

## News Release

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before 07:00 on 24 June 2009

Avocet Mining PLC  
7th Floor 9 Berkeley Street  
London W1J 8DW  
Tel +44 (0) 20 7907 9000  
Fax +44 (0) 20 7907 9019  
E-mail avocetmining@avocet.co.uk  
www.avocet.co.uk

### PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MARCH 2009

- Profit before tax of US\$33.9 million, US\$15.0 million before exceptional items
  - Net cash generated by operations of US\$23.7 million
  - Gold production of 109,919 ounces at a cash cost of US\$551/oz
    - Maiden 1M ounce resource at Doup, Indonesia

### ACQUISITION OF WEGA MINING COMPLETED TODAY

- Acquisition to double Avocet gold production

Years ended	31 March 2009	31 March 2008	Variance
Total gold production (ounces)	<b>109,919</b>	164,832	-33%
- continuing operations (Penjom & North Lanut)	<b>109,919</b>	157,907	-30%
- discontinued operations (ZGC – disposed in July 2007)	-	6,925	-
Average realised gold price (US\$/oz)	<b>870</b>	767	+13%
Cash production costs (US\$/oz)	<b>551</b>	344	+60%
- continuing operations	<b>551</b>	316	+74%
- discontinued operations	-	983	-
Profit before tax (US\$000)	<b>33,879</b>	37,583	-10%
- before exceptionals	<b>15,004</b>	52,407	-71%
- exceptionals – profit on disposals, exploration impairment & gain/loss on gold collar	<b>18,875</b>	(14,824)	
Profit for the period (US\$000)	<b>24,232</b>	31,911	-24%
Basic earnings per share (US cents)	<b>20.32</b>	23.59	-14%
- before exceptionals	<b>8.91</b>	27.53	-68%

Commenting on the preliminary results, Jonathan Henry, Chief Executive Officer, stated:

*“Last year was a challenging one for Avocet operationally, with lower grades at Penjom and processing issues at both mines. There are signs that measures to improve recoveries at North Lanut are bearing fruit, while recent drilling at Penjom will support a new, more reliable resource model currently being developed. The Wega Mining acquisition will provide the significant production growth we have been seeking over the last two years, allowing us to double our production once the Inata gold project reaches steady state, with the very real prospect of extending this further through additions to near mine resources.”*

**A copy of a corporate presentation to be made today at the Company's annual results presentation is available on the Company's website [www.avocet.co.uk](http://www.avocet.co.uk).**

**In addition, a presentation to analysts by Jonathan Henry will be held today at 9:00 am (UK time) at the offices of Buchanan Communication, 45 Moorfields, London EC2Y 9AE.**

A conference call and webcast will be hosted simultaneous with the analyst meeting. Participants may join the call by dialing the following numbers, approximately 10 minutes before its start.

- **From UK (Toll Free):** 0808 109 1498
- **From Norway (Toll Free):** 800 164 90
- **From United States of America (Toll Free):** 1866 793 4279
- **Participant Pass Code:** 622190#

A live audio webcast will be available on:

<http://mediaserve.buchanan.uk.com/2009/avocet240609/registration.asp>

A replay of the webcast will be available on the same link from 11:00 am (UK time) on 24 June 2009.

**Also, a presentation by Mike Norris, Finance Director, and Hans-Arne L'orange, Chief Executive Officer of Wega Mining, will be held at 12:00 pm (CET) at the offices of First Securities, Fjordaleen 16, Aker Brygge, N-0115 Oslo.**

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For further information please contact:

Avocet Mining PLC	Buchanan Communications Financial PR Consultants	Ambrian Partners Limited NOMAD and Joint Broker	J.P. Morgan Cazenove Limited Lead Broker	First Securities Norwegian Financial Adviser
Jonathan Henry, CEO	Bobby Morse	Richard Brown	Michael Wentworth-Stanley	Geir Lie
Mike Norris, Finance Director	Ben Willey Katharine Sutton	Richard Greenfield	Sam Critchlow	Stein Hansen Eirik Lilledahl
+44 20 7907 9000	+44 20 7466 5000	+44 20 7634 4700	+44 20 7588 2828	+47 2323 8000
<a href="http://www.avocet.co.uk">www.avocet.co.uk</a>	<a href="http://www.buchanan.uk.com">www.buchanan.uk.com</a>	<a href="http://www.ambrian.com">www.ambrian.com</a>	<a href="http://www.jporgancazenove.com">www.jporgancazenove.com</a>	<a href="http://www.first.no">www.first.no</a>

## Notes to Editors

Avocet Mining PLC ("Avocet" or "the Company") is a mining company listed on the AIM market of the London Stock Exchange (Ticker: AVM). The Company's principal activities are gold mining and exploration in Malaysia (as 100 per cent owner of the Penjom gold mine, the country's largest gold producer), Indonesia (as 80 per cent owner of the North Lanut gold mine and Bakan project in North Sulawesi) and Burkina Faso (as 90 per cent owner of the Inata gold project currently in the latter stages of construction). The Company has a number of other advanced exploration projects in South East Asia and West Africa.

### *Background to operations*

Penjom is Malaysia's largest gold producer and was developed by Avocet after applying modern technology to grass roots exploration in an area of historic alluvial mining. The mine is located in Pahang State, approximately 120 km north of the country's capital, Kuala Lumpur. The mine was commissioned in December 1996 with reserves of 223,000 ounces. Successful resource development means Penjom has produced over one million ounces of gold to date and still has nearly one million ounces of resource. Over the last two years Penjom has expanded its mining and plant capacity with plant throughput increasing from 570,000 to over 700,000 tonnes per annum to compensate for decreasing mined grades. Avocet was able to overcome initial problems of carbonaceous ore at Penjom by developing unique processing systems including complex gravity circuits and resin-in-leach ("RIL") technology. These processes have potential applications at other carbonaceous orebodies.

North Lanut in North Sulawesi, Indonesia, was developed by Avocet from the exploration stage and has produced over 220,000 ounces since it was commissioned in 2004. Avocet purchased an 80 per cent interest in PT Avocet Bolaang Mongondow ("PT ABM"), an Indonesian company holding a 6th generation Contract of Work ("CoW"), from Newmont Mining Corporation in 2002. North Lanut is located within the CoW, which includes exploration and mining rights over approximately 50,000 hectares in an area highly prospective for gold. An Indonesian company, PT Lebong Tandai, owns the remaining 20 per cent. The Company has a number of other advanced development and exploration projects in Indonesia.

The Inata gold project in Burkina Faso, West Africa, was purchased by Avocet as a result of the acquisition of Wega Mining ASA ("Wega Mining") which was completed today. Inata is currently under construction, with first gold production expected in late 2009, and full steady state production in FY2011. Inata is expected to produce greater than 120,000 ounces of gold per annum over an initial 7 year mine life. Other assets acquired from Wega Mining include exploration licences in Burkina Faso, Guinea and Mali (the most advanced being the Koulekoun gold exploration project in Guinea with a resource of 667,000 ounces), a 58.1 per cent interest in TSX Venture Exchange listed Merit Mining Corp and a 35.6 per cent interest in base metals company, Metallica Mining AS.

## **Chairman's Statement**

Despite operational set backs that resulted in lower gold production and higher cash costs, Avocet's financial results remained robust, with net cash generated by operations remaining strong at US\$23.7 million. High gold prices continued throughout the year driven primarily by general economic uncertainty, volatility on the financial markets, concerns about inflation and investor demand through exchange traded funds (ETFs). Gold's consistent performance throughout the year ensured that it maintained its status as the primary safe haven investment. Spot prices reached a peak of US\$989/oz in February 2009 and averaged US\$868/oz for the year, an increase of 13 per cent on 2008. All of Avocet's sales during the financial year were at spot prices with an average price achieved of US\$870/oz. During the year the Company took advantage of a period of low gold prices to close out its gold collar, thereby ensuring full exposure to higher gold prices in the future for its existing operations. Following the acquisition of Wega Mining, the Company will have 350,000 ounces of gold hedged at an average price of US\$958/oz for delivery over a 54 month period commencing once Inata is in production.

Exploration results have been very positive, especially the maiden one million ounce Inferred Mineral Resource (reporting according to JORC) at Doup announced in February. However, permitting delays have continued to hamper the Company's efforts to bring Bakan into production to supplement existing operations at Penjom and North Lanut, which despite having their mine lives extended on an annual basis, are nonetheless mature assets.

### **THE WAY FORWARD**

Since the sale of ZGC in July 2007, Avocet has been reviewing potential acquisition targets with a view to leveraging its strong debt-free balance sheet and balancing its existing assets in South East Asia with a medium to long term mine. On 14 April 2009, the Company announced its intention to acquire Wega Mining ASA, a Norwegian listed mining company. The acquisition of Wega Mining allows Avocet to increase its gold production at a time when the gold price remains strong, and to acquire several exciting exploration projects, which together make the transaction compelling from the perspective of adding value. The transaction means that Avocet now has a strong position in two highly prospective gold regions, South East Asia and West Africa. In particular, in each region the Company will have gold production of well over 100,000 ounces and a strong portfolio of exploration projects. Wega Mining's primary asset is the Inata gold project, in Burkina Faso, West Africa, which is the second fastest growing gold district in the world, with a track record of bringing new mines into production over the last few years. Inata is scheduled to enter production in late 2009, with planned average production of more than 120,000 ounces a year over an initial mine life of seven years. There is significant potential for this to be extended through satellite deposits that may be processed through the Inata plant. Avocet's Ore Reserve and Mineral Resources increased by 184 per cent and 81 per cent respectively as a result of the acquisition.

The Company will continue to seek value added growth opportunities in these two regions as part of its strategy of extending its operational base through acquisitions and organic exploration and development. Internal growth will continue to be driven by resource development at the Company's operating mines, combined with drilling at some of the Company's advanced projects such as Seruyung, Doup, and Koulekoun.

### **OUTLOOK**

The outlook for the gold price remains strong looking forward into 2010. Economic uncertainty and the impending threat of inflation lead many analysts to forecast a short term strengthening of price. Settlement today of the Wega Mining transaction means that Avocet has taken an important step towards its goal of becoming a mid-tier gold producer and a company of rapid growth. The Board and management are focusing on delivering production increases at Penjom and North Lanut at the same time as achieving a successful and timely commissioning of Inata and a quick and effective integration of the two companies. I look forward to updating shareholders on progress over the coming year.

Finally, I thank all our employees for their hard work throughout the year just ended and am pleased to welcome all those employees and shareholders who have recently joined the Avocet Group of companies.

**Nigel McNair Scott**

## **Chief Executive Officer's Statement**

The last year brought a number of production challenges at both the Company's operations and a significant rise in the Company's resource base from continued exploration. In a turbulent year the Company's costs were significantly impacted by the rapid rise and fall of global oil prices, although higher gold prices were a benefit to margins. Avocet's fall in gold production reflects the complexity of the Penjom deposit, and underlined the need to expand to achieve critical mass through a broader portfolio of producing assets within the Group, while maintaining a focus on operating performance and cost control within existing operations.

### **OPERATIONAL PERFORMANCE**

Challenges were encountered at Penjom and North Lanut during the year, as evidenced by lower production and higher cash costs at both mines. Both operations experienced increases in input costs during the first part of the year, particularly in fuel and key consumables.

#### **Penjom**

<b>Years ended 31 March</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Production statistics</b>					
Ore mined (tonnes)	832,000	629,000	443,000	561,000	<b>699,000</b>
Waste mined (tonnes)	13,244,000	18,927,000	16,941,000	16,697,000	<b>16,939,000</b>
Ore and waste mined (tonnes)	14,076,000	19,556,000	17,384,000	17,258,000	<b>17,638,000</b>
Ore processed (tonnes)	527,500	573,700	570,100	596,100	<b>718,900</b>
Average ore head grade (g/t)	7.92	7.10	5.67	4.84	<b>3.47</b>
Process recovery rate	89%	91%	92%	91%	<b>86%</b>
Gold produced (oz)	119,850	117,680	95,966	83,724	<b>68,902</b>
<b>Cash costs (US\$/oz)</b>					
Mining	109	141	212	239	<b>349</b>
Processing	57	60	80	97	<b>167</b>
Royalties and overheads	37	41	59	78	<b>94</b>
Total before deferred stripping (US\$/oz)	203	242	351	414	<b>610</b>
Deferred stripping	-	-	-	(80)	<b>(82)</b>
<b>Total cash cost (US\$/oz)</b>	<b>203</b>	<b>242</b>	<b>351</b>	<b>334</b>	<b>528</b>

The mined grade at Penjom underperformed the resource model by a significant margin. Together with higher levels of active carbon, this had a negative impact on both gold recoveries and gold production. In response to these challenges the mine management has adopted new resource modeling and grade control procedures and in the second half of the year mining operations at Penjom were extended into newer areas to the south of the main pit. Furthermore, a resource development drilling programme of approximately 80,000 metres is under way, and progressing well, with the completion of 44,000 metres by the end of May 2009 from four rigs active in and around the pit. Management remains confident that this drilling will further increase the mine life at Penjom.

Penjom's gold production was primarily impacted by a drop of 28 per cent in average grades during the year, from 4.84g/t to 3.47g/t, reflecting the complex nature of the orebody. In the latter part of the year, higher grades of ore mined from around the Penjom shear zone proved to have a higher than anticipated active carbon content which affected gold recoveries and processing costs. During the second half of the year power failures occurred due to intermittent shorting of the power cable outside of the mine site boundary. Remediation measures are ongoing. Cash costs per ounce increased due to lower gold production as well as higher prices and greater consumption of consumables in both the mine and the plant. As anticipated, the stripping ratio fell significantly towards the end of the year as access to the new mining areas in the south allowed a higher proportion of ore to be mined, albeit at a lower grade than anticipated. This trend is expected to continue in the coming year, with the result that excess stripping costs previously deferred during periods of major waste mining will be reversed as an increase in cash costs.

A continuation of lower grades and lower recoveries means that Q1 FY2010 gold production may be lower than the level achieved in Q4 FY2009, and that cash costs per ounce may be higher, before adjustment for deferred stripping. In addition, a greater proportion of ore mined will result in a significantly higher reversal of deferred stripping costs which will further increase Q1 FY2010 cash costs.

## North Lanut

Years ended 31 March	2005	2006	2007	2008	2009
<b>Production statistics</b>					
Ore mined (tonnes)	429,000	1,333,000	1,255,000	1,969,000	<b>1,310,000</b>
Waste mined (tonnes)	556,000	1,801,000	2,322,000	1,144,000	<b>1,595,000</b>
Ore and waste mined (tonnes)	985,000	3,134,000	3,577,000	3,113,000	<b>2,905,000</b>
Ore leached (tonnes)	302,000	1,327,000	1,157,000	1,683,000	<b>1,338,000</b>
Average ore head grade (g/t)	1.45	1.65	1.86	2.54	<b>2.10</b>
Process recovery rate	63%	75%	69%	54%	<b>45%</b>
<b>Gold produced (oz)</b>	<b>8,852</b>	<b>54,520</b>	<b>48,170</b>	<b>74,183</b>	<b>41,017</b>
<b>Cash costs (US\$/oz)</b>					
Mining	274	96	188	139	<b>272</b>
Processing	69	39	68	67	<b>175</b>
Royalties and overheads	157	66	98	89	<b>141</b>
<b>Total cash cost (US\$/oz)</b>	<b>500</b>	<b>201</b>	<b>354</b>	<b>295</b>	<b>588</b>

Gold production at North Lanut was lower in the first half of the year as mining moved from oxide ore, which leaches more easily, to transitional and sulphide ore types which require longer leach times. In a difficult first half, therefore, recovery levels dropped to just 34 per cent. North Lanut management responded well to the challenges of processing the new transition and fresh ore types and by the second half of the year significant improvements were made in leach pad management, with different ore types being segregated and treated in a more targeted manner and more of the ore being crushed to facilitate faster leaching. As a result, recovery levels increased to 64 per cent in the second half and usage levels of lime and other reagents were reduced. By the end of March 2009, a new leach pad had been completed which will facilitate further improvements, and mining was underway at the new Rasik and Effendi pit areas, which are expected to provide more of the faster leaching oxide ore that had benefited production in previous years. As at Penjom, cash costs per ounce increased due to lower gold production and higher consumable costs in both the mine and the plant.

North Lanut's gold production and cash costs for Q1 FY2010 are expected to be in line with or better than the level achieved in Q4 FY2009.

## EXPLORATION

The Company continued to review and rationalise its strong pipeline of exploration projects, especially in Indonesia. The highlight of the year was a one million ounce Inferred Mineral Resource being announced in February 2009 at Doup in Indonesia. The addition of the Seruyung project in East Kalimantan, Indonesia, along with ongoing due diligence on the Kay Tanda project in the Philippines, to the Company's suite of projects endorses the ongoing commitment to organic growth. These projects have the capability of providing the Company with both resource growth and prospects which can be taken to feasibility over the short to medium term. Meanwhile Bakan, within the North Lanut CoW, remains in an advanced stage of feasibility, pending the resolution of permitting issues. A review of the recently acquired West African exploration projects is currently underway with the intention of defining priorities for the Company's enlarged exploration portfolio. Excluding Inata, the Koulekoun project in Guinea is the most advanced project acquired through the purchase of Wega Mining although a number of other exploration prospects now owned by the company look to have significant resource potential in what is a highly prospective region.

At Penjom, the resource development drilling programme includes infill and resource definition drilling in order to firm up the existing resource model. This programme is progressing on track and a revised resource model is expected to be available in August 2009 that will take account of the drilling completed since November 2008 where some encouraging intercepts have been made. Initial deep drilling has been completed and results of this are awaited before analysis is undertaken to review the merits of expanding the open pit further or going underground below the current open pit. The Penjom orebody remains open along strike and at depth.

Positive results from resource development drilling at North Lanut led to a resource upgrade announced in November 2008.

## **ACQUISITION**

As a result of the acquisition of Wega Mining and of Avocet's organic development pipeline, the Company will become a mid-tier gold producer with annual production expected to approach 300,000 ounces in the medium term. The transaction therefore delivers key elements of the Company's acquisition growth strategy. In particular, it will grow the Company's gold production at a time when the gold price is expected to remain strong, and in the Inata project, it provides a medium life asset with significant exploration upside in a highly prospective region.

With the Inata gold project nearing completion, Avocet can provide the funds necessary to commission the operation. In addition, Avocet has experience in building and developing new mines, having commissioned both Penjom and North Lanut. The Inata gold project is not without its challenges. Since its involvement in the latter stages of construction, the Company has needed to take decisive action to ensure the project is built to required international standards. This has included the termination of the contract with the engineering firm previously managing the project's construction. A new team has recently arrived at the project and the next month will be critical leading up to expected commissioning in late 2009. As well as the Inata gold project, the Wega Mining group holds 27 exploration licences in Burkina Faso, Mali, and Guinea, which will enhance the existing portfolio in Indonesia, Malaysia and the Philippines, and allow Avocet's exploration team to add further value.

Integration work is progressing well and will result in improved processes throughout the enlarged Group.

## **FINANCIAL RESULTS**

The Group profit before tax in the year was US\$33.9 million compared with US\$29.3 million in the previous year. Before exceptional items, profit before tax in the year was US\$15.0 million, compared with US\$52.4 million in the previous year. Despite a 13 per cent increase in realised gold prices during the year, the Group's profitability was impacted by a 30 per cent decrease in gold production, combined with a 21 per cent increase in total production cash costs, primarily in fuel and reagent costs.

Exceptional items in the year totaled US\$18.9 million, comprising a US\$24.8 million mark to market gain on the Group's gold collar that was liquidated during the year, as well as a US\$2.3 million profit on disposal of a ball mill, and exploration impairments totaling US\$8.2 million.

The average cash costs of the Group increased from US\$316/oz to US\$551/oz in the year. This increase was primarily the result of the fall in gold production levels, but was also impacted by industry wide factors such as inflationary pressures on input costs, particularly fuel and reagents. These costs are shown after adjusting for US\$5.6 million of deferred stripping costs at Penjom, before which the cost per ounce for the year was US\$602/oz (FY2008 - US\$358/oz).

Net cash generated from operations was US\$23.7 million, compared with US\$65.4 million in the previous year. The Group's total net cash outflow in the year was US\$50.2m, which included US\$36.6 million in investments in equipment, infrastructure and exploration, the payment of US\$20.8 million to close out the Group's gold collar during the year, and US\$16.0 million of tax paid. Of the total tax paid, US\$ 7.1 million was in respect of North Lanut's record previous year

profit and a further US\$6.0 million represented overpaid tax for FY2009. At the year end, the Group had cash of US\$72.4 million and no debt, compared with a cash position of US\$122.6 million at the start of the year. The Group's total cash balance is currently approximately US\$58 million, with the reduction from the year end principally related to expenditure on the Inata gold project.

## **PEOPLE**

In order to continue its clear path of growth Avocet's management group was strengthened during the year with the formation of a technical services group, whose aim is to provide support to the senior management at the Company's operations and projects. A regional office was established in Kuala Lumpur, Malaysia, providing a base for executive management and the technical services group.

With the combined challenges of existing operations in South East Asia, and new assets in West Africa, Avocet is more than ever reliant on the strength of its management and technical teams.

Last year was a difficult year for the Company – and I am pleased with the way in which our staff responded. I expect the coming year to present more challenges and I am confident we are well placed to meet these head on, and to exploit the opportunities that will also arise.

**Jonathan Henry**

## **CONSOLIDATED INCOME STATEMENT**

Year ended 31 March	note	<b>2009</b> <b>US\$000</b>	<b>2008</b> <b>US\$000</b>
<b>Revenue</b>			
Continuing operations		<b>97,042</b>	123,938
Discontinued operations	2	-	4,765
		<b>97,042</b>	128,703
<b>Cost of sales</b>			
Continuing operations		<b>(77,596)</b>	(65,004)
Discontinued operations	2	-	(8,751)
		<b>(77,596)</b>	(73,755)
<b>Gross profit</b>			
		<b>19,446</b>	54,948
Administrative expenses - continuing operations		<b>(4,889)</b>	(5,292)
Share based payments - continuing operations		<b>(1,500)</b>	(1,618)
Exploration impairment – continuing operations	4	<b>(8,225)</b>	-
<b>Operating profit</b>			
		<b>4,832</b>	48,038
Profit on disposal of non-current investments		-	8,904
Profit on disposal of discontinued operations	2	-	12,297
Profit on disposal of property, plant and equipment	4	<b>2,332</b>	-
<b>Finance items - continuing operations</b>			
Gain/(loss) on gold collar not qualifying for hedge accounting	4	<b>24,768</b>	(36,025)
Exchange losses		<b>(439)</b>	(190)
Finance income		<b>2,388</b>	4,655
Finance expense		<b>(2)</b>	(96)
<b>Profit before taxation</b>			
Continuing operations		<b>33,879</b>	29,272
Discontinued operations		-	8,311
<b>Profit before taxation</b>			
		<b>33,879</b>	37,583
<b>Analysed as:</b>			
Profit before taxation and exceptional items	3	<b>15,004</b>	52,407
Exceptional items – profits on disposals and gain/(loss) on gold collar	4	<b>18,875</b>	(14,824)
<b>Profit before taxation</b>			
		<b>33,879</b>	37,583
<b>Taxation</b>			
Continuing operations		<b>(9,647)</b>	(5,625)
Discontinued operations	2	-	(47)
		<b>(9,647)</b>	(5,672)
<b>Profit for the period</b>			
Profit for the period from continuing operations		<b>24,232</b>	23,647
Profit for the period from discontinued operations	2	-	8,264
<b>Profit for the period</b>			
		<b>24,232</b>	31,911
Attributable to			
Equity shareholders of the parent company		<b>24,524</b>	28,348
Minority interests		<b>(292)</b>	3,563
		<b>24,232</b>	31,911
<b>Earnings per share</b>			
Basic (cents per share)	5	<b>20.32</b>	23.59
Diluted (cents per share)		<b>20.15</b>	23.19
<b>Earnings per share from continuing operations</b>			
Basic (cents per share)		<b>20.32</b>	16.23
Diluted (cents per share)		<b>20.15</b>	15.96
<b>Earnings per share from discontinued operations</b>			
Basic (cents per share)		-	7.36
Diluted (cents per share)		-	7.23

## **CONSOLIDATED BALANCE SHEET**

At 31 March	note	<b>2009</b>	2008
		<b>US\$000</b>	US\$000
<b>Non-current assets</b>			
Goodwill		<b>9,899</b>	8,678
Intangible assets	6	<b>32,422</b>	23,810
Property plant and equipment	7	<b>70,904</b>	54,009
Other financial assets	8	<b>7,239</b>	8,323
Deferred tax assets	9	<b>6,482</b>	16,512
		<b>126,946</b>	111,332
<b>Current assets</b>			
Inventories		<b>18,267</b>	17,350
Trade and other receivables	10	<b>10,541</b>	5,287
Cash and cash equivalents		<b>72,418</b>	122,596
		<b>101,226</b>	145,233
<b>Current liabilities</b>			
Trade and other payables		<b>16,678</b>	17,684
Current tax liabilities		<b>16</b>	9,656
		<b>16,694</b>	27,340
<b>Non-current liabilities</b>			
Other financial liabilities	11	-	45,600
Deferred tax liabilities		<b>4,417</b>	3,579
Other liabilities	12	<b>15,287</b>	11,836
		<b>19,704</b>	61,015
<b>Net assets</b>		<b>191,774</b>	168,210
<b>Equity</b>			
Issued capital		<b>9,904</b>	9,867
Share premium		<b>53,400</b>	52,834
Other reserves		<b>9,556</b>	11,454
Retained earnings		<b>113,541</b>	88,390
<b>Total equity attributable to the parent</b>		<b>186,401</b>	162,545
Minority interests		<b>5,373</b>	5,665
<b>Total equity</b>		<b>191,774</b>	168,210

## **CONSOLIDATED CASH FLOW STATEMENT**

Year ended 31 March	Note	2009 US\$000	2008 US\$000
<b>Cash flows from operating activities</b>			
Profit for the period		24,232	31,911
Adjusted for:			
Depreciation of non-current assets		9,872	13,579
Exploration costs written off		8,225	-
Share based payments		1,500	1,618
Provisions		124	580
Taxation in the income statement		9,646	5,672
Non operating items in the income statement	13	(29,047)	10,455
		<b>24,552</b>	<b>63,815</b>
<b>Movements in working capital</b>			
(Increase) in inventory		(917)	(2,687)
Decrease/(increase) in trade and other receivables		1,463	(1,959)
(Decrease)/increase in trade and other payables		(1,439)	6,266
<b>Net cash generated by operations</b>		<b>23,659</b>	<b>65,435</b>
Interest received		2,388	4,655
Interest paid		(2)	(96)
Income tax paid		(16,023)	(8,692)
<b>Net cash generated by operating activities</b>		<b>10,022</b>	<b>61,302</b>
<b>Cash flows from investing activities</b>			
Net proceeds from disposals of non-current asset investments		-	46,149
Payments for property plant and equipment		(22,848)	(29,957)
Deferred consideration		(1,627)	(1,994)
Exploration and evaluation expenses		(13,764)	(13,944)
Net cash movement on sale of subsidiary		-	(87)
<b>Net cash (used in)/generated by investing activities</b>		<b>(38,239)</b>	<b>167</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of equity shares		-	824
Gold collar contract close		(20,832)	-
Treasury and EBT shares purchased		(553)	(4,164)
Capital repayments on finance leases		(137)	(642)
<b>Net cash used in financing activities</b>		<b>(21,522)</b>	<b>(3,982)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(49,739)</b>	<b>57,487</b>
Exchange losses		(439)	(190)
<b>Total (decrease)/increase in cash and cash equivalents</b>		<b>(50,178)</b>	<b>57,297</b>
Cash and cash equivalents at the start of the period		122,596	65,299
<b>Cash and cash equivalents at the end of the period</b>		<b>72,418</b>	<b>122,596</b>

## **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

Year ended 31 March 2009

	Share capital US\$000	Share premium US\$000	Other reserve US\$000	Retained earnings US\$000	Minority interest US\$000	Total equity US\$000
<b>At 1 April 2007</b>	9,867	52,834	13,894	60,281	723	137,599
Profit for the period	-	-	-	28,348	3,563	31,911
Exchange differences on translation of foreign operations	-	-	168	-	-	168
Revaluation of other financial assets	-	-	(459)	-	-	(459)
<b>Total recognised income and expense for the year</b>	-	-	(291)	28,348	3,563	31,620
Share based payments	-	-	-	1,618	-	1,618
Losses on issue from treasury shares	-	-	-	(876)	-	(876)
Investment in treasury and own shares	-	-	(2,149)	-	-	(2,149)
Disposals	-	-	-	(981)	1,379	398
<b>At 31 March 2008</b>	<b>9,867</b>	<b>52,834</b>	<b>11,454</b>	<b>88,390</b>	<b>5,665</b>	<b>168,210</b>
Profit for the period	-	-	-	24,524	(292)	24,232
Exchange differences on translation of foreign operations	-	-	183	-	-	183
Revaluation of other financial assets	-	-	(4,117)	-	-	(4,117)
<b>Total recognised income and expense for the year</b>	-	-	(3,934)	24,524	(292)	20,298
Share based payments	-	-	-	130	-	130
Issue of shares	37	566	-	-	-	603
Losses on issue from treasury shares	-	-	-	497	-	497
Movement on investments in treasury and own shares	-	-	2,036	-	-	2,036
<b>At 31 March 2009</b>	<b>9,904</b>	<b>53,400</b>	<b>9,556</b>	<b>113,541</b>	<b>5,373</b>	<b>191,774</b>

**1. Adoption of International Financial Reporting Standards (IFRS) and basis of preparation**

The Group adopted IFRS with effect from 1 April 2007 and has accordingly prepared these consolidated financial statements under IFRS for the year ended 31 March 2009. The consolidated financial statements have been prepared in accordance with IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the European Union as at 31 March 2009.

**2. Discontinued operations**

In the previous year, discontinued operations represent the results of the Company's ZGC operation in Tajikistan and its UK subsidiary Commonwealth & British Minerals (UK) Ltd, through which ZGC was held, the disposal of which was announced on 28 June 2007 with completion occurring on 9 July 2007.

**3. Profit before tax and exceptional items**

Profit before tax and exceptional items is calculated as follows:

	Year ended 31 March 2009 US\$000	Year ended 31 March 2008 US\$000
Operating profit	4,832	48,038
Add back exploration impairment	8,225	-
Exchange losses	(439)	(190)
Net finance income	2,386	4,559
	<b>15,004</b>	<b>52,407</b>

**4. Exceptional items**

	US\$000	US\$000
Profit/(loss) on gold collar MTM	24,768	(36,025)
Profit on disposal of non-current investments	-	8,904
Profit on disposal of discontinued operations	-	12,297
Profit on disposal of property plant and equipment	2,332	-
Exploration impairment	(8,225)	-
<b>Exceptional profit/(loss) before taxation</b>	<b>18,875</b>	<b>(14,824)</b>
Taxation	(5,530)	10,087
Exceptional profit/(loss) after taxation	13,345	(4,737)
Minority interests	424	-
Attributable to equity shareholders of the parent company	<b>13,769</b>	<b>(4,737)</b>

**Gold collar mark to market**

At 31 March 2008, the Group had sold call options over 190,000 ounces at a strike gold price of US\$755/oz expiring at a rate of 10,000 ounces per month between January 2010 and July 2011, and purchased put options over 400,000 ounces at a strike gold price of US\$600/oz expiring at a rate of 10,000 ounces per month between April 2008 and July 2011. At 31 March 2008, the London closing gold price was US\$918/oz. On 13 August 2008 the Group closed out 65,000 call options for a cost of US\$10.8 million and on 11 September 2008 the remaining 125,000 call options and 350,000 put options were closed out for a further US\$10.0 million. As a result of the decrease in price up to the date of the close outs, the gold collar liability reduced from US\$45.6 million at 31 March 2008 to US\$20.8 million at the time it was eliminated. This resulted in a pre-tax profit of US\$24.8 million in the year ended 31 March 2009.

**Profits on disposals**

The profit on disposal of property, plant and equipment in the year arose on the Group's disposal of a ball mill, previously purchased for Group use, to Monument Mining Limited ("Monument"), for 8,125,003 Monument shares and 8,125,003 Monument warrants exercisable at C\$0.50 until 12 August 2011, thereby realising a profit on disposal of US\$2.3 million. Profits on disposal in the prior year principally related to the sale of ZGC to Zijin Mining Group for cash proceeds, net of costs, of US\$42.6 million.

### Exploration impairment

Following evaluation of the exploration portfolio, a decision was made at the time of the Company's interim results to impair US\$8.0 million of deferred exploration expenditure on projects that the Company does not intend to advance. In the second half year, US\$0.2 million of holdings costs in respect of certain of these projects were also impaired.

### 5. Earnings per share

Earnings per share are analysed in the table below for continuing and discontinued operations. The table below also shows earnings per share before exceptionals.

	2009	2008
	<b>Shares</b>	Shares
Weighted average number of shares in issue for the period.		
- number of shares with voting rights	<b>120,696,804</b>	120,186,174
- effect of share options in issue	<b>1,015,604</b>	2,070,535
- total used in calculation of diluted earnings per share	<b>121,712,408</b>	122,256,709
	<b>US\$000</b>	US\$000
<b>Earnings per share from continuing operations</b>		
Profit for the period from continuing operations	<b>24,232</b>	23,647
Adjustments:		
Add back/(less) minority interests	<b>292</b>	(4,144)
Profit for the period attributable to equity shareholders of the parent	<b>24,524</b>	19,503
Earnings per share		
Basic (cents per share)	<b>20.32</b>	16.23
Diluted (cents per share)	<b>20.15</b>	15.95
<b>Earnings per share from discontinued operations</b>		
Profit for the period from discontinued operations	-	8,264
Adjustments:		
Add back minority interests	-	581
Profit for the period attributable to equity shareholders of the parent	-	8,845
Earnings per share		
- basic (cents per share)	-	7.36
- diluted (cents per share)	-	7.23
<b>Earnings per share before exceptionals</b>		
Profit for the period	<b>24,524</b>	28,348
Adjustments:		
Deduct profit on disposal of non current asset investments	-	(21,201)
Deduct profit on disposal of property, plant and equipment	<b>(2,332)</b>	-
(Deduct)/add back (gain)/loss on gold collar	<b>(24,768)</b>	36,025
Deferred tax on gain/(loss) on gold collar	<b>6,935</b>	(10,087)
Add back exploration impairment	<b>8,225</b>	-
Less deferred tax on exploration impairment	<b>(1,405)</b>	-
Less minority interest on exploration impairment	<b>(424)</b>	-
Profit for the period attributable to equity shareholders of the parent	<b>10,755</b>	33,085
Earnings per share		
Basic (cents per share)	<b>8.91</b>	27.53
Diluted (cents per share)	<b>8.84</b>	27.06

## 6. Intangible assets

Intangible assets represent deferred exploration which increased during the year due to exploration expenditure on the Company's exploration prospects in Malaysia, Indonesia and the Philippines.

## 7. Property, plant and equipment

The Group's property, plant and equipment increased by US\$16.9 million in the year, net of depreciation. At Penjom the increase included US\$5.6 million of excess stripping costs deferred during the year as well as a further US\$6.2 million mainly relating to infrastructure projects at the mine, including the Jelai river diversion and tailings facility. In Indonesia, additions of US\$11.2 million also reflected investment in infrastructure, notably the new HLP3A leach pad completed in March 2009, as well as equipment including a new mobile crusher to improve gold recoveries.

## 8. Other financial assets

Other financial assets represent the fair value of the Company's interest in Dynasty Gold Corporation and Monument Mining Limited.

## 9. Deferred tax assets

The deferred tax assets principally reflect deferred tax in respect of movements in the fair value of the Group's gold collar in each year. The balance fell during the year as a result of the decrease in the gold collar liability prior to its close out in September 2008.

## 10. Trade and other receivables

At 31 March 2009, trade and other receivables included US\$6.0 million of overpaid tax that was paid on account by North Lanut. The overpayment occurred as final profits in the year were lower than the previous year on which payments on account during the year were based.

## 11. Other financial liabilities

Other financial liabilities in the previous year represented the fair value liability of the Group's gold collar which is described in note 3. The collar was closed out in September 2008.

## 12. Other liabilities

Other liabilities include mine closure provisions of US\$8.7 million representing management's best estimate of the cost of mine closure at Penjom and North Lanut. Other liabilities also include deferred consideration of US\$4.4 million in respect of Avocet's 2002 acquisition of PT Avocet Bolaang Mongondow in Indonesia.

## 13. Non-operating items in the income statement

In arriving at net cash flow from operating activities, the following non-operating items in the income statement have been adjusted for:

	2009	2008
	<b>US\$000</b>	US\$000
Profit on disposal of non-current asset investments	-	(8,904)
Profit on disposal of discontinued operations	-	(12,297)
Profit on disposal of property, plant and equipment	<b>(2,332)</b>	-
Loss/(gain) on gold collar not qualifying for hedge accounting	<b>(24,768)</b>	36,025
Exchange losses/(gains)	<b>439</b>	190
Finance income	<b>(2,388)</b>	(4,655)
Finance expense	<b>2</b>	96
	<b>(29,047)</b>	10,455

## 14. Financial Information

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The consolidated balance sheet at 31 March 2009 and the consolidated income statement, consolidated cash flow statement and other primary statements and associated notes for the year then ended have been extracted from the Group's 2009 statutory financial statements (which have not yet been filed with Companies House) upon which the auditors' opinion is unqualified, and does not include any statement under Section 237 of the Companies Act 1985.

## 15. Segmental information

March 2009		UK (head office)	Malaysia	Indonesia	Total (all continuing)
		notes	US\$000	US\$000	US\$000
<b>INCOME STATEMENT</b>					
<b>Revenue</b>			-	61,199	35,843
<b>Cost of sales</b>			28	(44,954)	(32,670)
Cash production costs	Mining		-	(24,063)	(11,153)
	Processing		-	(11,492)	(7,194)
	Overheads		-	(2,229)	(5,498)
	Royalties		-	(4,264)	(287)
	Deferred stripping		-	(42,048)	(24,132)
			-	5,636	-
			-	(36,412)	(24,132)
Changes in inventory			-	502	(1,685)
Other cost of sales	(a)		42	(3,007)	(3,032)
Depreciation & amortisation	(b)		(14)	(6,037)	(3,821)
<b>Gross profit</b>			28	16,245	3,173
Administrative expenses and share based payments			(6,389)	-	-
Exploration impairment			(5,470)	-	(2,755)
<b>Operating (loss)/profit</b>			(11,831)	16,245	418
Profit on disposal of PP&E			2,332	-	-
Net finance items - gold collar MTM			24,768	-	-
- other			2,857	235	(1,145)
<b>Profit before taxation</b>			18,126	16,480	(727)
<b>Analysed as:</b>					
(Loss)/profit before tax and exceptional items			(3,504)	16,480	2,028
Exceptional items			21,630	-	(2,755)
Taxation			(7,699)	(1,052)	(896)
<b>Profit/(loss) for the period</b>			10,427	15,428	(1,623)
Attributable to:					
Equity shareholders of parent company			10,427	15,428	(1,331)
Minority interests			-	-	(292)
<b>EBITDA</b>	(c)		(6,347)	22,282	6,994
<b>BALANCE SHEET</b>					
Non-current assets			25,119	51,776	50,051
Inventories			-	8,909	9,358
Trade and other receivables			545	1,526	8,470
Cash and bank balances			55,833	11,054	5,531
<b>Total assets</b>			81,497	73,265	73,410
Current liabilities			3,025	9,304	4,365
Non-current liabilities			3,421	5,822	10,461
<b>Total liabilities</b>			6,446	15,126	14,826
<b>Net assets</b>			75,051	58,139	58,584
<b>CASH FLOW STATEMENT</b>					
Profit/(loss) for the period			10,427	15,428	(1,623)
Adjustments for non-cash items	(d)		(13,138)	6,854	6,604
Movements in working capital			(577)	(1,534)	1,218
<b>Net cash generated from operations</b>			(3,288)	20,748	6,199
Net interest received			2,014	266	106
Tax paid			(155)	(2,059)	(13,809)
Purchase of property, plant and equipment			(40)	(11,557)	(11,251)
Deferred exploration expenditure			(563)	(2,998)	(10,203)
Other cash movements	(e)		(28,751)	(5,272)	10,435
<b>Total decrease in cash and cash equivalents</b>			(30,783)	(872)	(18,523)
<b>Employees - average number</b>			15	562	417
					994

(a) Other cost of sales represents costs not directly related to production;

(b) Includes amounts in respect of the amortisation of closure provisions at Penjom and North Lanut, respectively;

(c) EBITDA represents earnings before exceptional items, interest, tax and depreciation and amortisation, and is calculated by adding back depreciation and amortisation and exploration impairment to operating profit. EBITDA is commonly used as an indication of underlying cash generation; it is not defined by IFRS;

(d) Adjustments for non-cash items include depreciation and amortisation, exploration impairment, share based payments, movement in provision, taxation in the income statement and non-operating items in the income statement;

(e) Other cash movements include deferred consideration paid, cash flows from financing activities, and exchange losses.

## 15. Segmental information (continued)

March 2008		notes	UK (head office)	Malaysia	Indonesia	Total (continuing)	Tajikistan (discont'd)	Total
			US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
<b>INCOME STATEMENT</b>								
<b>Revenue</b>			-	64,881	59,057	123,938	4,765	128,703
<b>Cost of sales</b>			3,980	(37,845)	(31,139)	(65,004)	(8,751)	(73,755)
Cash production costs	Mining		-	(19,986)	(10,363)	(30,349)	(3,526)	(33,875)
	Processing		-	(8,108)	(4,977)	(13,085)	(1,730)	(14,815)
	Overheads		-	(2,022)	(6,049)	(8,071)	(1,254)	(9,325)
	Royalties		-	(4,541)	(526)	(5,067)	(298)	(5,365)
			-	(34,657)	(21,915)	(56,572)	(6,808)	(63,380)
	Deferred stripping		-	6,698	-	6,698	-	6,698
			-	(27,959)	(21,915)	(49,874)	(6,808)	(56,682)
Changes in inventory			-	(2,197)	3,789	1,592	(178)	1,414
Other cost of sales		(a)	3,996	(4,686)	(2,571)	(3,261)	(1,647)	(4,908)
Depreciation & amortisation		(b)	(16)	(3,003)	(10,442)	(13,461)	(118)	(13,579)
<b>Gross profit/(loss)</b>			3,980	27,036	27,918	58,934	(3,986)	54,948
Administrative expenses and share based payments			(6,910)	-	-	(6,910)	-	(6,910)
<b>Operating (loss)/profit</b>			(2,930)	27,036	27,918	52,024	(3,986)	48,038
Profit on disposal of non-current asset investments			8,904	-	-	8,904	-	8,904
Profit on disposal of discontinued operations			-	-	-	-	12,297	12,297
Net finance items - gold collar MTM			(36,025)	-	-	(36,025)	-	(36,025)
- other			5,237	473	(1,341)	4,369	-	4,369
<b>(Loss)/profit before taxation</b>			(24,814)	27,509	26,577	29,272	8,311	37,583
<b>Analysed as:</b>								
Profit/(loss) before tax and exceptional items			2,307	27,509	26,577	56,393	(3,986)	52,407
Exceptional items			(27,121)	-	-	(27,121)	12,297	(14,824)
Taxation			10,200	(7,909)	(7,916)	(5,625)	(47)	(5,672)
<b>(Loss)/profit for the period</b>			(14,614)	19,600	18,661	23,647	8,264	31,911
Attributable to:								
Equity shareholders of parent company			(14,614)	19,600	14,517	19,503	8,845	28,348
Minority interests			-	-	4,144	4,144	(581)	3,563
<b>EBITDA</b>		(c)	(2,914)	30,039	38,360	65,485	(3,868)	61,617
<b>BALANCE SHEET</b>								
Non-current assets			39,278	43,785	28,269	111,332	-	111,332
Inventories			-	7,287	10,063	17,350	-	17,350
Trade and other receivables			813	801	3,673	5,287	-	5,287
Cash and bank balances			86,616	11,926	24,054	122,596	-	122,596
<b>Total assets</b>			126,707	63,799	66,059	256,565	-	256,565
Current liabilities			3,995	10,482	12,863	27,340	-	27,340
Non-current liabilities			50,470	4,839	5,706	61,015	-	61,015
<b>Total liabilities</b>			54,465	15,321	18,569	88,355	-	88,355
<b>Net assets</b>			72,242	48,478	47,490	168,210	-	168,210
<b>CASH FLOW STATEMENT</b>								
(Loss)/profit for the period			(14,614)	19,600	18,661	23,647	8,264	31,911
Adjustments for non-cash items		(d)	1,021	10,439	20,279	31,739	165	31,904
Movements in working capital			14,756	5,251	(6,196)	13,811	(12,191)	1,620
<b>Net cash generated from operations</b>			1,163	35,290	32,744	69,197	(3,762)	65,435
Net interest received/(paid)			5,328	473	(1,242)	4,559	-	4,559
Tax paid			(1,065)	(3,960)	(3,620)	(8,645)	(47)	(8,692)
Purchase of property, plant and equipment			(634)	(25,411)	(3,690)	(29,735)	(222)	(29,957)
Deferred exploration expenditure			(762)	(1,818)	(11,155)	(13,735)	(209)	(13,944)
Other cash movements		(e)	29,695	327	5,977	35,999	3,897	39,896
<b>Total decrease in cash and cash equivalents</b>			33,725	4,901	19,014	57,640	(343)	57,297
<b>Employees - average number</b>			19	443	385	847	-	847

(a) Other cost of sales represents costs not directly related to production;

(b) Includes amounts in respect of the amortisation of closure provisions at Penjom and North Lanut, respectively;

(c) EBITDA represents earnings before exceptional items, interest, tax and depreciation and amortisation, and is calculated by adding back depreciation and amortisation to operating profit. EBITDA is commonly used as an indication of underlying cash generation; it is not defined by IFRS;

(d) Adjustments for non-cash items include depreciation and amortisation, share based payments, movement in provision, taxation in the income statement and non-operating items in the income statement;

(e) Other cash movements include deferred consideration paid, cash flows from financing activities, and exchange losses.