Aurum Mining Plc

ANNUAL REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

Annual Report and financial statements

for the year ended 31 March 2010

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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 LLP
55 Baker Street
London
W1U 7EU

Solicitors

Lawrence Graham LLP
4 More London Riverside
London
SE1 2AU

Website

www.aurummining.net

Review of activities

The last twelve months have been a period of significant consolidation and transformation for Aurum and the Company is now free and unencumbered to pursue its 'post Andash' strategy.

At the beginning of the period, the objectives of the Company were twofold – most importantly was the completion of the deal to dispose of the Group's Andash asset in the Kyrgyz Republic to Kentor Gold Limited ('Kentor') and secondly, following ratification of the Company's investing policy by Shareholders in November 2009, was the goal of finding a new and appropriate value adding project for the Company.

Andash disposal process

It was of immense credit to the Board and management of the Company that we were able to announce the completion of the disposal of the Andash asset in December 2009. Gross proceeds for the disposal amounted to US$15m which included repayment of a US$13.5m loan. The Company also agreed to buy back a 10% stake in the Andash asset from its local partner in Kyrgyzstan, Investcenter Talas LLC ('ITL') for US$1.25m and this transaction was completed in January 2010.

In the Board's view, a further key step necessary to 'free up' the Company's balance sheet was to get a release from the warranties and indemnities that were given to Kentor under the terms of the Andash sale agreement which completed in December 2009. As long as these potential contingent liabilities remained, and regardless of how remote the risk of any claim actually was, it was always going to restrict the free cash position and hence the valuation of the company.

In March 2010, Aurum announced that it had agreed to sell its remaining 10% of Andash to Kentor, in a transaction that also released Aurum from the warranties and indemnities. Unfortunately, in April 2010, the well publicised unrest in Kyrgyzstan in which the President was overthrown and parliament was dissolved, led to this agreement lapsing.

With the on-going unrest and instability within the country ever since, it was a considerable achievement for the company to enter into a new deal with Kentor in June 2010 under which Aurum has been released by Kentor from all the warranties and indemnities that were given at the time of the Andash disposal. In consideration for a release from the potential liabilities, Aurum agreed to give Kentor an option to acquire the Group's 10% stake in the Andash project for US$1.8m. So at a time of severe difficulties in Kyrgyzstan not only has the Company now got a release from potential liabilities which frees up the balance sheet but should Kentor exercise their option the Company will also make a gain of US$550k on its 10% shareholding in Andash – a remarkable transaction considering the very difficult market conditions.

We continue to keep a very active eye on events unfolding in Kyrgyzstan, and view the recent referendum on a new constitution as a positive step; however with the tragic deaths in recent ethnic clashes, tension runs high and we need to see the results of the impending parliamentary elections in October before full confidence can return.

Our thoughts and prayers go out to all those affected by the humanitarian crisis.

Investing policy

Following Shareholder approval of the Company's investing policy in November 2009 and post completion of the Andash disposal in December 2009, Aurum became an investing company.

This means that, under the AIM Rules, from December 2009, the Company has 12 months in which to make an acquisition or acquisitions which would constitute a reverse takeover. 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 felt confident that the Company possessed unique strengths and skills to take advantage and exploit some of the mining opportunities available in the market and that it could establish avenues for enhancing stakeholder value through partnering on such projects.

Immediately following the completion of the Andash disposal and in accordance with the mandate given to the Company by Shareholders, the Board commenced a comprehensive exercise to find new projects for the Company and despite the relatively poor market conditions the Board was greatly encouraged by the types of deals and opportunities that were identified. Indeed the Company examined over fifteen projects and reached advanced discussions on three separate opportunities and due diligence was undertaken on each of them. Whilst none of these projects completed, the Board felt extremely confident of finding a new project capable of delivering strong Shareholder returns.

Notwithstanding the approval by Shareholders of the Company's investing strategy in late 2009, a core group of the Company's major Shareholders have now come forward and made clear their objective for Aurum is to take cash out of the Company. While cognisant of Shareholder opinion, the Board unanimously feel that the demands of these Shareholders for immediate cash are not in the interests of all Shareholders.

In March 2009, and following the return of circa £16m to Shareholders the Company was left with a compromised Andash asset and limited resources. Since then management has entirely turned around the fortunes of the Company and have realised value against what many Shareholders believed was an impossible backdrop. With this value creation, the Board felt very confident of delivering much greater value for Shareholders through an acquisition strategy, than a return of cash would offer.

Despite efforts to dissuade this group of large Shareholders, the Board acknowledges the wishes of the majority of the Shareholders and, as announced in July 2010, processes are now being put in place to return a very substantial proportion of the Company's cash to Shareholders while preserving and protecting the Company's assets.

Return of cash

The Board is currently working on a structure that would result in a return of cash of 15 pence per share, or approximately £7.5m.

This cash will be returned by way of a capital reduction and the process followed will be consistent with that used by the Company to return cash to Shareholders in 2009. The Board is still assessing the Company's potential UK tax liabilities for the financial year ending 31 March 2010, and while it is confident that no tax liabilities exist, the quantum of the potential cash return would need to be reduced by the quantum of any such liability. The tax returns for this period are currently being finalised and will be submitted to HMRC shortly.

It is the current belief of the Board that the process will take 3-4 months to implement and the Board therefore expects the cash to be returned at some point during the fourth quarter of this calendar year. The prime reasons for this lead time are the need for Shareholder approval and the necessity of a court process to approve the transaction.

A Circular outlining the Board's proposals for the return of cash will be sent to Shareholders shortly.

Future strategy

As outlined above, the Board's new strategy is twofold – on the one hand it will satisfy the demands of the major Shareholders by returning a significant proportion of cash while on the other hand it will be preserving the status of the Company so that value can be delivered from both the residual holding in the Andash asset and from the shell company that will remain once the cash is returned.

The Board is currently undertaking steps to reduce the cost base as far as is practicable, while retaining the skill base necessary to enable the Company to deliver on this strategy, and as part of this the number of Board members will be reducing from five to three as soon as the cash is returned to Shareholders.

The remaining three Directors will have their future terms and conditions revised to reflect the decreased operational activity of the Company.

Financials

For the year to 31 March 2010, the Group reported a loss of $1.0m compared to a loss of $10.1m in 2009.

Free cash at the end of July 2010 was circa £8.55m.

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

People

We would like to thank our staff in both the UK and the Kyrgyzstan for their unwavering effort and determination during this difficult time. We'd also like to thank the Company's advisers and consultants for their support.

Sean Finlay
Chairman

Mark Jones
Chief Executive Officer

4 August 2010

Report of the Directors

for the year ended 31 March 2010

The Directors present their report together with the audited financial statements for the year ended 31 March 2010.

Principal activity

Following the completion of the disposal of the Andash asset in December 2009, the Company became an 'investing company' pursuant to Rule 15 of the AIM Rules for Companies.

The Company's investment strategy is to acquire mining assets either by taking outright control or through partnering arrangements.

Prior to the disposal of the Andash asset the Group operated mining assets in Kyrgyzstan.

Business review and future developments

Further details of the Group's business and expected future developments are outlined in the Review of activities report on pages 3 to 5.

Results and dividends

The audited financial statements for the year ended 31 March 2010 are presented on pages 14 to 44. The Directors do not recommend payment of a dividend for the year (2009: £nil).

Principal risks and uncertainties

At the present time, there is strong competition within the mining industry for the identification and acquisition of appropriate assets. The Company competes with other exploration and production companies for these assets, some of which have greater financial resources than the Company, for the acquisition of properties, leases and other interests. The challenge for management is to secure appropriate assets without having to overpay for them.

Key performance indicators (KPIs)

The Company is currently an investing company, with an intention of becoming a resource development or exploration entity in due course. Consequently, the key performance indicators for the Company will be linked to the specific projects acquired and the increase in overall enterprise value of the Company.

The key performance indicators of the Group are as follows:

	2010	2009
Loss per share	$(2.00c)	$(21.00c)
Share price at 31 March	13.9p	37.0p
Cash at bank	$14.6m	$25.7m
Cash returned to shareholders	$23.7m	–

Directors and Directors' interests

The Directors of the Company at the date of these financial statements, who served throughout the year and their beneficial interests in the ordinary shares of the Company are as follows:

	Number of shares held at 31 March 2010	Number of shares held at 31 March 2009
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 are as follows:

	Options at 1 April 2009	Options granted during the year	Options lapsed during the year	Options at 31 March 2010	Exercise Price	Date of grant	First date of exercise	Final date of exercise
Options								
S Finlay	250,000	–	(250,000)	–	7p	30/04/04	06/05/04	06/05/09
H Kanabar	250,000	–	(250,000)	–	7p	30/04/04	06/05/04	06/05/09
M Jones	1,000,000	–	–	1,000,000	8p	23/02/06	23/02/06	23/02/11
M Jones	250,000	–	–	250,000	8p	23/02/06	05/09/06	05/09/11
M Jones	250,000	–	–	250,000	8p	23/02/06	20/12/06	20/12/11
M Jones	500,000	–	–	500,000	8p	23/02/06	30/09/08	30/09/13
C Eadie	150,000	–	–	150,000	14p	17/11/06	08/12/06	08/12/11
C Eadie	150,000	–	–	150,000	14p	17/11/06	28/02/07	28/02/12
C Eadie	200,000	–	–	200,000	14p	17/11/06	30/09/08	30/09/13
Warrants								
S Finlay	20,000	–	–	20,000	6p	15/02/06	15/02/06	15/02/16
M Jones	100,000	–	–	100,000	6p	15/02/06	15/02/06	15/02/16

These were no new options granted to Directors during the year. No options were exercised during the year by the Directors. S Finlay and H Kanabar each held options over 250,000 ordinary shares which lapsed on 6 May 2009.

In accordance with the terms and conditions of the Directors' option instruments, the exercise price of the Directors' options in issue were adjusted to take account of the capital repayment to Shareholders in April 2009 and the conditions attached to the vesting periods of certain options were removed following the disposal of the Andash Mining Company. The revised prices were approved by the Company's auditors in accordance with the criteria set out in the original option deeds.

The remuneration of Directors during the year was as follows:

	Directors' Emoluments 2010 $	Share based payments 2010 $	Pension costs 2010 $	Total 2010 $
Executive Directors				
M Jones	662,969	39,490		702,459
C Eadie	351,450	9,934	13,179	374,563
Non-Executive Directors				
S Finlay	120,327	–	–	120,327
H Kanabar	102,240	–	–	102,240
C Knight	93,443	–	–	93,443
	1,330,429	49,424	13,179	1,393,032

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 2010 represents 18 days (2009: 12 days) as a proportion of the total amount invoiced by creditors during the year ended on that date.

Donations

The Group made no charitable donations during the period (2009: $10k).

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

Going concern

The financial statements have been prepared on a going concern basis. The Group intends to continue to operate within its cash resources.

Events after the reporting date

For details on events after the reporting date see note 23 for further information.

Financial instruments

Details of the use of financial instruments by the Company and its subsidiary undertakings are contained in note 20 of the financial statements.

Disclosure of information to auditors

So far as each Director at the date of approval of this report is aware, there is no relevant audit information on which the Company's auditors are unaware and each Director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

Annual General Meeting

The Company proposes to convene the Annual General Meeting for 12 noon on 13 September 2010 at the offices of Lawrence Graham LLP, 4 More London Riverside, London SE1 2AU.

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

Resolution 5

The current authority of the Directors to issue shares will expire at the Company's 2010 AGM. 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 £160,627.58 representing approximately 33% of the current issued share capital of the Company. This authority will expire on the date of the next Annual General Meeting of the Company or 15 months after the passing of the resolution, whichever is the earlier.

Resolution 6

The current authority of the Directors to allot shares on a non pre-emptive basis will expire at the Company's AGM. 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% 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 date of the next Annual General Meeting of the Company or 15 months after the passing of the resolution, whichever is the earlier.

Resolution 7

Resolution 7, which is proposed as a Special Resolution, is to authorise the Company to purchase up to 7,223,422 ordinary shares in the market, representing 14.99% 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% 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 date of the next Annual General Meeting of the Company or 15 months after the passing of the resolution, whichever is the earlier. 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. The authority would, however, only be exercised if the Directors believe that to do so would be in the best interests of shareholders generally.

Auditors

The current senior statutory auditor has acted in the capacity for 6 years, the Ethical Standards set a maximum of 5 years before rotation unless the audit committee decides that serving additional years is necessary to safeguard audit quality whilst the Company goes through a period of change. In light of the strategy to return surplus cash to shareholders the audit committee are of the view that retention of the senior statutory auditor whilst this strategy is implemented will safeguard audit quality.

BDO LLP have expressed their willingness to continue in office as auditors, and a resolution to reappoint them will be proposed at the Annual General Meeting.

By order of the Board

Mark Jones
Chief Executive Officer

4 August 2010

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 11. 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.

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 audit 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 preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial statements are published on the company'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 company'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 MEMBERS OF AURUM MINING PLC

We have audited the financial statements of Aurum Mining Plc for the year ended 31 March 2010 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, the Group and parent Company Statement of Financial Position, the Group and parent Company Statements of Changes in Equity, the Group and parent Company Statements of Cash Flow, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 March 2010 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Scott Knight (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

4 August 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated income statement

for the year ended 31 March 2010

	Notes	2010 $'000	2009 $'000
Administrative expenses		(2,428)	(2,111)
Operating loss	4	(2,428)	(2,111)
Finance income	7	739	1,706
Loss for the year before taxation		(1,689)	(405)
Taxation	8	–	–
Loss for the year from continuing operations		(1,689)	(405)
Profit/(loss) for the year from discontinued operations	3	726	(9,716)
Loss attributable to the equity shareholders of the parent company		(963)	(10,121)
Loss per share expressed in US cents per share			
From continuing operations			
Basic and Diluted	9	(3.51c)	(0.84c)
From discontinued operations			
Basic and Diluted	9	1.51c	(20.16c)
Total operations			
Basic and Diluted	9	(2.00c)	(21.00c)

The notes on pages 20 to 44 form part of these financial statements.

Consolidated statement of comprehensive income

for the year ended 31 March 2010

	2010 $'000	2009 $'000
Loss after taxation for the financial year	(963)	(10,121)
Other comprehensive income:		
Exchange translation differences on consolidation of Group entities	(28)	(14,528)
Other comprehensive income	(28)	(14,528)
Total comprehensive expense attributable to the equity shareholders of the parent company	(991)	(24,649)

The notes on pages 20 to 44 form part of these financial statements.

Consolidated and Company statement of financial position

as at 31 March 2010

		Group		Company	
	Notes	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Assets					
Non-current assets					
Available for sale financial asset	11	1,250	–	–	–
Property, plant and equipment	10	11	13,974	11	15
Investment in subsidiaries	12	–	–	–	4,603
Amounts owed by subsidiaries	13	–	–	1,242	9,419
Total non-current assets		1,261	13,974	1,253	14,037
Current assets					
Inventories	14	–	40	–	–
Receivables	15	280	962	279	727
Cash and cash equivalents	20	14,584	25,680	14,579	25,620
Total current assets		14,864	26,682	14,858	26,347
Total assets		16,125	40,656	16,111	40,384
Liabilities					
Current liabilities					
Trade and other payables	16	503	406	491	212
Total current liabilities		503	406	491	212
Total liabilities		503	406	491	212
Net assets		15,622	40,250	15,620	40,172
Capital and reserves attributable to the equity holders of the company					
Share capital	18	921	921	921	921
Share premium account		40,609	64,295	40,609	64,295
Merger reserve		5,816	5,816	5,816	5,816
Presentational currency translation reserve		(13,495)	(13,467)	(13,493)	(15,545)
Warrant reserve		350	350	350	350
Retained earnings		(18,579)	(17,665)	(18,583)	(15,665)
Total equity		15,622	40,250	15,620	40,172

The financial statements were approved by the Board of Directors and authorised for issue on 4 August 2010. They were signed on its behalf by:

Chris Eadie
Chief Financial Officer

Company number: 5059457

The notes on pages 20 to 44 form part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 March 2010

	Share capital $'000	Share premium $'000	Merger reserve $'000	Present-ational currency translation reserve $'000	Warrant reserve $'000	Retained earnings $'000	Total equity $'000
At 1 April 2008	921	64,295	5,816	1,061	350	(7,180)	65,263
Total comprehensive expense for the year	–	–	–	(14,528)	–	(10,121)	(24,649)
Share based payments	–	–	–	–	–	(364)	(364)
At 31 March 2009	921	64,295	5,816	(13,467)	350	(17,665)	40,250
Total comprehensive expense for the year	–	–	–	(28)	–	(963)	(991)
Issue of B shares (see note 18)	23,686	(23,686)	–	–	–	–	–
Capital repayments to shareholders (see note 18)	(23,686)	–	–	–	–	–	(23,686)
Share based payments	–	–	–	–	–	49	49
At 31 March 2010	921	40,609	5,816	(13,495)	350	(18,579)	15,622

The notes on pages 20 to 44 form part of these financial statements.

Company statement of changes in equity

for the year ended 31 March 2010

	Share capital $'000	Share premium $'000	Merger reserve $'000	Present-ational currency translation reserve $'000	Warrant reserve $'000	Retained earnings $'000	Total equity $'000
At 1 April 2008	921	64,295	5,816	1,284	350	(4,762)	67,904
Total comprehensive expense for the year	–	–	–	(16,829)	–	(10,539)	(27,368)
Share based payments	–	–	–	–	–	(364)	(364)
At 31 March 2009	921	64,295	5,816	(15,545)	350	(15,665)	40,172
Total comprehensive expense for the year	–	–	–	2,052	–	(2,967)	(915)
Issue of B shares (see note 18)	23,686	(23,686)	–	–	–	–	–
Capital repayments to shareholders (see note 18)	(23,686)	–	–	–	–	–	(23,686)
Share based payments	–	–	–	–	–	49	49
At 31 March 2010	921	40,609	5,816	(13,493)	350	(18,583)	15,620

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.
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.

The Company has taken advantage of the exemption provided under Section 408 of the Companies Act 2006 not to publish its individual income statement, statement of comprehensive income and related notes. The Company's loss for the year was $2,967k (2009: loss of $10,539k).

The notes on pages 20 to 44 form part of these financial statements.

Consolidated and Company cash flow statements

for the year ended 31 March 2010

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Cash flows from operating activities				
Loss for the year before tax	(963)	(10,121)	(2,967)	(10,539)
Adjustments for:				
Depreciation of property, plant and equipment	10	1,648	10	12
Finance income	(739)	(1,706)	(739)	(1,720)
Finance expense	–	–	–	–
(Profit)/loss on sale of discontinued operations	(1,489)	–	1,255	–
Loss on disposal of property, plant and equipment	–	323	–	–
Impairment losses	–	5,468	48	10,158
Share based payments	49	(364)	49	(364)
Foreign exchange differences	–	371	–	385
Cash flow from operating activities before changes in working capital	(3,132)	(4,381)	(2,344)	(2,068)
Decrease/(increase) in inventories	–	422	–	–
Decrease/(increase) in trade and other receivables	671	(129)	516	(568)
Increase/(decrease) in trade and other payables	101	(1,225)	281	(477)
Taxation	–	–	–	–
Net cash flow used in operating activities	(2,360)	(5,313)	(1,547)	(3,113)
Investing activities				
Purchase of property, plant and equipment	(26)	(1,265)	(4)	–
Disposal of discontinued operations, net of cash disposed of	1,473	–	1,473	–
Proceeds from the sale of property, plant and equipment	–	344	–	–
Purchase of available for sale financial asset	(1,250)	–	–	–
Interest income	5	1,335	5	1,335
Net cash flow from investing activities	202	414	1,474	1,335
Financing activities				
Capital repayments to shareholders	(23,686)	–	(23,686)	–
Increase in loans to subsidiaries	–	–	(1,993)	(2,954)
Repayment of loan	13,500	–	13,500	–
Net cash flow used in financing activities	(10,186)	–	(12,179)	(2,954)
Net decrease in cash and cash equivalents	(12,344)	(4,899)	(12,252)	(4,732)
Cash and cash equivalents at the beginning of the year	25,680	41,730	25,620	41,720
Effect of exchange rate changes on cash and cash equivalents	1,248	(11,151)	1,211	(11,368)
Cash and cash equivalents at the end of the year	14,584	25,680	14,579	25,620

The notes on pages 20 to 44 form part of these financial statements.

Notes to the financial statements

for the year ended 31 March 2010

1 Accounting policies

The Company is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is 22 Great James Street, London, WC1N 3ES. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements for the year ended 31 March 2010 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). These financial statements have been prepared on the historic cost basis.

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)
Tryden International Limited	US $ (USD)
Aurum Mining KG	Kyrgyz Som

The exchange rate at 31 March 2010 was £:$1.5167 and the average rate for the year was £:$1.5975.

Accounting standards issued but not adopted

The IFRS financial information has been drawn up on the basis of accounting policies consistent with those applied in the financial statements for the year to 31 March 2009. The following standards, interpretations and amendments to existing standards have been adopted for the first time in 2009:

International Accounting Standards (IAS/IFRS)		Effective date
● IFRS 7	Amendment – improving disclosures about financial instruments	1 January 2009
● IAS 1 (revised)	Amendment – Presentation of financial statements: a revised presentation	1 January 2009
● IFRS 8	Operating segments	1 January 2009
● IAS 23	Amendment – Borrowing costs	1 January 2009
● IFRS 2	Amendment – Share based payment: vesting conditions and cancellations	1 January 2009
● IAS32 & IAS1	Amendment – Puttable financial instrument and obligations arising on liquidation	1 January 2009
● Improvements to IFRSs (2008)	Amendments to various standards issued 22 May 2008	1 January 2009
● IFRS 1 & IAS27	Amendment – Cost of an investment in subsidiary jointly	1 January 2009

International Financial Reporting Interpretations (IFRIC)		Effective date
● IFRIC 15	Agreements for the Construction of Real Estate	1 January 2009

The adoption of these standards, interpretations and amendments did not affect the Group results of operations or financial positions. The presentation of these financial statements incorporates changes arising from adoption of these standards, interpretations and amendments.

1 Accounting policies (continued)

Accounting standards issued but not adopted (continued)

The IASB and IFRIC have issued the following standards and interpretations which are effective for reporting periods beginning after the date of these financial statements, and which the group is not early adopting:

International Accounting Standards (IAS/IFRS)		**Effective date**
● IAS 27	Amendment – Consolidated and separate financial statements	1 July 2009
● IFRS 3	Revised – Business combinations	1 July 2009
● IAS 39	Amendment – Financial Instruments: recognition and measurement: eligible hedged Items	1 July 2009
● IAS 39 and IFRIC 9	Amendment – Embedded derivatives	30 June 2009
● Improvements to IFRSs (2009)	Amendments to various standards Issued 16 April 2009	1 January 2010
● IFRS 2	Amendment – Group cash-settled share-based payment transactions	1 January 2010
● IAS 32	Amendment – Classification of Rights Issues	1 February 2010
● IFRS 1*	Amendment – Additional exemptions for first-time adopters	1 July 2010
● IAS 24 (revised)*	Revised definition of related party	1 January 2011
● IAS 19 and IFRIC 14*	Amendments – Limit of a defined benefit asset, minimum funding requirements and their interaction	1 January 2011
● Improvements to IFRSs (2010)*	Amendments to various standards Issued	1 January 2011
● IFRS 9*	New standard replacing IAS 39	1 January 2013

International Financial Reporting Interpretations (IFRIC)		**Effective date**
● IFRIC 17	Distributions of non-cash assets to owners	1 July 2009
● IFRIC 18	Transfers of assets from customers	1 July 2009
● IFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

*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 to the Group's earnings or to shareholders' funds.

Going concern

The financial statements have been prepared on a going concern basis. The Board consider that the Group has sufficient cash resources to enable it to pursue its strategy in returning surplus cash to Shareholders and delivering value from its residual assets.

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 during the period was 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. Refer to note 14.

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. Details of any impairments are discussed in note 17.

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.

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.

1 Accounting policies (continued)

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. 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 19.

Basis of consolidation

The consolidated financial statements incorporate the results of Aurum Mining Plc and its subsidiaries as at 31 March 2010.

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 intercompany balances and transactions, including unrealised profits arising from them, are eliminated.

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.

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.

1 Accounting policies (continued)

Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

Share capital is translated into presentational currency using historical rates.

Discontinued operations

The results of operations disposed during the year are included in the consolidated statement of comprehensive income up to the date of disposal.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that meets the criteria to be classified as held for sale.

Discontinued operations are presented in the consolidated statement of comprehensive income (including the comparative period) as a single line which comprises the post tax profit or loss of the discontinued operation and the post-tax gain or loss recognised on the re-measurement to fair value less costs to sell or on disposal of the assets/disposal groups constituting discontinued operations.

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.

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.

1 Accounting policies (continued)

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 to the Company are treated as receivables in the Company. 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.

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.

1 Accounting policies (continued)

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.

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 two categories, loans and receivables and available for sale financial assets which are discussed below. The Group does not have any held to maturity or fair value through profit or loss 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.

Available for sale financial assets

These comprise of the Group's investments in entities not qualifying as subsidiaries, associate or jointly controlled entities. They are carried at fair value with changes in fair value recognised directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in the income statement. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be readily measured are measured at cost.

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

Financial liabilities 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

The group has two reportable segments:

Corporate – The heads office activities of the Group and all non-current assets allocated to corporate activities in the United Kingdom.

Mining – The mining, production and exploration of gold and other precious metals and all non-current assets allocated to mining activities in the Kyrgyz Republic.

The operating results of these segments are regularly reviewed by the Group's chief operating decision makers in order to make decisions about the allocation of resources and access their performance.

The accounting policies of these segments are in line with those described in note 1.

The segment results as follows:

Year ended 31 March 2010	**Corporate $'000**	**Mining $'000**	**Group $'000**
Profit on sale of discontinued operations	–	1,489	1,489
Operating expenses	(2,428)	(763)	(3,191)
Segment result	(2,428)	726	(1,702)
Finance income			739
Finance expenses			–
Loss before taxation			(963)
Taxation			–
Loss for the year			(963)

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)

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

Year ended 31 March 2010	**Corporate $'000**	**Mining $'000**	**Group $'000**
Depreciation	10	–	10
Share based compensation charges	49	–	49

Year ended 31 March 2009	**Corporate $'000**	**Mining $'000**	**Group $'000**
Depreciation	12	1,636	1,648
Share based compensation charges	(364)	–	(364)
Impairment of assets	–	5,468	5,468

2 Segmental information (continued)

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

Year ended 31 March 2010	Corporate $'000	Mining $'000	Group $'000
Segment assets	16,125	–	16,125
Segment liabilities	(503)	–	(503)
Segment net assets	15,622	–	15,622
Capital expenditure	4	22	26

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

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.

Further details on these transactions can be found in the Review of activities on pages 3 to 5.

Financial information relating to the discontinued operations for the period to the date of disposal is set out below.

Group	2010 $'000
Consideration received:	
Consideration cash	1,501
Consideration option fee (cash)	250
Legal costs directly attributable to sale of Kaldora and Andash	(278)
Net consideration	1,473
Net assets disposed:	
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)
Total disposed of	(16)
Gain on disposal of discontinued operations	1,489

3 Discontinued operations (continued)

	2010 $'000	2009 $'000
Results of discontinued operations:		
Operating expenses	(763)	(9,716)
Gain from selling operations after tax	1,489	–
Profit/(loss) from discontinued operations	726	(9,716)
The cash flow statements includes the following amounts relating to discontinued operations:		
Cash flow used in operating activities	(763)	(9,716)
Cash flow from investing activities	1,473	(921)
Cash flow from financing activities	13,500	–
Total cash flows from discontinued operations	14,210	(10,637)

4 Operating loss

Operating loss is stated after charging:

	2010 $'000	2009 $'000
Depreciation	10	12
Operating lease expense	77	238
VAT claim refund	–	(791)
External auditors' remuneration		
– Audit fee for the annual audit of the company and group financial statements	30	50
– Auditing of accounts of associates of the Company under legislation	5	15
– Other taxation services	46	33
Loss on disposal of assets	–	323
Share-based payments (all equity settled)	49	(364)

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

5 Staff costs

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Wages and salaries	1,563	1,883	1,429	1,187
Social security costs	116	183	67	50
Pension costs	13	14	13	14
Share based payments	49	(364)	49	(364)
National Insurance on share options	–	(201)	–	(201)
	1,741	1,515	1,558	686

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

The share-based payment charge for the year was $49k (2009: ($364k)).

In the prior 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 was also revised, resulting in a credit to the income statement of $201k.

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

	Group		Company	
	2010	2009	2010	2009
Administration	6	45	6	6
Operations	10	34	–	–
Total	16	79	6	6

6 Directors' emoluments – Group and Company

	2010 $'000	2009 $'000
Directors' emoluments	1,331	1,104
Social security costs	56	41
Pension costs	13	14
Total Directors' emoluments	1,400	1,159
Share based payments	49	(364)
National Insurance on share options	–	(201)
	1,449	594

In addition C Eadie received a salary prepayment of $175k during March 2010.

The total Directors remuneration in 2009 was $1.1m before a share option credit of $364k giving a total net remuneration for 2009 of $754k. The pension costs for Directors in the prior year totalled $14k.

No new options were granted to Directors during the year (2009: none) and no options were exercised during the year (2009: none). In addition 500,000 Directors share options lapsed during the year. For further information refer to Directors report.

The highest paid Director received emoluments including share based payments totalling $702k (2009: $401k).

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 Directors report.

In 2010 and 2009 key management personnel are considered to be Directors only.

7 Finance income

	2010 $'000	2009 $'000
Finance income		
Bank interest receivable	5	1,335
Total interest income calculated using effective interest method	5	1,335
Exchange gains	734	371
	739	1,706

8 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 2010, the Group had tax losses of $6.1m (2009: $14.2m) carried forward which can be used against future profits. The majority of these losses arose in a jurisdiction with a lower tax rate than in 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 recognized in relation to these losses.

The total of potential deferred tax assets relating to tax losses which have not been recognised for in the financial statements amount to $1.7m (2009: $2.3m).

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:

	2010 $'000	2009 $'000
Loss before taxation	(963)	(10,121)
Loss at the standard rate of Corporation tax in the UK of 28% (2009: 28%)	(270)	(2,834)
Effects of:		
Expenses not deductible for tax purposes	(24)	1,972
Unutilised tax losses carried forward	294	862
Current tax charge	–	–

The Group did not recognise any deferred tax assets or liabilities at 31 March 2010 or 2009.

9 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 year.

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

In 2010 and 2009 the potential ordinary shares are anti-dilutive and therefore diluted loss per share has not been calculated.

At the balance sheet date there were 3,805,000 (2009: 4,305,000) potentially dilutive ordinary shares. Dilutive potential ordinary shares include share options and warrants.

	2010 $'000	2009 $'000
Net loss attributable to equity holders of the parent:		
From continuing operations	(1,689)	(405)
From discontinued operations	726	(9,716)
From total operations	(963)	(10,121)

	2010 Number	2009 Number
Weighted average number of shares:		
Basic Loss per share	48,188,275	48,188,275
Effect of dilutive share options and warrants	–	–
Diluted loss per share	48,188,275	48,188,275

10 Property, plant and equipment

Group	Office and computer equipment $'000	Plant, equipment and vehicles $'000	Mining properties $'000	Total $'000
Cost				
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 1 April 2009	126	9,934	8,959	19,019
Foreign currency re-translation	(5)	(441)	328	(118)
Additions	6	20	–	26
Assets disposed with subsidiaries	(72)	(9,513)	(9,287)	(18,872)
Disposals	(18)	–	–	(18)
At 31 March 2010	37	–	–	37
Depreciation				
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 1 April 2009	107	4,938	–	5,045
Foreign currency re-translation	(5)	(215)	–	(220)
Charge for the year	10	0	–	10
Assets disposed with subsidiaries	(68)	(4,723)	–	(4,791)
Disposals	(18)	–	–	(18)
At 31 March 2010	26	–	–	26
Net book value				
At 31 March 2010	11	–	–	11
At 31 March 2009	19	4,996	8,959	13,974

10 Property, plant and equipment (continued)

Company	Office and computer equipment $'000
Cost	
At 1 April 2008	64
Foreign currency re-translation	(18)
Additions	–
At 1 April 2009	46
Foreign currency re-translation	5
Additions	4
Disposals	(18)
At 31 March 2010	37
Depreciation	
At 1 April 2008	29
Foreign currency re-translation	(10)
Charge for the year	12
At 1 April 2009	31
Foreign currency re-translation	3
Charge for the year	10
Disposals	(18)
At 31 March 2010	26
Net book value	
At 31 March 2010	11
At 31 March 2009	15

11 Available-for-sale financial assets

Group	$'000
Cost	
As at 1 April 2009	–
Additions during the year	1,250
At 31 March 2010	1,250
Net book value	
At 31 March 2010	1,250
At 31 March 2009	–

In January 2010, the Company announced that its 100% owned subsidiary, Tryden International Limited, has acquired a 10% stake in the Andash asset from 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 consider its fair value at the balance sheet date is $1.25m.

The valuation is classified at Level 2 under IFRS 7 because it is based on observable market data.

For further information on these transactions, see the Review of activities on pages 3 to 5 and note 23.

12 Investment in subsidiaries

Company	$'000
Cost	
At 1 April 2008	6,384
Foreign currency re-translation	(1,781)
Additions	–
At 1 April 2009	4,603
Foreign currency re-translation	515
Disposal of subsidiaries – see note 3	(5,118)
Impairment charges	–
At 31 March 2010	–

The Company had the following subsidiary undertakings at 31 March 2010 and 31 March 2009 which have been included in the consolidated financial statements:

	Percentage interest 2010 %	2009 %	Country of incorporation	Activity
Kaldora Company Limited	–	100	British Virgin Islands	Holding company
Andash Mining Company	–	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
Tryden International Limited	100	–	British Virgin Islands	Investment holding company
Aurum Mining KG	100	–	Kyrgyz Republic	Mining and exploration

Tryden International Limited was incorporated on 20th May 2009.

Aurum Mining KG was incorporated on 31 March 2010.

13 Amounts owed by subsidiaries

Company	2010 $'000	2009 $'000
Gross amounts owed by subsidiaries	1290	17,588
Impairment of amounts owed by subsidiaries	(48)	(10,158)
Foreign currency re-translations	–	1,989
Amounts owed by subsidiaries	1,242	9,419

The Directors have carried out an impairment review in respect of subsidiaries assets and as a result the carrying value of the loans to the subsidiaries have been written down by $48k (2009: $10,158k) as they are unlikely to be recovered in the short term.

14 Inventories

	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Raw materials and consumables	–	40	–	–

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

15 Receivables

	Group		Company	
	2010 $'000	**2009 $'000**	**2010 $'000**	**2009 $'000**
Other receivables	–	138	–	–
VAT recoverable	46	756	46	659
Prepayments	234	68	233	68
Accrued income	–	–	–	–
	280	962	279	727

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

16 Trade and other payables

	Group		Company	
	2010 $'000	**2009 $'000**	**2010 $'000**	**2009 $'000**
Current				
Trade creditors	108	102	108	27
Other taxation and social security	103	31	103	13
Accruals and deferred income	292	273	280	172
	503	406	491	212

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

17 Impairment charges

	Group		Company	
	2010 $'000	**2009 $'000**	**2010 $'000**	**2009 $'000**
Impairment of intangible assets	–	513	–	–
Impairment of property, plant and equipment	–	4,117	–	–
Impairment of other receivables	–	838	–	–
Impairment of inventories	–	–	–	–
Impairment of amounts owed by subsidiaries	–	–	48	10,158
Impairment of investment in subsidiaries	–	–	–	–
Total	–	5,468	48	10,158

In the prior year the Directors 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 was based on the expected realisable value which was determined by reference to the disposal value of the Andash assets under the option agreements in place with Kentor at that time.

The Directors have carried out an impairment review in respect of subsidiaries assets and as a result the carrying value of the loans to the subsidiaries have been written down by $48k (2009: $10,158k) as they are unlikely to be recovered in the short term.

Impairment losses are included within loss for the year from discontinued operations in the income statement.

18 Share capital

	2010 $'000	2009 $'000
Authorised		
200,000,000 Ordinary shares of £0.01	3,474	3,474

	2010 £0.01 ordinary shares Number	2010 $'000	2009 £0.01 ordinary shares Number	2009 $'000
Allotted, issued and fully paid ordinary shares				
At beginning of year	48,188,275	921	48,188,275	921
At end of year	48,188,275	921	48,188,275	921

	2010 £0.33 B shares Number	2010 $'000	2009 £0.33 B shares Number	2009 $'000
Allotted, issued and fully paid B shares				
At beginning of year	–	–	–	–
Issue of B shares	48,188,275	23,686	–	–
Capital repayment to shareholders	(48,188,275)	(23,686)	–	–
At end of year	–	–	–	–

Return of capital to shareholders

As approved by shareholders on 11 March 2009, the Company returned 33p per ordinary share to Shareholders in April 2010 by way of issuing out of share premium 48,188,275 B shares of 33p each to ordinary shareholders (at the rate of 1 B share per ordinary share held), and subsequently cancelling and extinguishing these shares by repayment of 33p capital per share.

19 Share Options and Warrants

Share Options

The following options over ordinary shares remained outstanding at 31 March 2010:

	Options at 1 April 2009	Options granted during the year	Options lapsed during the year	Options at 31 March 2010	Exercise Price	Date of grant	First date of exercise	Final date of exercise
Options – Directors								
S Finlay	250,000	–	(250,000)	–	7p	30/04/04	06/05/04	06/05/09
H Kanabar	250,000	–	(250,000)	–	7p	30/04/04	06/05/04	06/05/09
M Jones	1,000,000	–	–	1,000,000	8p	23/02/06	23/02/06	23/02/11
M Jones	250,000	–	–	250,000	8p	23/02/06	05/09/06	05/09/11
M Jones	250,000	–	–	250,000	8p	23/02/06	20/12/06	20/12/11
M Jones	500,000	–	–	500,000	8p	23/02/06	30/09/08	30/09/13
C Eadie	150,000	–	–	150,000	14p	17/11/06	08/12/06	08/12/11
C Eadie	150,000	–	–	150,000	14p	17/11/06	28/02/07	28/02/12
C Eadie	200,000	–	–	200,000	14p	17/11/06	30/09/08	30/09/13
Options – Others:								
Others	500,000	–	–	500,000	12p	13/01/05	13/01/05	01/05/10
Total	3,500,000	–	(500,000)	3,000,000				

19 Share Options and Warrants (continued)

Since 1 April 2010, options over 500,000 ordinary shares have lapsed.

In accordance with the terms and conditions of the Directors' option instruments, the exercise price of the Directors' options in issue were adjusted to take account of the capital repayment to Shareholders in April 2009 and the conditions attached to the vesting periods of certain options were removed following the disposal of the Andash Mining Company. The revised prices were determined by the Company's auditors in accordance with the criteria set out in the original option deeds.

The following options over ordinary shares remained outstanding at 31 March 2009:

	Options at 1 April 2008	Options granted during the year	Options lapsed during the year	Options at 31 March 2009	Exercise Price	Date of grant	First date of exercise	Final date of exercise
Options – Directors								
S Finlay	250,000	–	–	250,000	47p	30/04/04	06/05/04	06/05/09
H Kanabar	250,000	–	–	250,000	47p	30/04/04	06/05/04	06/05/09
M Jones	1,000,000	–	–	1,000,000	55.5p	23/02/06	23/02/06	23/02/11
M Jones*	250,000	–	–	250,000	55.5p	23/02/06	05/09/06	05/09/11
M Jones**	250,000	–	–	250,000	55.5p	23/02/06	20/12/06	20/12/11
M Jones***	500,000	–	–	500,000	55.5p	23/02/06	30/09/08	30/09/13
C Eadie	150,000	–	–	150,000	99.5p	17/11/06	08/12/06	08/12/11
C Eadie****	150,000	–	–	150,000	99.5p	17/11/06	28/02/07	28/02/12
C Eadie***	200,000	–	–	200,000	99.5p	17/11/06	30/09/08	30/09/13
Options – Others:								
Others	500,000	–	–	500,000	84p	13/01/05	13/01/05	01/05/10
Total	3,500,000	–	–	3,500,000				

*these options became exercisable upon the mineral 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. The performance criteria were modified in the year to include the sale of the Andash project.

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

Warrants

The following warrants over ordinary shares have been granted and remained outstanding at 31 March 2010:

	Warrants at 1 April 2009	Warrants granted during the year	Warrants lapsed during the year	Warrants at 31 March 2010	Exercise Price	Date of grant	First date of exercise	Final date of exercise
Warrants – Directors								
S Finlay	20,000	–	–	20,000	6p	15/02/06	15/02/06	15/02/16
M Jones	100,000	–	–	100,000	6p	15/02/06	15/02/06	15/02/16
Warrants – Others								
Others	685,000	–	–	685,000	6p	15/02/06	15/02/06	15/02/16
Total	805,000	–	–	805,000				

19 Share Options and Warrants (continued)

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

	Warrants at 1 April 2008	Warrants granted during the year	Warrants lapsed during the year	Warrants at 31 March 2009	Exercise Price	Date of grant	First date of exercise	Final date of exercise
Warrants – Directors								
S Finlay	20,000	–	–	20,000	45p	15/02/06	15/02/06	15/02/16
M Jones	100,000	–	–	100,000	45p	15/02/06	15/02/06	15/02/16
Warrants – Others								
Others	685,000	–	–	685,000	45p	15/02/06	15/02/06	15/02/16
Total	805,000	–	–	805,000				

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

	2010 Number	2010 WAEP Pence	2009 Number	2009 WAEP Pence
Outstanding at beginning of year	3,500,000	9.29	3,500,000	64.64
Granted during the year	–	–	–	–
Exercised	–	–	–	–
Lapsed during the year	500,000	7.00	–	–
Outstanding at 31 March	3,000,000	9.67	3,500,000	64.64
Exercisable at 31 March	3,000,000	9.67	2,800,000	63.79

There were no new options or warrants granted in the year ended 31 March 2010 or 2009.

Options and warrants held by Directors are disclosed in the report of the Directors on pages 6 to 9.

The market price of shares as at 31 March 2010 was £0.14 (2009: £0.37). The range during the financial year was £0.05 to £0.37.

The weighted average remaining contractual life of options outstanding at the end of the year was 2 years 7 months (2009: 2 years 5 months).

The expense recognised for share-based payments in respect of Directors and consultant services received during the year ended 31 March 2010 was $49k (2009: ($364k)).

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	
	2010 $'000	**2009 $'000**	**2010 $'000**	**2009 $'000**
Loans and receivables				
Cash and cash equivalents	14,584	25,680	14,579	25,620
Receivables	280	962	279	727
Amounts owed by subsidiaries	–	–	1,242	9,419
	14,864	26,642	16,100	35,766
Available for sale financial assets	1,250	–	–	–
Total financial assets	16,114	26,642	16,100	35,766
Financial liabilities held at amortised cost				
Current trade and other payables	503	406	491	212
Non-current trade and other payables	–	–	–	–
Total financial liabilities	503	406	491	212

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	
	2010 $'000	**2009 $'000**	**2010 $'000**	**2009 $'000**
Less than 3 months	503	256	491	112
3-6 months	–	150	–	100
	503	406	491	212

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	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
UK Pounds	888	26,035	887	35,363
US Dollars	14,723	158	14,772	191
Kyrgyz Som	–	43	–	–
	15,611	26,236	15,609	35,554

The Group is mainly exposed to US$ (presentation currency of Aurum Mining plc) – a 5% increase in the value of the US$ against the GBP£ will increase expenses and pre-tax loss by $77k (2009: $506k).

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 0.50% (2009: 0% and 6.10%).

An increase of 0.5% in interest rates will increase finance income by $36k (2009: $168k).

Cash and cash equivalents

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Floating interest rate	14,584	25,680	14,579	25,620

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 note 18 and consolidated statement of changes in equity, 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	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Land and buildings				
– Not later than one year	45	–	45	–
– Later than one year and not later than five years	63	–	63	–
Total	108	–	108	–

22 Related party transactions

Other than disclosed in notes 6 and 13 there were no related party transactions in the Group or Company during the year.

23 Events after the reporting period

On 22 June 2010 the Company announced that it had entered into an option agreement with Kentor which gives Kentor an option to acquire the Aurum Group's remaining 10% stake in the Andash asset for consideration of US$1.8m. As part of this agreement, Kentor has released Aurum from all the warranties and indemnities that were given to Kentor by Aurum when Aurum disposed of its 80% stake in the Andash asset in December 2009.

On 15 July 2010 the Company announced that, following the release from the warranties and indemnities by Kentor, the Board was now recommending a strategy for the Company that involves the return of a very significant proportion of the Company's cash to Shareholders.

Further details on both of these matters can be found in the Review of Activities.

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 13 September 2010 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 2010.
2. To re-elect Christopher Eadie, 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 Sean Finlay, 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 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 and are hereby generally and unconditionally authorised (in substitution for any existing such powers) for the purposes of section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot the following shares in the Company or grant rights to subscribe for or convert any securities into shares ("Rights") up to a maximum aggregate nominal amount of £160,627.58, provided that this authority shall expire (unless previously revoked, varied or extended by the Company in a general meeting) on the conclusion of the next annual general meeting of the Company after the passing of this resolution or 15 months from the date of this resolution, whichever is earlier, save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred hereby has expired.
6. THAT (subject to the passing of Resolution 5 above) and in accordance with section 570 of the Act, the Directors be and they are hereby empowered (in substitution for any existing such powers) to allot equity securities (as defined in section 560 of the Act) or to sell the relevant shares (within the meaning of section 560 of the Act) if, immediately before the sale, such shares are held by the Company as treasury shares (as defined in section 724(3) of the Act)("Treasury Shares") for cash pursuant to the authority conferred by the previous resolution as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities and the sale of Treasury Shares:

   (a) in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange;

   (b) otherwise than pursuant to sub-paragraph a above up to a maximum aggregate nominal amount of £96,376.55

and shall expire (unless previously revoked, varied or extended by the Company in a general meeting) on the conclusion of the next annual general meeting of the Company after the passing of this resolution or 15 months from the date of this resolution, whichever is earlier, save that the Company may, before such expiry allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred hereby 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 7,223,422 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 at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or 15 months from the date of this resolution (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: 4 August 2010

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 Saturday 11 September 2010 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 Saturday 11 September 2010 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.

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