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News Release

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PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MARCH 2007

FOCUSING ON EXPANSION IN SOUTH EAST ASIA

	Year to 31 March 2003	Year to 31 March 2004	Year to 31 March 2005	Year to 31 March 2006*	**Year to 31 March 2007**
	US$'000	US$'000	US$'000	US$'000	**US$'000**
Turnover	48,547	68,844	71,060	90,493	**108,236**
Operating cash flow	9,876	23,036	17,092	19,942	**25,844**
Gross profit	6,788	17,064	18,559	18,182	**22,740**
Pre-tax profit	3,647	15,592	15,803	15,905	**22,689**
Profit after tax and minority interests	2,157	11,280	11,686	10,819	**16,517**
Basic earnings per share	3.03c	12.20c	11.26c	10.30c	**13.82c**
Gold produced (oz)	134,580	179,930	172,938	208,530	**178,318**
Total cash cost (US$/oz)	219	232	278	300	**428**

* restated for FRS20, see note 1

- **Turnover up 20% at US$108.2 million**
- **Pre-tax profit increases 43% to US$22.7 million**
- **Operating cash flow increases 30% to US$25.8 million**
- **ZGC sale completed, exceptional profit up to US$20.0 million**
- **Transaction agreed to buy into 9 Indonesian exploration projects**
- **Bakan, Indonesian environmental impact study approved, new mine in the making**

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Chairman's Statement

Avocet is one of the largest gold producing companies listed on AIM. We have strengthened management and operational teams. We also have a robust balance sheet, generate strong profits and cash flows, and have a defined focus on projects in South East Asia that have the potential to expand resources and gold production in the region and elsewhere. Following a review in 2006, your Board will leverage off these strengths and deliver capital growth for shareholders.

Following his appointment last July, our new Chief Executive initiated a full review of our assets. In November 2006 a decision was taken to sell ZGC in Tajikistan. It was felt that this would allow the Group to focus on its producing mines in Indonesia and Malaysia, as well as the expansion of its project portfolio in South East Asia. This expansion includes the development of the Bakan mine and the recently acquired Banda properties in Indonesia. Our core strengths and proven track record have been in South East Asia and now, following the sale of ZGC, we intend to harness these strengths to achieve our goals and expand our business in line with our strategy of developing a ten year reserve base.

The Way Forward

The completion of the disposal of ZGC on 9 July represents an important milestone for Avocet. Recent approval of the environmental impact study for the Bakan project in Indonesia allows us to proceed with the completion of the feasibility study and the commencement of a second mine in that country. Having divested of our interest in ZGC and the associated problems concerning cash costs and general operational uncertainty that went with this asset, Avocet is well placed to expand its existing interests in South East Asia. In addition, the recent acquisition of the Banda properties highlights the Company's ability to tap into significant new opportunities in its core region of South East Asia. This is the first of many initiatives in the region.

Governance

In my statement last year I highlighted the appointments of Jonathan Henry as Chief Executive Officer, Eric Vesel as Chief Operating Officer and Mike Donoghue as Non-Executive Director. In February 2007, we welcomed Robbie Robertson to the Board as Non-Executive Director. I am pleased to announce that Mike Norris, who joined the Group as Chief Financial Officer in February 2007 from Anglo American, has now joined the board as Finance Director. Gordon Toll has retired as a director of the Company due to other commitments. I thank Gordon for his valuable input over the last two years and wish him continued success in his business interests.

These changes allow the Company to remain focused on the highest appropriate level of corporate governance, while strengthening our ability to respond to new challenges in the areas of production, costs, health, safety and environment, employee and community welfare and sustainable development.

The Gold Market

We have enjoyed continuing high gold prices that have followed the trend of commodities in general, buoyed by strong global demand and the significant weakening of the US dollar during 2006. Following final sales in the first quarter of 12,000 ounces into our old $312/oz hedge position, we have been exposed to spot prices throughout the year. The collar position we entered into in January 2006 has reduced to 210,000 ounces with put and call strike prices of US$450/oz and US$700/oz respectively maturing at a rate of 10,000 ounces per month over the next 21 months. We continue to monitor the situation to ensure we are well placed to respond appropriately to changes in the gold price.

Outlook

Our operating performance has seen an improving trend over the last several months, and we are confident of further production efficiencies and cost savings at Penjom and North Lanut. In addition, the gold price continues to trade above the average price received of US$607/oz for the last year. Following the disposal of ZGC, which incurred operating losses of US$4.2 million last year, we look forward to another year of increasing profitability.

With a more focused portfolio of operations, the generation of strong cash flow, a flexible balance sheet, and a strengthened operational team, Avocet remains confident of being able to grow the Company significantly over the coming years.

People

I would like to take this opportunity to recognise the hard work and dedication of all our employees, and to thank them for their efforts over the past year. I believe they represent our greatest asset, and I look forward to working with them in the coming year as Avocet expands its business in South East Asia.

Nigel McNair Scott
10 July 2007

Chief Executive Officer's Statement

Following my appointment in July 2006, we have undertaken a review of our various business units and made changes to the way we run our business and the internal management of those business units. I am delighted to welcome Mike Norris to the board as Finance Director, together with a number of other senior appointments, giving us a much stronger team to expand our business and realise a number of exciting opportunities. I believe, following the sale of ZGC, we have a clear focus on our core business which now consists of a pipeline of excellent projects and two producing mines in South East Asia. Both the people and the projects, combined with our strong balance sheet, can bring Avocet to new levels in our goal of generating significant capital growth for shareholders through a combination of organic growth and strategic acquisitions. We intend to be a leading mid-tier gold producer within five years. This will come through maximising the returns on existing production, while seeking new opportunities to generate long term earnings growth.

Focus on South East Asia

The decision to sell ZGC in November 2006 followed a detailed strategic and operational review of the business following a number of years of losses and insufficient progress in addressing certain production and cost challenges at ZGC. The review concluded that the ZGC assets required significant investment as well as major management input over many additional years in an area where Avocet had little strategic advantage. As Avocet has enjoyed success in developing and acquiring projects in South East Asia, it was decided that the prime strategy would be to focus on the Company's geographic strengths. Accordingly, the Board decided to dispose of ZGC and to pursue additional accretive acquisitions in South East Asia. This resulted in the acquisition of the highly prospective Banda properties in Indonesia.

The Banda properties represent exploration and mining rights over a combined land position of 410 square kilometres predominantly located in North Sulawesi, the location of the Company's North Lanut mine and Bakan project. These properties include advanced projects which have been reported as containing combined non-JORC compliant resources of 2.2 million ounces of gold. Avocet has already commenced exploration on two of the prospects. The strong relationships that Avocet's management in Indonesia has developed with local communities and local government, and the Company's track record in building mines in South East Asia, mean that the Company is well placed to successfully develop the Banda properties.

The review also precipitated the sale of the dormant Damar project in Malaysia where we have realised significant value. We have recently completed this transaction and now own an investment of just below 20% in Monument Mining, a TSX Venture Exchange listed company with plans to develop the Selinsing mine, located to the south of Damar's Buffalo Reef prospect. We are also in discussions with a number of parties concerning the potential divestment of the Idenburg project in West Papua, Indonesia.

All these transactions have been facilitated through a new corporate finance team based in London and demonstrate Avocet's focus on optimising its strategic advantage in geographic territories where we have a proven track record and excellent management teams. The Company will continue to concentrate on both operational excellence and growth, with care taken to ensure that we remain focused on continuous performance improvement while aggressively growing our business. Production ounces and cash costs remain the key performance indicators. We have taken into account the resources needed to explore fully and eventually exploit the Banda properties, as well as other sources of growth, both organic and through acquisitions. With a strong balance sheet and the ability to gear up due to our strong cash flow, we remain highly flexible in broadening the project pipeline of the business.

Financial Results

Group earnings were ahead of expectations. Revenue grew by 20% to US$108.2 million as a consequence of higher gold prices, while pre-tax profits grew by 43% to US$22.7 million. Earnings also benefited from an exchange gain on the translation into dollars of funds raised in Sterling in May 2006, as well as from interest on these funds. Earnings per share were up 34% on last year at 13.8 cents.

Production and Unit Costs

Gold production of 178,318 ounces was 14% below the prior year. This was principally as a result of the decision to increase the size of the Penjom pit to exploit an increase in resources. This required waste stripping to be prioritised with the result that the mill was fed from lower grade stockpiles. At North Lanut, unseasonal heavy rainfall required the mine to conduct some re-engineering of the waste dumps and storm water ponds for the dump leach, which involved equipment being diverted from ore production. At ZGC, production and costs were affected by increased waste stripping from the high wall of the Jilau open pit. Overall average unit costs were US$428/oz. Excluding ZGC, the average for Penjom and North Lanut reduces to US$352/oz compared with US$229/oz for the prior year. This cost increase, while primarily a reflection of lower gold production, also reflects industry-wide operational cost increases. The gold industry has seen average cash costs increase from below US$200/oz at the start of this decade to a reported US$317/oz for 2006 as a consequence of higher consumable prices, including diesel, steel, tyres, reagents and power costs. In Indonesia, the increase in diesel costs was exacerbated by the cancellation of government-funded fuel subsidies. In Malaysia, cash cost increases partly reflected the impact of higher gold prices which contributed to a rise in royalties from US$26/oz in the prior year to US$44/oz in the year to March 2007. The latter also reflected a full year of higher royalty rates following change in Malaysian legislation in January 2006. The Company is committed to reducing unit cash costs to below industry average, and steps have been made in this direction in the second half of the year and the first quarter of the current year.

At both Penjom and North Lanut, performance in the second half of the year was significantly improved from the first half. This positive trend has continued into the first quarter of this financial year. In 2007, efforts to improve production and reduce unit costs will focus firstly on maximizing gold ounces produced. Secondly, capital investment at Penjom of approximately US$20 million during the current year, to expand the pit and increase capacity through the processing plant, will help in achieving these objectives. At North Lanut, production will also benefit from the introduction of contractor Volvo ADT's (dump trucks) capable of operating in wet conditions.

People

The buoyant mining industry demand for experienced technical personnel is an ongoing issue which management continues to address. The Company has and continues to put the appropriate structures in place to make Avocet a rewarding place to work so that any risk of lack of manpower to achieve our goals can be avoided. We continue to hire excellent people, to supplement our existing highly skilled and professional teams, as the business expands in South East Asia.

Jonathan Henry
10 July 2007

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2007

	note	**2007 total US$000**	2006 restated US$000
Turnover			
Continuing operations		**86,818**	73,360
Discontinued operations	2	**21,418**	17,133
		108,236	90,493
Cost of sales		**(85,496)**	(72,311)
Gross profit		**22,740**	18,182
Administrative expenses		**(3,636)**	(3,280)
Share based payments	1	**(961)**	(341)
Total administrative expenses		**(4,597)**	(3,621)
Operating profit/(loss)			
Continuing operations		**22,337**	21,418
Discontinued operations	2	**(4,194)**	(6,857)
Operating profit/(loss)		**18,143**	14,561
Profit on disposal of fixed asset investments		**-**	1,423
Net interest and similar charges		**4,546**	(79)
Profit on ordinary activities before taxation		**22,689**	15,905
Tax on profit on ordinary activities		**(6,447)**	(5,750)
Profit on ordinary activities after taxation		**16,242**	10,155
Equity minority interest		**275**	664
Profit for the financial year retained		**16,517**	10,819
Basic earnings per share	3	**13.82c**	10.30c
Diluted earnings per share	3	**13.55c**	10.13c

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2007

	2007	2006 restated
	US$000	US$000
Fixed assets		
Negative goodwill	**(1,347)**	(1,424)
Positive goodwill	**4,888**	4,395
	3,541	2,971
Intangible assets	**12,224**	6,521
Tangible assets	**47,297**	37,670
Investments	**1,937**	1,937
	64,999	49,099
Current assets		
Stocks	**26,421**	23,783
Debtors due within one year	**6,303**	3,073
Debtors due after more than one year	**2,053**	1,773
Cash at bank and in hand	**65,299**	12,918
	100,076	41,547
Creditors: amounts falling due in less than one year	**(17,869)**	(12,526)
Net current assets	**82,207**	29,021
Total assets less current liabilities	**147,206**	78,120
Creditors: amounts falling due in after more than one year	**(138)**	(793)
Provisions for liabilities and charges	**(8,051)**	(6,748)
	139,017	70,579
Capital and reserves		
Called up share capital	**9,867**	8,445
Share premium account	**52,834**	133
Other reserves	**17,909**	17,909
Investment in own shares	**(2,130)**	(732)
Investment in treasury shares	**(1,426)**	-
Profit and loss account	**61,240**	43,826
Equity shareholders' funds	**138,294**	69,581
Equity minority interests	**723**	998
	139,017	70,579

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2007

	2007 US$000	2006 US$000
Net cash inflow from operating activities	**25,844**	19,942
Returns on investment and servicing of finance		
Interest received	**2,424**	228
Interest paid	**(112)**	(181)
Net cash inflow from returns on investment and servicing of finance	**2,312**	47
Taxation	**(4,669)**	(6,254)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(13,264)**	(6,365)
Deferred exploration costs	**(9,203)**	(5,268)
Net cash outflow from capital expenditure and financial investment	**(22,467)**	(11,633)
Acquisitions and disposals		
Sale of investments	**-**	1,423
Purchase of investments	**-**	(1,937)
Deferred consideration	**(1,196)**	(812)
Net cash outflow from acquisitions and disposals	**(1,196)**	(1,326)
Financing		
Proceeds from issue of ordinary shares	**56,733**	935
Costs of issue of ordinary shares	**(2,610)**	-
Investment in own shares	**(1,794)**	(307)
Investment in treasury shares	**(1,426)**	-
Capital repayments on finance leases	**(580)**	(440)
Net cash inflow from financing	**50,323**	188
Increase in cash	**50,147**	964

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES AND RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

FOR THE YEAR ENDED 31 MARCH 2007

	note	**2007 US$000**	2006 restated US$000
Consolidated statement of total recognised gains and losses			
Profit for the financial year		**16,517**	10,819
Exchange translation adjustments		**(64)**	159
Total recognised gains and losses		**16,453**	10,978
Reconciliation of movements in Group shareholders' funds			
Total recognised gains and losses		**16,453**	10,978
New capital subscribed (net of costs)		**54,123**	935
Investment in own shares		**(1,398)**	(19)
Investment in treasury shares		**(1,426)**	-
Share based payments	1	**961**	341
Net change in shareholders' funds		**68,713**	12,235
Opening shareholders' funds		**69,581**	57,346
Closing shareholders' funds		**138,294**	69,581

Notes to the Financial Statements

1. FRS20 share based payments
The Group has applied the requirements of Financial Reporting Standard 20 (FRS 20), Share-Based payments, in accordance with transitional provisions, to all equity instruments granted after 7 November 2002 that had not vested as of 1 April 2006. As a result, certain amounts have been restated as at 31 March 2006 and for the year then ended. The consolidated Profit and Loss Account for 2006 has been restated to include a charge for Share-Based payments of US$341,000, reducing the profit before tax for the year from US$16.246 million to $15.905 million. There has been no impact on the net assets or cash inflow.

2. Discontinued operations
Discontinued operations represent the results of Commonwealth & British Minerals (UK) Limited and JV Zeravshan LLC the disposal of which was announced on 28 June with completion occurring on 9 July 2007.

3. Earnings per ordinary share
The calculation is based on profits of US$16,517,000 (2006: restated US$10,819,000) and on a weighted average number of shares in issue of 119,543,971 (2006: 105,064,092).

The fully diluted calculation of earnings per share is based on profits of US$16,517,000 (2006: restated US$10,819,000) and 121,893,361 shares (2006: 106,749,575 shares).

4. 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 2007 and the consolidated profit and loss account, consolidated cash flow statement and other primary statements and associated notes for the year then ended have been extracted from the Group's 2007 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.