated future results will be achieved.

All \$ figures in this document refer to US dollars.

## DEFINITIONS

Words and expressions used in this document shall have the following meanings unless the context otherwise requires.

<b>“AIM”</b>	the AIM market of the London Stock Exchange
<b>“AIM Rules”</b>	the AIM rules for companies whose securities are admitted to trading on AIM as published by the London Stock Exchange from time to time
<b>“Andash Mining Company” or “AMC”</b>	Andash Mining Company LLC, a company registered in the Kyrgyz Republic, being an 80 per cent. owned indirect subsidiary of the Company
<b>“Andash Project”</b>	the Andash gold-copper mining project located in the Talas region of the Kyrgyz Republic
<b>“Aurum” or “the Company”</b>	Aurum Mining Plc registered in England and Wales with company number 5059457
<b>“Board” or “Directors”</b>	the directors of the Company
<b>“Disposal”</b>	the proposed disposal by the Company of Kaldora
<b>“Disposal Agreement”</b>	the conditional agreement dated 23 October 2009 entered into between the Company (1) and Kentor (2) relating to the Disposal
<b>“Disposal Proceeds”</b>	the aggregate sum of \$15 million to be paid to Aurum pursuant to the Disposal Agreement
<b>“Fleet Option”</b>	the option granted to Kentor pursuant to the Framework Option Agreement to acquire the Mining Fleet
<b>“Form of Proxy”</b>	the form of proxy accompanying this document for use at the General Meeting
<b>“Framework Option Agreement”</b>	the binding memorandum of understanding dated 30 June 2009 entered into between the Company (1), Kaldora (2), AMC (3) and Kentor (4) containing, <i>inter alia</i> , the outline terms of the Disposal
<b>“General Meeting”</b>	the general meeting of the Company to be held at 11.00 a.m. on 12 November 2009 at the offices of Lawrence Graham LLP, 4 More London Riverside, London SE1 2AU
<b>“Group”</b>	the Company and its subsidiaries
<b>“ITL”</b>	Investcenter Talas LLC, a company registered in the Kyrgyz Republic, being a local trust company established for the benefit of the inhabitants of the Talas region in the Kyrrgyz Republic and which currently holds a 20 per cent. stake in AMC

<b>“ITL Option Agreement”</b>	the agreement dated 22 October 2009 entered into between Tryden (1) and ITL (2) pursuant to which Tryden has agreed, conditional upon completion of the Disposal, to acquire a 10 per cent. stake in AMC from ITL
<b>“Kaldora”</b>	Kaldora Company Limited, a wholly-owned subsidiary of the Company, incorporated in the British Virgin Islands which holds the Group’s 80 per cent. stake in AMC
<b>“Kaldora Option”</b>	the option granted to Kentor pursuant to the Framework Option Agreement to acquire the entire issued share capital of Kaldora
<b>“Kentor”</b>	Kentor Gold Limited, a company incorporated in Australia and listed on the Australian Stock Exchange
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Mining Fleet”</b>	AMC’s ancillary mining and construction fleet for the Andash Project comprising certain vehicles and equipment
<b>“Notice”</b>	the notice set out at the end of this document convening the General Meeting
<b>“Ordinary Shares”</b>	ordinary shares of 1p each in the capital of the Company
<b>“Proposals”</b>	the Disposal and the adoption by the Company of the proposed investing policy set out in this document
<b>“Resolutions”</b>	the resolutions to be proposed at the General Meeting as set out in the Notice
<b>“Shareholders”</b>	holders of Ordinary Shares
<b>“Tryden”</b>	Tryden International Limited, a wholly-owned subsidiary of the Company, incorporated in the British Virgin Islands which will hold the 10 per cent. stake in AMC to be acquired pursuant to the ITL Option Agreement

## LETTER FROM THE CHAIRMAN

# Aurum Mining Plc

(Incorporated in England and Wales under the Companies Act 1985 with Registered No. 5059457)

### 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)

### Registered Office:

1st Floor  
22 Great James Street  
London WC1N 3ES

23 October 2009

To all Shareholders and, for information only, optionholders and warrant holders

Dear Shareholder

### Introduction

The Company announced on 19 October 2009 that it had received notice from Kentor that it was exercising the options granted to it on 30 June 2009 under the Framework Option Agreement to acquire the entire issued share capital of Kaldora including the ancillary mining and construction fleet of the Andash Project. Since the Disposal would constitute a fundamental change in business (as defined by the AIM Rules), the consent of Shareholders to the Disposal is being sought and accordingly a notice convening a General Meeting of the Company is set out at the end of this document seeking such approval. This document also sets out below the investing policy that will be adopted by the Company upon completion of the Disposal and in respect of which Shareholder approval is also sought at the General Meeting in accordance with the requirements of the AIM Rules.

### Background and reasons for the Disposal

Following the return of £15.9 million to Shareholders during April 2009, the Company was left in the precarious state 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 AMC to 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. The strategic review undertaken by the Company in late 2008 identified some interest in the Andash Project, but none of the forthcoming offers were

deemed appropriate by the Board to put to Shareholders. Following another comprehensive search, the Company was delighted to announce in late June 2009 that it had signed the Framework Option Agreement with Kentor.

Kentor has completed its due diligence and now wishes to proceed with the acquisition of Aurum's 80 per cent. stake in AMC. The Board is also delighted that the Company will, through its subsidiary Tryden, retain a 10 per cent. stake in AMC pursuant to the ITL Option Agreement.

The Company is therefore nearing fulfilment of its commitment to Shareholders of delivering value from the Andash Project and, following the Disposal, the Company can move forward in the next stage of its development.

## **Terms of the Disposal**

The Company entered into the Framework Option Agreement on 30 June 2009 pursuant to which Kentor was granted an option to acquire Kaldora (which holds the Group's 80 per cent. stake in AMC) and a further option to acquire the Mining Fleet for an aggregate of \$15 million. Had Kentor only exercised the Kaldora Option, the Mining Fleet would have been transferred out from AMC and excluded from the sale. However, Kentor has exercised both options, and the disposal of the Mining Fleet will occur automatically as part of the Disposal.

Accordingly, the Company has today entered into the Disposal Agreement for the sale to Kentor of the entire issued share capital of Kaldora. The consideration payable to the Company upon completion for the shares in Kaldora is \$1.5 million (of which \$150,000 has already been paid by Kentor). Upon completion Kentor has also agreed to procure the repayment to Aurum of \$13.5 million of outstanding inter-company loans. The benefit of all remaining inter-company debt will be assigned by the Company to Kentor. The Disposal Agreement contains certain warranties and indemnities given by the Company in respect of Kaldora and AMC.

The Disposal Agreement is conditional upon, *inter alia*, the passing of Resolution 1 as well as the approval of the Disposal by Kentor's shareholders if so required by the Australian Stock Exchange. It is anticipated completion of the Disposal will occur on or around 22 December 2009.

If Resolution 1 is not passed and the Disposal does not proceed, the Company will be required to repay the \$400,000 received to date pursuant to the Framework Option Agreement by Aurum from Kentor, together with up to a further \$100,000 in relation to Kentor's costs.

As previously announced in February 2009 and in accordance with the terms of its memorandum of understanding with representatives of the Kyrgyz government, the Company transferred 20 per cent. of its stake in AMC to ITL, a local trust company established for the benefit of the inhabitants of the Talas region. The Company's wholly owned subsidiary, Tryden, has entered into the ITL Option Agreement with ITL to re-acquire a 10 per cent. interest in AMC upon completion of the Disposal. The ITL Option Agreement, which is conditional upon completion of the Disposal, provides that Tryden will pay \$1.25 million to ITL to acquire a 10 per cent. interest in AMC.

## **Financial Information**

The Company currently has net cash balances of approximately £1.4 million (after taking into account all outstanding costs and liabilities including the professional fees and associated costs of the Disposal). Excluding the proceeds of the Disposal, the Company forecasts that it will have net cash of approximately £1.1 million at the end of the 2009 calendar year.

Upon completion of the Disposal (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). In addition to the existing cash balances, the Company therefore expects to have net cash balances of approximately £9.3 million at the end of the 2009 calendar year. The Company will, however, be setting up a cash provision of £3.0 million to

safeguard the Company against any potential future claims or liabilities that may arise as a result from either 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' into operating cash as each of the specific potential risks and liabilities are mitigated. Free cash on completion of the Disposal and the acquisition of the 10 per cent. minority stake in AMC from ITL is therefore estimated to be in the region of £6.3 million. If the Disposal is not approved by Shareholders and does not therefore complete, the Company forecasts it will have net cash balances of approximately £0.8 million at the end of the 2009 calendar year.

## **Use of Proceeds**

In line with the Company's stated strategy of making investments in mining projects, the funds that Aurum receives from the Disposal will be used to give the Company leverage to take advantage of some of the very exciting opportunities that currently exist in the market. The Directors believe that the funds will enable the Company to obtain terms on such transactions that are beneficial to all Shareholders.

## **Investing Policy**

Assuming that the Company does not complete a transaction prior to completion of the Disposal, the Company's only significant assets would be its cash balances (including the proceeds of the Disposal) and the continuing 10 per cent. interest it will hold, through Tryden, in AMC. Accordingly, for the purposes of the AIM Rules, the Company would be deemed to be an investing company (as defined by the AIM Rules) and would therefore upon completion be required to adopt an investing policy.

Accordingly a further Resolution is proposed at the General Meeting seeking Shareholder approval of such policy. Following completion of the Disposal, the Company would then have 12 months in which to make an acquisition or acquisitions which constitute a reverse takeover under the AIM Rules or otherwise implement its investing policy to the satisfaction of the London Stock Exchange.

The Company's investing policy is consistent with the vision that was set out in the Chief Executive's review in the Company's 2009 Annual Report. In summary, the Board feels confident that the Company possesses unique strengths and skills to take advantage and exploit some of the convincing mining opportunities currently available in the market and can establish avenues for enhancing stakeholder value through partnering on such projects.

Currently Aurum's executive management are working in a number of different areas, looking at exciting opportunities 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 Company's historical geographic focus has been the FSU which has been hit very hard by the global credit crisis and accordingly much of the Board's energy is still focused here as it sees strong acquisition opportunities. However Aurum's management has very diverse geographical experience and whilst its focus predominantly remains in the FSU, the Board will look at all opportunities based on whether the Company can capitalise on its strong skill sets and where capital fundraising is less challenging.

The Board is conscious that Shareholders want to see Aurum emerge from this difficult time 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. 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.

## **General Meeting**

The Proposals set out in this document require the approval of Shareholders. Set out at the end of this document is a notice convening the General Meeting to be held at 11.00 a.m. on 12 November 2009 at the offices of Lawrence Graham LLP at 4 More London Riverside, London SE1 2AU at which a Resolution will be proposed to approve the Disposal in accordance with the requirements of Rule 15 of the AIM Rules together with a Resolution to approve the investment policy conditional on completion of the Disposal.

## **Action to be taken**

You will find enclosed a Form of Proxy for use in relation to the General Meeting. **Whether or not you intend to be present in person at the General Meeting, you are requested to complete, sign and return the Form of Proxy by post or by hand to Neville Registrars at Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA as soon as possible but in any event so as to arrive by not later than 11.00 a.m. on 10 November 2009.** Completion and return of the Form of Proxy will not preclude you from attending the General Meeting and voting in person should you so wish.

## **Recommendation**

The Directors are unanimously in favour of the Proposals, which they consider to be in the best interests of Shareholders as a whole. Accordingly the Directors unanimously recommend Shareholders to vote in favour of the Resolutions as they intend to do so in respect of their own beneficial shareholdings which amount in aggregate to 801,333 Ordinary Shares (representing 1.66 per cent. of the existing issued Ordinary Shares).

Yours faithfully

**Sean Finlay**

Non-executive Chairman

# Aurum Mining Plc

(Incorporated in England and Wales under the Companies Act 1985 with Registered No. 5059457)

## NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Aurum Mining Plc (the "Company") will be held at 11.00 a.m. on 12 November 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 will be proposed as Ordinary Resolutions:

### Ordinary Resolutions

1. THAT the proposed sale of the entire issued share capital of Kaldora Company Limited (the "Disposal"), on the terms and subject to the conditions described in the circular sent to Shareholders of the Company dated 23 October 2009 (the "Circular") be and is hereby approved in accordance with Rule 15 of the AIM Rules for Companies of the London Stock Exchange and that the board of directors of the Company (or a duly constituted committee of the board) be and is hereby authorised to waive, amend, vary or extend any of the terms of the Disposal as set out in the Circular (but not to any material extent) and to do all such things as it may consider necessary or desirable in connection with the Disposal.
2. THAT, conditional upon the passing of Resolution 1 and completion of the Disposal, the Company's investing policy as set out in the Circular be and is hereby approved.

By Order of the Board

**Haresh Kanabar**  
Secretary

Registered Office:  
1st Floor  
22 Great James Street  
London WC1N 3ES

Dated 23 October 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 notarially 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 11.00 am on 10 November 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 11.00 am on 10 November 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) (save that weekends, Christmas Day, Good Friday and any bank holiday within the UK shall not count in the 48 hour period). 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.

