



**AVRVM MINING PLC**

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

**Interim Results for the six months ended 30 September 2010**

Aurum Mining plc (AIM: AUR) is pleased to announce its interim results for the six months ended 30 September 2010.

**Sean Finlay, Aurum's Chairman, said:** "It has been a period of continued progress in the transformation of the Company. The process to return capital to Shareholders is now well underway and the Company is working to find an exit for those Shareholders who do not wish to continue as investors in the Company after the cash has been returned. We expect that a restructured Shareholder register will create an attractive cash shell with the potential to exploit some of the exciting investment opportunities that are currently available in the market.

We are extremely disappointed by the recent events in the Kyrgyz Republic that threaten the Company's residual 10% shareholding in the Andash asset, but we remain confident that, if given a fair hearing, we can, in time, successfully defend the claims. We are committed to pursuing actions against those who have been directly involved in bringing this adverse action against the Company's interests."

A copy of these Interim results can also be found on the Company's website, [www.aurummining.net](http://www.aurummining.net)

**For further information:**

**Aurum Mining plc**  
Mark Jones, Chief Executive  
Chris Eadie, Chief Financial Officer

**Tel: 020 7499 4000**

**Arbuthnot Securities**  
James Steel/Richard Johnson

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## **Aurum Mining Plc**

### **Interim financial statements**

**For the six months ended 30 September 2010**

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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>	

## **Aurum Mining Plc**

### **Chairman's statement**

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In the Company's 2010 Annual Report, it was outlined that the Company was pursuing a twofold strategy for the benefit of its Shareholders. It is this twofold strategy that has driven the Company's activities over the past six months.

On the one hand the Company is seeking to satisfy the demands of a group of major Shareholders by returning a very substantial proportion of the Company's cash to all Shareholders. On the other hand the Company is working to ensure that, once the cash is returned, the Company can then be transformed into an attractive shell company that can be used to exploit some of the exciting investment opportunities that are currently available in the market.

In terms of the significant return of cash to Shareholders, this process is now well underway. The second Court hearing to approve the reduction of capital is scheduled for the beginning of December and it is expected that the 15 pence per share cash distribution will take place shortly thereafter.

With the return of cash completed and the capitalisation of the Company correspondingly reduced, the path will effectively be clear for investors to acquire the stakes of the Company's existing major Shareholders who no longer wish to remain Shareholders of Aurum. By replacing these major Shareholders, whose only objective has been to take as much cash as possible out of the Company, and by replacing them with Shareholders who are committed to the future growth and development of the Company, Aurum will become free and unencumbered to pursue a forward looking strategy.

The Board is looking at, and considering, a number of exciting proposals which could eventually be acquired by, or reversed, into the Company. However the key first step is undoubtedly the re-engineering of the Shareholder register. Without this, the Company will continue to be restricted and restrained from moving forward, and until these Shareholders have exited their holdings the Company will continue to be hamstrung in its discussions and negotiations on potential transactions.

The Board disputes the outcome of the recent litigation in the Kyrgyz Republic that threatens the Group's 10% residual shareholding in the Andash asset. Nonetheless, and based on previous experience, the Board considers that this type of groundless claim, is a consequence of operating in an unstable political environment.

The Company will be commencing legal action to protect its asset and will keep the market updated as the situation develops.

### **Financial Information**

The Company currently has free net cash balances of approximately £8.4 million. This balance takes into account all known liabilities and takes into account all the costs of the return of capital process.

The return of capital to Shareholders will be approximately £7.5m and it is currently expected that this will take place in early December.

As a result of the on-going litigation in the Kyrgyz Republic, the Board has taken the prudent decision to write down the value of its residual 10% holding in the Andash asset to zero. As the litigation process continues, the Board will continually review the carrying value of this asset.

With the return of capital completed, the Company will be undergoing a rigorous cost cutting and cash preservation exercise. Measures to be undertaken will include changes to the Board structure and a renegotiation of contracts with all advisers and suppliers. Details of the Board changes will be announced to the market once the capital reduction process has been completed.

## **Aurum Mining Plc**

### **Chairman's statement**

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#### **Summary**

The Board looks forward to the next phase of Aurum's transformation with great confidence. With the return of capital completed and the anticipated restructure of the Shareholder register, the Board feels confident the Company will, at last, be able to pursue a forward looking strategy that will enable it to take advantage of some of the very exciting opportunities available in the market today.

**Sean Finlay**  
Chairman

9 November 2010

# Aurum Mining Plc

## Condensed consolidated income statement

For the six months ended 30 September 2010

	Notes	Six months to 30 September 2010 \$'000 Unaudited	Six months to 30 September 2009 \$'000 Unaudited	Year ended 31 March 2010 \$'000 Audited
Impairment of available for sale investment	5	(1,250)	-	-
Other administrative expenses		(1,332)	(1,612)	(2,428)
<b>Administrative expenses</b>		<b>(2,582)</b>	(1,612)	(2,428)
<b>Operating loss</b>		<b>(2,582)</b>	(1,612)	(2,428)
Finance income		20	1	739
Finance expenses		(258)	(3)	-
<b>Loss for the period before taxation</b>		<b>(2,820)</b>	(1,614)	(1,689)
Taxation		-	-	-
<b>Loss for the period from continuing operations</b>		<b>(2,820)</b>	(1,614)	(1,689)
(Loss)/profit for the period from discontinued operations	3	-	(166)	726
<b>Loss for the period attributable to equity shareholders of the parent company</b>		<b>(2,820)</b>	(1,780)	(963)
<b>Loss per share expressed in US cents per share</b>				
<b>From continuing operations</b>				
Basic and Diluted		(5.85)c	(3.35)c	(3.51)c
<b>From discontinued operations</b>				
Basic and Diluted		-	(0.34)c	1.51c
<b>Total operations</b>				
Basic and Diluted	4	<b>(5.85)c</b>	(3.69)c	(2.00)c

## Aurum Mining Plc

### Condensed consolidated statement of comprehensive income

For the six months ended 30 September 2010

	<b>Six months to 30 September 2010 \$'000 Unaudited</b>	Six months to 30 September 2009 \$'000 Unaudited	Year ended 31 March 2010 \$'000 Audited
<b>Loss after taxation for the period</b>	<b>(2,820)</b>	(1,780)	(963)
Other comprehensive income: Exchange differences on translating foreign operations	<b>552</b>	1,716	(28)
<b>Other comprehensive income for the period</b>	<b>552</b>	1,716	(28)
<b>Total comprehensive expense for the period attributable to the equity shareholders of the parent company</b>	<b>(2,268)</b>	(64)	(991)

# Aurum Mining Plc

## Condensed consolidated statement of financial position

As at 30 September 2010

		<b>30 September 2010</b>	30 September 2009	31 March 2010
	Notes	<b>\$'000</b>	\$'000	\$'000
		<b>Unaudited</b>	Unaudited	Audited
<b>Assets</b>				
<b>Non-current assets</b>				
Available for sale financial asset	5	-	-	1,250
Property, plant and equipment		<u>7</u>	<u>17</u>	<u>11</u>
<b>Total non-current assets</b>		<u>7</u>	<u>17</u>	<u>1,261</u>
<b>Current assets</b>				
Inventories		-	32	-
Receivables		<b>218</b>	266	280
Cash and cash equivalents		<b>13,398</b>	3,439	14,584
Assets classified as held for sale	6	-	14,309	-
<b>Total current assets</b>		<u><b>13,616</b></u>	<u>18,046</u>	<u>14,864</u>
<b>Total assets</b>		<u><b>13,623</b></u>	<u>18,063</u>	<u>16,125</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		<b>253</b>	1,563	503
<b>Total current liabilities</b>		<u><b>253</b></u>	<u>1,563</u>	<u>503</u>
<b>Total liabilities</b>		<u><b>253</b></u>	<u>1,563</u>	<u>503</u>
<b>Total net assets</b>		<u><b>13,370</b></u>	<u>16,500</u>	<u>15,622</u>
<b>Capital and reserves attributable to the equity holders of the company</b>				
Share capital		<b>924</b>	921	921
Share premium reserve		<b>40,696</b>	40,609	40,609
Merger reserve		<b>5,816</b>	5,816	5,816
Presentational currency translation reserve		<b>(12,943)</b>	(11,751)	(13,495)
Warrant reserve		<b>276</b>	350	350
Retained earnings		<b>(21,399)</b>	(19,445)	(18,579)
<b>Total equity</b>		<u><b>13,370</b></u>	<u>16,500</u>	<u>15,622</u>



## Aurum Mining plc

### Condensed consolidated statement of changes in equity

#### For the six months ended 30 September 2010

<b>Unaudited</b>	Share capital \$'000	Share premium reserve \$'000	Merger reserve \$'000	Presentational currency translation reserve \$'000	Warrant reserve \$'000	Retained earnings \$'000	Total equity \$'000
At 1 April 2010	921	40,609	5,816	(13,495)	350	(18,579)	15,622
Total comprehensive Expense for the period	-	-	-	552	-	(2,820)	(2,268)
Conversion of warrants into ordinary shares	3	87	-	-	(74)	-	16
At 30 September 2010	<u>924</u>	<u>40,696</u>	<u>5,816</u>	<u>(12,943)</u>	<u>276</u>	<u>(21,399)</u>	<u>13,370</u>

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

<b>Unaudited</b>	Share capital \$'000	Share premium reserve \$'000	Merger reserve \$'000	Presentational currency translation reserve \$'000	Warrant reserve \$'000	Retained earnings \$'000	Total equity \$'000
At 1 April 2009	921	64,295	5,816	(13,467)	350	(17,665)	40,250
Total comprehensive Expense for the period	-	-	-	1,716	-	(1,780)	(64)
Issue of B shares	23,686	(23,686)	-	-	-	-	-
Capital repayment to Shareholders	23,686	-	-	-	-	-	(23,686)
At 30 September 2009	<u>921</u>	<u>40,609</u>	<u>5,816</u>	<u>(11,751)</u>	<u>350</u>	<u>(19,445)</u>	<u>16,500</u>

## Aurum Mining plc

### Condensed consolidated statement of changes in equity

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#### For the year ended 31 March 2010

<b>Unaudited</b>	Share capital \$'000	Share premium reserve \$'000	Merger reserve \$'000	Presentational currency translation reserve \$'000	Warrant reserve \$'000	Retained earnings \$'000	Total equity \$'000
At 1 April 2009	921	64,295	5,816	(13,467)	350	(17,665)	40,250
Total comprehensive Expense for the period	-	-	-	(28)	-	(963)	(991)
Issue of B shares	23,686	(23,686)	-	-	-	-	-
Capital repayment to Shareholders	23,686	-	-	-	-	-	(23,686)
Share based payments	-	-	-	-	-	49	49
At 31 March 2010	<u>921</u>	<u>40,609</u>	<u>5,816</u>	<u>(13,495)</u>	<u>350</u>	<u>(18,579)</u>	<u>15,622</u>

# Aurum Mining plc

## Condensed consolidated cash flow statement

For the six months ended 30 September 2010

	Six months to 30 September 2010 \$'000 Unaudited	Six months to 30 September 2009 \$'000 Unaudited	Year ended 31 March 2010 \$'000 Audited
<b>Cash flow from operating activities</b>			
Loss for the period before tax	(2,820)	(1,780)	(963)
Adjustments for:			
Depreciation of property, plant and equipment	4	4	10
Finance income	(20)	(1)	(739)
Finance expense	258	3	-
Other operating income	-	(250)	-
(Profit)/loss on sale of discontinued operations	-	-	(1,489)
(Profit)/loss on disposal of property, plant and equipment	-	(34)	-
Impairment of available for sale investment	1,250	-	-
Share-based payments	-	-	49
Foreign exchange differences	(258)	(3)	-
<b>Cash flow from operating activities before changes in working capital</b>	<b>(1,586)</b>	<b>(2,061)</b>	<b>(3,132)</b>
Increase / (decrease) in trade and other payables	(250)	1,157	101
Decrease / (increase) in trade and other receivables	62	696	671
Decrease / (increase) in inventories	-	8	-
Taxation	-	-	-
<b>Net cash flow from operating activities</b>	<b>(1,774)</b>	<b>(200)</b>	<b>(2,360)</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	-	(3)	(26)
Disposal of discontinued operations, net of cash disposed of	-	-	1,473
Proceeds from sale of property, plant and equipment	-	45	-
Purchase of available for sale financial asset	-	-	(1,250)
Proceeds from sale of option	-	250	-
Interest income	20	1	5
<b>Net cash flow from investing activities</b>	<b>20</b>	<b>293</b>	<b>202</b>
<b>Financing activities</b>			
Capital repayment to shareholders	-	(23,686)	(23,686)
Repayment of loan	-	-	13,500
Issue of ordinary shares	16	-	-
<b>Net cash flow from financing activities</b>	<b>16</b>	<b>(23,686)</b>	<b>(10,186)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,738)</b>	<b>(23,593)</b>	<b>(12,344)</b>

**Aurum Mining plc**

**Condensed consolidated cash flow statement**

**For the six months ended 30 September 2010**

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	<b>Six months to 30 September 2010 \$'000 Unaudited</b>	Six months to 30 September 2009 \$'000 Unaudited	Year ended 31 March 2010 \$'000 Audited
<b>Cash and cash equivalents at the beginning of the period</b>	<b>14,584</b>	25,680	25,680
Effect of exchange rate changes on cash and cash equivalents	<b>552</b>	1,352	1,248
<b>Cash and cash equivalents at the end of the period</b>	<b>13,398</b>	3,439	14,584

## **Aurum Mining Plc**

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

#### **For the half year ended 30 September 2010**

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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 2010, which are unaudited, were approved by the Board on 9 November 2010. The financial information contained in this interim report does not constitute statutory accounts as defined by s435 of the Companies Act 2006.

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 2010. The statutory accounts for the year ended 31 March 2010 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 498 (2) or 498 (3) of the Companies Act 2006. 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.

Based upon cash flow projections the Directors are of the view that the Group has sufficient cash to fund overheads for the next 12 months.

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

There were no changes in accounting policies during the six months ended 30 September 2010.

## Aurum Mining Plc

### Notes to the condensed consolidated interim financial statements

For the half year ended 30 September 2010

#### 3. Discontinued operations

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

Financial information relating to the discontinued operations is set out below.

	Year ended 31 March 2010 \$'000	
<b>Consideration received:</b>	<b>\$'000</b>	
Consideration Cash	1,501	
Consideration Option fee (cash)	250	
Legal costs directly attributable to sale of Kaldora and Andash	(278)	
<b>Net consideration</b>	<b>1,473</b>	
<b>Net assets disposed:</b>		
Non-current assets	14,051	
Inventories	29	
Trade and other receivables	79	
Trade and other payables	(2)	
Repayment of intercompany loan	(13,500)	
Total net assets disposed of	657	
Recycling of cumulative translation reserve (Kaldora + Andash)	(673)	
<b>Total disposed of</b>	<b>(16)</b>	
<b>Gain on disposal of discontinued operations</b>	<b>1,489</b>	
	Year ended 31 March 2010 \$'000	Six months to 30 September 2009 \$'000
<b>Results of discontinued operations:</b>		
Operating expenses	(763)	(166)
Gain from selling operations after tax	1,489	-
<b>Profit/ (loss) from discontinued operations</b>	<b>726</b>	<b>(166)</b>
<b>The cash flow statements includes the following amounts relating to discontinued operations:</b>		
Cash flow used in operating activities	(763)	(166)
Cash flow from investing activities	1,473	-
Cash flow from financing activities	13,500	-
<b>Total cash flows from discontinued operations</b>	<b>14,210</b>	<b>(166)</b>

## Aurum Mining Plc

### Notes to the condensed consolidated interim financial statements

#### For the half year ended 30 September 2010

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#### 4. 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.

As at 30 September 2010 there were 3,135,000 (30 September 2009: 4,305,000, 31 March 2010: 3,805,000) potentially dilutive ordinary shares. Dilutive potential ordinary shares include share options and warrants.

The effect of all potential ordinary shares arising from the exercise of options and warrants is anti-dilutive and therefore diluted loss per share has not been calculated.

	<b>Six months to 30 September 2010 \$'000 Unaudited</b>	Six months to 30 September 2009 \$'000 Unaudited	Year ended 31 March 2010 \$'000 Audited
<b>Net loss attributable to equity holders of the parent:</b>			
From continuing operations	<b>(2,820)</b>	(1,614)	(1,689)
From discontinued operations	-	(166)	726
<b>From total operations</b>	<b>(2,820)</b>	<b>(1,780)</b>	<b>(963)</b>

	<b>Six months to 30 September 2010 Unaudited</b>	Six months to 30 September 2009 Unaudited	Year ended 31 March 2010 Audited
<b>Weighted average number of shares:</b>			
<b>Basic Loss per Share</b>	<b>48,219,044</b>	48,188,275	48,188,275
Effect of dilutive share options and warrants	-	-	-
<b>Diluted Loss per share</b>	<b>48,219,044</b>	<b>48,188,275</b>	<b>48,188,275</b>

## **Aurum Mining Plc**

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

#### **For the half year ended 30 September 2010**

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##### **5. Available-for-sale financial assets**

In January 2010, the Company announced that its 100% owned subsidiary, Tryden International Limited, has acquired a 10% stake in the Andash asset from Investcentre Talas LLC ('ITL') for \$1.25m.

In June 2010, the Company announced that it had given Kentor an option to acquire this residual 10% holding in the Andash asset for \$1.8m. However, the Directors considered its fair value at 31 March 2010 to be \$1.25m.

On 27 October 2010, Aurum announced that Tryden International Limited was named, amongst others, as a defendant to a civil case which has been heard in the Talas Inter-District Court (the "Court") in the Kyrgyz Republic. The key implication of the resulting Court ruling is that Tryden may be stripped of its residual 10 per cent stake in the Andash asset.

The Company strongly disputes the claim and will be appealing the decision of the Court. However, at this time the Board has taken the prudent view to fully provide against this investment and to write down its carrying value to zero. The Board will be continually reviewing the carrying value of this investment as the litigation process proceeds.

For further information on these transactions, see the Chairman's statement.

##### **6. Assets classified as held for sale**

On 12 November 2009 the Group disposed its subsidiary Kaldora which held the Company's stake in the Andash project. As a result of this transaction \$14,309,000 of property, plant and equipment was classified as assets held for sale at the period ending 30 September 2009.

##### **7. Post balance sheet events**

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