

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

**Strategic Review and Cancellation of Share Premium Account**

Aurum Mining plc (AIM: AUR), the gold mining company focussed on the Former Soviet Union (FSU) and whose principal asset is the Andash Project in the Kyrgyz Republic, is pleased to announce an update on its strategic review process and to give notice of a General Meeting at which a resolution will be proposed to approve the cancellation of the share premium account of the Company (the "Cancellation") which would enable a future return of cash to Shareholders.

As announced in September 2008, the Company has been undertaking a strategic review process in which the tactical opportunities for the Company have been evaluated. The process has been extremely diverse and comprehensive and has not only generated significant interest from a wide range of parties but has also resulted in a number of proposals from potential business partners and buyers. At this stage however, the Board does not consider any of these proposals to be in an appropriate form to enable any of them to be recommended to Shareholders.

The Board will continue to seek and evaluate opportunities and will specifically look to find ways to maximise value from the Andash asset. The Board still believes that there is considerable potential to create Shareholder value from Andash in the short to medium term.

However, in line with previous announcements, and as a suitable opportunity for recommendation to Shareholders has not yet been found, the Company is now seeking authority to undertake the Cancellation. The Cancellation, which will require the approval of the High Court, will enable a future return of cash to Shareholders. It is estimated that the Cancellation will take 3-4 months to complete.

The Board therefore proposes to convene a General Meeting at 11am on 16<sup>th</sup> December 2008 at 4 More London Riverside, London, SE21 2AU to seek shareholder approval for the Cancellation.

Once the Cancellation has been completed, the Board will then make a recommendation to shareholders in respect of the return of cash to Shareholders. It is currently forecast that this will be early in the second quarter of next year.

The Company has current gross cash balances of approximately £19.5m (excluding finance lease commitments of approximately £350K). This balance includes funds that have been transferred back to the Company as a result of the unwinding of the settlement agreement with Marsa AG.

In view of the current status of the strategic review and the Board's on-going strategy of investing no further funds into the Andash project, the Board is currently undertaking a cost reduction and cash maximisation process. As part of this process all head office and Kyrgyzstan costs are being reduced as far as commercially appropriate.

In order to maximise cash, the Board is also looking at potentially disposing of Group assets with a realisable monetary value. Key to this would be the disposal of the mining fleet, which has a current net book value of approximately US\$10.6 million.

**For further information:**

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Mark Court / Rebecca Skye Dietrich	

**Notes to editors**

**Aurum Mining, which joined the AIM market of the London Stock Exchange in May 2004, is a mining company focused on gold opportunities in the Former Soviet Union. Its principal asset is an exploration licence over the Andash gold and copper project in the Kyrgyz Republic. A mining licence for Andash Zone 1 was awarded by the Kyrgyz authorities in 2006. The feasibility study compiled by Wardell Armstrong International, also in 2006, confirmed a measured and indicated resource base of 19.2 million tonnes at 1.1 grams per tonne of gold**

and 0.4% copper, which equates to 1.1 million ozs of gold and gold equivalent. The Andash project also includes Zone 2 and Zone 3 along with Tokhtonysay, Nakhodka and three other additional exploration areas.

#### **Dealing disclosure requirements**

Under the provisions of Rule 8.3 of the City Code on Takeovers and Mergers (the 'Code'), if any person is, or becomes, 'interested' (directly or indirectly) in 1% or more of any class of 'relevant securities' of the Company, all 'dealings' in any 'relevant securities' of the Company (including by means of an option in respect of, or a derivative referenced to, any such 'relevant securities') must be publicly disclosed by no later than 3.30pm (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which the offer becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the 'offer period' otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an 'interest' in 'relevant securities' of the Company, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the Code, all 'dealings' in 'relevant securities' of the Company by the Company or by any of its respective 'associates', must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose 'relevant securities' 'dealings' should be disclosed, and the number of such securities in issue, can be found on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk).

'Interests in securities' arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in price or securities. In particular, a person will be treated as having an 'interest' by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the Code, which can be found on the Panel's website. If you are in any doubt as to whether or not you are required to disclose a 'dealing' under Rule 8, you should consult the Panel.