
KRYSO RESOURCES Plc

Company Registration Number 05190505

**FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 DECEMBER 2004**

KRYSO RESOURCES PLC

Financial Statements

Contents	<i>Page</i>
Directors, Secretary and advisors	2
Chairman's Statement	3
The Directors' Report	5
Independent Auditors' Report to the Shareholders	9
Consolidated Profit and Loss Account	11
Consolidated Balance Sheet	12
Balance Sheet	13
Consolidated Cash Flow Statement	14
Notes to the Financial Statements	16
Notice of Annual General Meeting	27

KRYSO RESOURCES PLC

Directors, Secretary and advisors

Directors:	Dr Trevor George Davenport	<i>(Non-executive Chairman)</i>
	Simon Allerton Cawkwell	<i>(Non-executive Deputy Chairman)</i>
	Vassilios Carellas	<i>(Managing Director)</i>
	Craig William Brown	<i>(Finance Director)</i>
	Abuali Ismatov	<i>(Executive Director)</i>

**Principal Place of
Business and Directors'
Business Address**

1/260a Fulham Road
London
SW10 9EL

Registered Office

2 Stone Buildings
Lincoln's Inn
London
WC2A 3TH

Company Secretary

Craig William Brown

Nominated Adviser

Ruegg & Co Limited
39 Cheval Place
London
SW7 1EW

Auditors

CLB
Aldwych House
81 Aldwych
London
WC2B 4HP

Solicitors

Edwin Coe
2 Stone Buildings
Lincoln's Inn
London
WC2A 3TH

Bankers

National Westminster Bank Plc
Knightsbridge Commercial Business Centre
180 Brompton Road
London
SW3 1HL

KRYSO RESOURCES PLC

Chairman's Statement

It gives me great pleasure to submit our company's first Chairman's Statement.

Kryso Resources plc was floated on the AIM section of the London Stock Exchange in early December 2004. £2.6m, or 26m shares, was raised at 10p in addition to the 30m shares held by the founders.

All the directors, with the exception of the Deputy Chairman, Simon Cawkwell, have lived and worked in Tajikistan for many years. I myself worked there from 1994 to 1996 for the Zeravshan Gold Company (ZGC). Vassilios Carellas and Craig Brown, the former from South Africa and the latter from New Zealand, arrived in Tajikistan soon after in early 1995 and also worked for the ZGC. They have continued to work in the country's gold mining sector for the last ten years until their establishment of Kryso Resources plc. The fifth director is Abuali Ismatov, a prominent businessman in Tajikistan through whom Kryso can and does access Tajik society.

Most shareholders will be aware of recent political instability in Tajikistan's two neighbours, Kyrgyzstan and Uzbekistan and some have feared that similar difficulties may emerge in Tajikistan. Our view is that we are guests in Tajikistan and that it is not our business to express any view as to the conduct of Tajik domestic politics. The civil war of the early 1990s, after the country's independence from the former Soviet Union in 1991, is now over. It deeply informed the Tajiks to sink their differences and develop their economy; this is where Kryso's opportunities arise. There is an extensive geological database held by the Tajik government assembled principally during Soviet times, much of which has to be followed up. Needless to add, the Tajiks are set upon releasing this mineral wealth.

The Company's prime task is to open the Pakrut mine, which is about 100 kilometres northeast of Dushanbe, the capital. This substantial undertaking is proceeding according to plan. Kryso established their exploration camp at the Pakrut Deposit earlier this year with the intention of carrying out drill operations throughout the year. Graeme Noble, an experienced drill supervisor from New Zealand with over six years experience of working in Tajikistan and over 30 years worldwide, has been contracted to supervise the company's drill programme at the Pakrut Deposit. Three diamond drill rigs have been purchased, one of which is already on site while the other two are expected to arrive within the next few weeks. A sample preparation and assay laboratory has been constructed in Dushanbe. The remaining laboratory equipment is expected to arrive in the coming weeks together with the diamond drills.

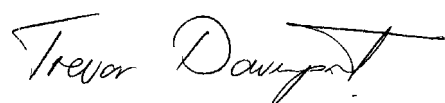
Earlier this year, the Company began the rehabilitation of one of the existing exploration adits from which to begin the diamond drill programme, which has been approved by Snowden Mining Industry Consultants who have been contracted to carry out the Bankable Feasibility Study on the Pakrut Deposit.

KRYSO RESOURCES PLC

Chairman's Statement (continued)

There are many other opportunities in Central Asia and I trust that these will form a rich harvest in due course. We think it unwise to comment on how these opportunities will be handled in advance of negotiations being concluded. This is partly for reasons of commercial confidentiality but it also reflects Kryso's belief that we prefer to be totally confident of an advance before it is disclosed in the normal manner by Regulatory News Service.

We consider that we have an exciting time ahead of us. We look forward with confidence to 2006 and beyond.



Dr. Trevor Davenport
Chairman

20 June 2005

KRYSO RESOURCES PLC

Directors' Report

The Directors present their Report and the Audited Financial Statements of the Group for the period ended 31 December 2004.

Principal activities and review of the business

The Company was incorporated on 27 July 2004.

The principal activity of the Company during the period was that of a holding company. The principal activity of the Group is that of mineral exploitation.

A review of the Group's activities and performance for the period ended 31 December 2004 and its prospects for 2005 is contained in the Chairman's statement.

Results and dividends

The trading results for the period and the Group's financial position at the end of the period are shown in the attached financial statements.

The Directors have not recommended the payment of a dividend.

Future developments

A review of the business and future prospects is set out in the Chairman's Statement on pages 2 and 3.

The Directors and their interests

The Directors who served the Company during the period together with their beneficial interests in the shares of the Company were as follows:

	<i>Date of Appointment</i>	<i>At 31 December 2004</i>
Dr Trevor George Davenport	27 July 2004	–
Simon Alleton Cawkwell	27 July 2004	*700,000
Vassilios Carellas	27 July 2004	7,000,000
Craig William Brown	27 July 2004	**7,000,000
Abuali Ismatov	27 July 2004	7,000,000

*Of the shares in which Simon Cawkwell is interested 200,000 are beneficially owned by his daughter, Sophia Lucy Cawkwell.

**These shares are held by Westrock Resources Limited, a Bahamian company in which Craig Brown is interested.

On 24 November 2004 each of the Directors was granted 400,000 options under a share option scheme to vest as follows:

- (a) after 12 months, 100,000 exercisable at the Placing Price (10p) and 100,000 exercisable at the Placing Price plus 50 per cent (15p) and
- (b) after 24 months, 50,000 exercisable at the Placing Price (10p) and 50,000 exercisable at the Placing Price plus 50 per cent and
- (c) after 36 months, 50,000 exercisable at the Placing Price (10p) and 50,000 exercisable at the Placing Price plus 50 per cent. (15p).

KRYSO RESOURCES PLC

Directors' Report (continued)

Substantial shareholdings

As at 15 June 2005, the directors were aware of the following shareholdings in excess of 3% of the Company's issued share capital.

	<i>Number of ordinary shares</i>	<i>Percent of issued ordinary share capital</i>
Pershing Keen Nominees Limited	10,512,530	18.77
Credit Suisse First Boston Nominees Limited	9,000,000	16.07
Vassilios Carellas	7,000,000	12.50
Westrock Resources Limited	7,000,000	12.50
Abuali Ismatov	7,000,000	12.50
Gartmore Smaller Companies Trust	3,875,000	6.92
Chase Nominees Limited	2,100,000	3.75

Directors

The Board comprises

Trevor Davenport, B.Sc, M.Sc., Ph.D., M.I.M.M., C. Eng., (aged 64), Non-Executive Chairman

Dr Davenport has worked in the mining industry for over 30 years where he has been involved in mineral exploration and mining geology in over 17 countries both for mining companies and in consultation work. From 1994 to 1997 he was Chief Geologist and Exploration Manager for Nelson Gold Limited (subsequently renamed Nelson Resources Limited) in Tajikistan. In 1996 he was made a Director of Zeravshan Gold Company. His experience varies from six years as Chief Exploration Geochemist for Bamangwato Concessions Ltd in Botswana in the search for nickel/copper deposits, working as a senior exploration geologist with the United Nations Development Programme in Burma exploring for base metals, to numerous involvements with gold mining companies over the last 20 years.

Simon Cawkwell, (aged 58), Non-Executive Deputy Chairman

Simon Cawkwell qualified as a chartered accountant with Coopers and Lybrand in 1969. He worked in Zambia with, *inter alia*, Roan Selection Trust as mines cash flow and taxation forecast accountant from 1969 to 1973 when he returned to London. In the mid 1970s he worked for Alfred Isaacs & Sons Limited, a firm of jute merchants, as an accountant. He then practised as a chartered accountant (sole practitioner) in central London from 1975 to 2003. He now manages his family's investment portfolio.

Vassilios Carellas, B.Sc (Hons), M.Aus.I.M.M. (aged 31), Managing Director

Vassilios Carellas majored in geology and economic geology at the University of Durban-Westville South Africa, graduating in 1995. He has spent nine years working in the mining and exploration industry in Central Asia. Vassilios worked for Nelson Resources Limited, a company listed on the Toronto Stock Exchange, in various geological positions including Chief Geologist. In 2002 he joined Gulf International Minerals Inc., a company listed on the Toronto Stock Exchange, as Chief Geologist and subsequently General Manager and director for their subsidiary which operated their mines in Tajikistan. He left in 2004 to focus on Kryso.

KRYSO RESOURCES PLC

Directors' Report (continued)

Craig Brown, C.A., (aged 34), Finance Director

Craig Brown qualified as a Chartered Accountant in New Zealand in 1993. He has spent ten years working in the mining industry in Central Asia. Prior to working in Central Asia, Craig was a Chartered Accountant working in private practice in New Zealand. Craig worked for Nelson Resources Limited, from 1995 to 2001 in various positions ranging from Chief Accountant to Director of the Joint Venture Company that operated the Zeravshan gold mine. From 2001 to 2003 he was Chief Financial Office for Gulf International Minerals Inc. and from 2003 and 2004 he worked part-time as a consultant to that company. He has been a director of several mining joint ventures in Central Asia. Craig is based in Dushanbe.

Abuali Ismatov, (aged 45), Executive Director

Abuali is a prominent businessman in the Republic of Tajikistan. Abuali graduated in 1981 from the Tajik Agricultural Institute with a diploma in Hydro Engineering and in 2001, completed his Masters in Finance and Economics from the Tajik State National University. Since 1992, Abuali has been a founder and shareholder of several multi-national companies established in Tajikistan with foreign investment.

Charitable and political donations

The Company made no charitable donations during the period. There were no political donations.

Corporate governance

The Company shares are traded on the Alternative Investment Market of the London Stock Exchange and the Company is not therefore required to report on compliance with the Combined Code appended to the listing rules. However, the Board of Directors supports the principles of good governance and the further guidance included in the Turnbull report. It is the Board's policy to comply as far as is reasonable for a business the size of Kryso Resources Plc.

Internal control

The Directors acknowledge their responsibilities for the Group's system of internal control. The Board considers major business and financial risks. All strategic decisions are decided by the Board and the making of individual investment and loan decisions is designated to members of the Board. Accepting that no systems of control can provide absolute assurance against material misstatement or loss, the Directors believe that the established systems for internal control within the group are appropriate to the business.

Audit Committee

The Audit Committee of the Company comprises the non-executive Directors of the Company and meets at least twice each year. The Audit Committee is responsible for ensuring that the Group's financial performance is properly monitored, controlled and reported. It also meets the auditors and reviews reports from the auditors relating to accounts and internal control systems. The Audit Committee meets once a year with the auditors, without executive board members present.

Remuneration Committee

The Remuneration Committee comprises the non-executive Directors of the Company. It is responsible for reviewing the performance of the executive directors, setting their remuneration, considering the grant of the options under any share option scheme and in particular the price per share and the application of performance standards which may apply to any such grant.

KRYSO RESOURCES PLC

Directors' Report (continued)

Nomination committee

A nomination committee has not been appointed. One will be appointed as and when the Board deem it necessary. In the meantime the present Board acts as the nomination committee.

Going concern

After making enquiries, the Directors have formed a judgement at the time of approving the accounts that there is a reasonable expectation that the Company and Group have adequate resources to continue its operations for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the accounts.

Supplier payment policy

The Group seeks to maintain good relations with all of its trading partners. In particular, it is the Group's policy to abide by the terms of payment agreed with each of its suppliers. As at 31 December 2004 the number of creditors' days in respect of trade creditors was 20 days.

Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group at the end of the year and of the Group's profit or loss for the year then ended.

In preparing those financial statements, the Directors are required to select suitable accounting policies, as described on pages 16 to 18, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The Directors must state whether applicable accounting standards have been followed, subject to any material departures. The Directors must also 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. The Directors are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

CLB were appointed during the period and a resolution to reappoint CLB as auditors for the ensuing year will be proposed at the Annual General Meeting in accordance with section 385 of the Companies Act 1985.

Signed by order of the directors



Craig William Brown
Company Secretary

Approved by the directors on 20 June 2005

KRYSO RESOURCES PLC

Independent Auditors' Report to Shareholders Period ended 31 December 2004

We have audited the financial statements on pages 11 to 26 which have been prepared under the historical cost convention and the accounting policies set out on pages 16 to 18.

This report is made solely to the Company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Chairman's Statement and the Directors' Report.

We consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

KRYSO RESOURCES PLC

Independent Auditors' Report to Shareholders (continued)

Period ended 31 December 2004

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs and of the Group as at 31 December 2004 and of the profit of the group for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.



CLB

*Chartered Accountants
& Registered Auditors*

Aldwych House
81 Aldwych
London
WC2B 4HP

20 June 2005

KRYSO RESOURCES PLC

Consolidated Profit and Loss Account – Period ended 31 December 2004

	<i>Note</i>	<i>2004</i> <i>US\$000</i>
Group turnover	2	–
Cost of sales		–
		<hr/>
Gross profit		–
Administrative expenses		(186)
Development expenditure		(11)
Exceptional gain on foreign exchange	3	201
		<hr/>
Operating profit	4	4
Interest receivable		16
		<hr/>
Profit on ordinary activities before taxation		20
Tax on profit on ordinary activities	7	–
		<hr/>
Profit on ordinary activities after taxation	9	20
Dividends	10	–
		<hr/>
Profit for the financial period		20
		<hr/> <hr/>
Profit per share	8	US\$0.0013
		<hr/> <hr/>

All of the activities of the Group are classed as continuing.

The Company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account.


The Company has no recognised gains or losses other than the results for the period, as set out above and therefore no separate statement of total recognised gains or losses has been presented.

KRYSO RESOURCES PLC

Consolidated Balance Sheet – At 31 December 2004

	<i>Note</i>	<i>2004</i> <i>US\$000</i>
Fixed assets		
Intangible assets	11	4,666
Tangible assets	12	75
		<hr/> 4,741
Current assets		
Stocks	14	18
Debtors	15	227
Cash at bank		4,938
		<hr/> 5,183
Creditors: Amounts falling due within one year	16	(123)
		<hr/> 5,060
Net current assets		5,060
Total assets less current liabilities		<hr/> <hr/> 9,801
Capital and reserves		
Called-up equity share capital	20	1,027
Share premium account	21	8,754
Profit and loss account	21	20
		<hr/> 9,801
Shareholder funds	22	<hr/> <hr/> 9,801

These financial statements were approved by the Directors on the 20th of June 2005 and are signed on their behalf by:



Vassilios Carellas
Managing Director



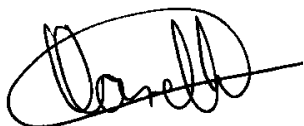
Craig Brown
Finance Director

KRYSO RESOURCES PLC

Company Balance Sheet – At 31 December 2004

	<i>Note</i>	<i>2004</i> <i>US\$000</i>
Fixed assets		
Investments	13	5,440
Current assets		
Debtors	15	10
Cash at bank		4,645
		<u>4,655</u>
Creditors: Amounts falling due within one year	16	(151)
Net current assets		<u>4,504</u>
Total assets less current liabilities		<u><u>9,944</u></u>
Capital and reserves		
Called-up equity share capital	21	1,027
Share premium account	22	8,754
Profit and loss account	22	163
Shareholder funds	23	<u><u>9,944</u></u>

These financial statements were approved by the Directors on the 20th of June 2005 and are signed on their behalf by:



Vassilios Carellas
Managing Director



Craig Brown
Finance Director

KRYSO RESOURCES PLC

Consolidated Cash Flow Statement – Period ended 31 December 2004

	2004 US\$000
Net cash inflow from operating activities	7
Returns on investments and servicing of finance	
Interest received	16
Net cash inflow from returns on investments and servicing of finance	<u>16</u>
Taxation	–
Capital expenditure and financial investment	
Payments to acquire tangible fixed assets	(61)
Net cash outflow for capital expenditure and financial investment	<u>(38)</u>
Acquisition	
Cash acquired with subsidiaries	634
Cash inflow before financing	596
Financing	
Issue of equity share capital (net of issue costs)	4,341
Net cash inflow from financing	<u><u>4,341</u></u>
Increase in cash	<u><u>4,937</u></u>

Major non-cash transaction

During the period the Company issued 30,000,000 ordinary shares of 1p in exchange for the entire share capital of Kryso Resources Limited.

KRYSO RESOURCES PLC

Consolidated Cash Flow Statement (continued)

Reconciliation of operating profit to net cash inflow from operating activities

	<i>2004</i>
	<i>US\$000</i>
Operating profit	4
Amortisation	77
Depreciation	10
Increase in stocks	(13)
Increase in debtors	(115)
Increase in creditors	44
Net cash inflow from operating activities	<u>7</u>

KRYSO RESOURCES PLC

Notes to the Financial Statements – Period ended 31 December 2004

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The functional currency of the company and group is US dollars and accordingly the amounts in the financial statements are denominated in that currency. The balance sheet rates of exchange for the US dollar to UK Sterling were 1.8562 to: £1.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all Group undertakings. These are adjusted, where appropriate, to conform to Group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over ten years from the year of acquisition. The results of companies acquired or disposed of are included in the Group profit and loss account after or up to the date that control passes respectively. As a consolidated Group profit and loss account is published, a separate profit and loss account for the parent company is omitted from the Group financial statements by virtue of section 230 of the Companies Act 1985.

Turnover

Turnover comprises the value of goods and services supplied by the company, net of value added tax and trade discounts.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill – 10% straight line

Research and exploration expenditure

Research and exploration expenditure is written off in the year in which it is incurred. When a decision is taken that a mining property becomes viable for commercial production, all further pre-production expenditure is capitalised. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

Capitalised research and development expenditure is amortised upon commencement of production using a suitable method based on the volumes of proved and probable reserves of ore and are written off if the property is abandoned.

Fixed Assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided to write off the cost of an asset, less its estimated residual value, over the expected useful economic life of that asset as follows:

Plant & Equipment	33% straight line
Motor Vehicles	33% straight line

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

Period ended 31 December 2004

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Foreign Currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences are dealt with through the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or receive more tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted;
- Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Capital instruments

Shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

Period ended 31 December 2004

Going concern

United Kingdom company law requires the company's directors to consider whether it is appropriate to prepare the financial statements on the basis that the group is a going concern. In considering this matter the directors have reviewed the Group's budget for 2005 and its plan for 2006. This included consideration of the cash flow implications of the budget and plan. The Directors see no reason why the group and the company should not continue in operational existence for the foreseeable future. For this reason they have adopted the going concern basis in preparing the Group's financial statements.

2. Turnover

The Group did not trade in the period.

3. Exceptional item

The exceptional item arises as a result of translating the group's bank balances at the year end.

4. Operating profit

Operating profit is stated after charging:

	<i>2004</i> <i>US\$000</i>
Amortisation	77
Depreciation of owned fixed assets	10
Auditors' remuneration	
– as auditors	19
– non-audit services	31
	<u>56</u>

The audit fee to the parent company was US\$10,000

5. Particulars of employees

The average number of staff employed by the group during the financial period amounted to:

	<i>2004</i>
Administrative and management	8
Mining	20
	<u>28</u>

The aggregate payroll costs of the above were:

	<i>2004</i> <i>US\$000</i>
Wages and salaries	54
Social security costs	2
	<u>56</u>

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

Period ended 31 December 2004

6. Directors' emoluments

The Directors' aggregate emoluments in respect of qualifying services were:

	<i>2004</i> <i>US\$000</i>
Emoluments receivable – from the company	–
– from group companies	46
	<u>46</u>

7. Taxation on ordinary activities

(a) Analysis of charge in the year

Current tax:

	<i>2004</i> <i>US\$000</i>
UK Corporation tax based on the results for the period at 30%	–
Overseas tax credits	–
	<u>–</u>
Total current tax	<u>–</u>

Kryso Resources Limited is registered as an exempted company for British Virgin Islands income tax purposes and the subsidiary undertakings have recorded no assessable profit for Tajikstan profits tax purposes and accordingly, no provision for British Virgin Islands income tax or Tajikstan profits tax has been made.

No provision for deferred taxation has been made on the grounds that it is immaterial.

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK.

	<i>2004</i> <i>US\$000</i>
Profit on ordinary activities before taxation	20
Profit on ordinary activities by rate of tax at 30%	6
Disallowed expenditure	(2)
Non taxable items	(44)
Overseas losses	40
	<u>–</u>
Total current tax – (note 7(a))	<u>–</u>

Deferred tax assets have not been recognised in the financial statements as the directors are uncertain as to when they will be utilised.

KRYSO RESOURCES PLC
Notes to the Financial Statements (continued)
Period ended 31 December 2004

8. Profit per share

	<i>2004</i>
	<i>US\$000</i>
Profit per ordinary share	<u>0.0013</u>

The basic profit per share is calculated by dividing the profit on ordinary activities after tax of US\$20,000 by the weighted average number shares in issue and carrying the right to receive dividend during period ended 31 December 2004 being 15,405,262 shares

The diluted earnings per ordinary share calculation is the same as the basic earnings per share calculation.

9. Profit attributable to members of the parent company

The profit dealt with in the accounts of the parent company was US\$163,000.

10. Dividends

No dividends have been paid in respect of the period.

11. Intangible fixed assets

Group	<i>Goodwill</i>
	<i>US\$000</i>
Cost	
Acquired in period	4,743
At 31 December 2004	<u>4,743</u>
Amortisation	
Charge for the period	77
At 31 December 2004	<u>77</u>
Net book value	
At 31 December 2004	<u>4,666</u>

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

Period ended 31 December 2004

12. Tangible fixed assets

Group

	<i>Plant & machinery US\$000</i>
Cost	
Acquired in period	85
At 31 December 2004	85
Depreciation	
Charge for the period	10
At 31 December 2004	10
Net book value	
At 31 December 2004	75

13. Investments – Shares in Group undertakings

Company

	<i>Total US\$000</i>
Cost	
Additions	5,440
At 31 December 2004	5,440
Net book value	
At 31 December 2004	5,440

Subsidiary undertaking

<i>Name of company</i>	<i>Holding</i>	<i>Country of incorporation</i>	<i>Proportion of voting rights held</i>	<i>Nature of business</i>
<u>Directly Held</u>				
Kryso Resources Limited	Ordinary Shares	British Virgin Islands	100%	Holding Company
<u>Indirectly Held</u>				
Limited Liability Company Pakrut	Ordinary Shares	Tajikstan	100%	Mineral Exploitation
Limited Liability Company Kuhi Zarin	Ordinary Shares	Tajikstan	100%	Mineral Exploitation
International Mining Supplies and Services Limited	Ordinary Shares	UK	100%	Service Company

KRYSO RESOURCES PLC
Notes to the Financial Statements (continued)
Period ended 31 December 2004

13. Investments – (continued)

<i>Name of company</i>	<i>Aggregate capital and reserves US\$000</i>	<i>Profit or loss US\$000</i>
Kryso Resources Limited	873	(24)
Limited Liability Company Pakrut	53	(22)
Limited Liability Company Kuhl Zarin	5	(2)
International Mining Supplies and Services Limited	38	(17)

On 5 November 2004 the Company acquired the entire issued capital of Kryso Resources Limited in consideration for the issue of 29,999,800 shares in Kryso Resources plc and the transfer of the 200 subscriber shares.

This included acquiring the 100% shareholding in all the above companies. Net assets/liabilities acquired are considered to be at fair value.

	<i>US\$000</i>
Tangible assets	24
Stock	5
Debtors	112
Cash	634
Creditors	(78)
Net assets acquired	697
Value of shares issued	5,440
Goodwill arising	4,743

14. Stocks

	Group 2004 US\$000	Company 2004 US\$000
Consumables	18	–

15. Debtors

	Group 2004 US\$000	Company 2004 US\$000
Other debtors	227	10

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

Period ended 31 December 2004

16. Creditors: Amounts falling due within one year

	Group	Company
	<i>2004</i>	<i>2004</i>
	<i>US\$000</i>	<i>US\$000</i>
Amount due to related undertaking	–	129
Other creditors	101	–
Accruals and deferred income	22	22
	<hr/>	<hr/>
	123	151
	<hr/> <hr/>	<hr/> <hr/>

17. Treasury policy and financial instruments

The Group operates informal treasury policies which include ongoing assessments of interest rate management and borrowing policy. The Board approves all decision on treasury policy.

Facilities are arranged, based on criteria determined by the board, as required to finance the long term requirements of the group. The Group has financed its activities by the raising of funds through the placing of shares.

The Group has taken advantage of the exemption permitting it not to include short term debtors and in the disclosures required by FRS 13 'Derivatives and Other Financial Instruments: Disclosure' other than the currency disclosures.

At 31 December 2004 there were monetary assets denominated in the functional currency and UK Sterling of the operations.

The floating rate financial assets comprise bank deposits earning interest at rates based upon individual bank base rates.

The interest rate profile of the Group's financial assets and liabilities at the year end were as follows:

	<i>2004</i>	
	<i>Non</i>	<i>Floating</i>
	<i>interest</i>	<i>Interest</i>
Sterling	–	2,601
US Dollar	–	59

There are no material differences between the book value and fair value of the financial assets at the year end.

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

Period ended 31 December 2004

18. Commitments under operating leases

At 31 December 2004 the Group had annual commitments under non-cancellable operating leases as set out below.

	Group 2004		Company 2004	
	<i>Land and Buildings US\$</i>	<i>Other items US\$000</i>	<i>Land and Buildings US\$000</i>	<i>Other items US\$000</i>
Operating leases which expire:				
Within 1 year	10	–	–	–
	<u>10</u>	<u>–</u>	<u>–</u>	<u>–</u>

19. Related party transactions

The company is exempt from the requirement to disclose related party transactions with other group companies under the provisions of Financial Reporting Standard No. 8. All Group transactions were eliminated on consolidation.

During the period, Simon Cawkwell, a director was paid US\$36,759 in respect of commission for obtaining investors.

Mr Cawkwell's wife was paid US\$5,452 for providing management services to the Group.

20. Share capital

Authorised share capital:

	2004 <i>No.</i>	2004 <i>US\$000</i>
Ordinary shares of £0.01 each	100,000,000	2000

On 1 November 2004 the company increased its authorised share capital to £1,000,000 by the creation of 950,000 Ordinary shares and subdivided each of its issued and un-issued shares of £1 into 100 Ordinary shares of 1p each.

Allotted, called up and fully paid:

	2004 <i>No.</i>	2004 <i>US\$000</i>
Ordinary shares of £0.01 each	56,000,000	1,027

The following shares were issued in the period

	<i>US\$000</i>	<i>No</i>	<i>Reason</i>
November 2004	550	30,000,000	Acquisitions
November 2004	477	26,000,000	Placing on AIM
	<u>1,027</u>	<u>56,000,000</u>	

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

Period ended 31 December 2004

20. Share capital (continued)

Share Option Scheme

The Company has adopted an unapproved employee share option scheme (for the purposes of this paragraph referred to as the “Scheme”). Under the Scheme the Directors have the discretion to grant options to subscribe for Ordinary Shares up to a maximum of 5 per cent of the Company’s issued share capital with a maximum of one per cent to any one individual. Options can be granted to any employee of the Group. The option price is not to be less than the Placing Price. The options cannot be exercised for a period of one year from the date of grant. In event of any employee to whom options have been granted ceasing to be an employee of the Group he or she will have a set period in which to exercise those options (depending on the reasons for leaving) failing which the options will lapse.

The Company has granted 400,000 options to Ruegg and Co and 300,000 options to Hitchens, Harrison to acquire ordinary shares of 1p at 10p each at any time up to 2 December 2009.

21. Reserves

Group

	<i>Share premium account US\$000</i>	<i>Profit and loss account US\$000</i>
Premium arising on shares issued	9,239	–
Less share issue costs	(485)	–
	<hr/>	<hr/>
	8,754	–
Profit for the period	–	20
	<hr/>	<hr/>
Balance carried forward	8,754	20
	<hr/> <hr/>	<hr/> <hr/>

Company

	<i>Share premium account US\$000</i>	<i>Profit and loss account US\$000</i>
Premium arising on shares issued	9,239	–
Less share issue costs	(485)	–
Profit for the period	–	163
	<hr/>	<hr/>
Balance carried forward	8,754	163
	<hr/> <hr/>	<hr/> <hr/>

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

Period ended 31 December 2004

22. Reconciliation of movements in shareholders' funds

Group

Equity shareholders' funds

	<i>2004</i> <i>US\$000</i>
Profit for the financial period	20
Dividends	—
	<hr/>
	20
New equity share capital subscribed	9,781
	<hr/>
Net increase to funds	9,801
	<hr/>
Closing shareholders' equity	9,801
	<hr/> <hr/>

Company

Equity shareholders' funds

	<i>2004</i> <i>US\$000</i>
Profit for the financial period	163
New equity share capital subscribed	9,781
	<hr/>
Net addition to funds	9,944
	<hr/>
Closing shareholders' equity funds	9,944
	<hr/> <hr/>

23 Controlling party

There is no ultimate controlling party.

KRYSO RESOURCES PLC

Notice of Annual General Meeting

KRYSO RESOURCES PLC **(the “Company”)**

NOTICE IS HEREBY given that the Annual General Meeting of the Company will be held at 2 Stone Buildings, Lincoln’s Inn, London WC2A 3TH on 14 July 2005 at 11am for the following purposes:

ORDINARY BUSINESS

To consider and if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions:

- 1 To receive and adopt the Company’s annual accounts for the financial year ended 31 December 2004 together with the last directors’ report and auditors’ report on those accounts.
- 2 To reappoint Trevor Davenport who retires by rotation.
- 3 To reappoint Simon Cawkwell who retires by rotation.
- 4 To reappoint CLB as auditors, to hold office from the conclusion of the meeting to the conclusion of the next meeting at which the accounts are laid before the Company, at a remuneration to be determined by the directors.

SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions, of which resolution 5 will be proposed as an ordinary resolution and resolution 6 will be proposed as a special resolution.

- 5 THAT the directors be and they are generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 (the “Act”) to exercise all the powers of the Company to allot relevant securities (within the meaning of that section) up to an aggregate nominal amount of £200,000 provided that this authority is for a period expiring at the Company’s next Annual General Meeting but the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This authority is in substitution for all subsisting authorities, to the extent unused.

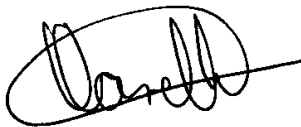
KRYSO RESOURCES PLC

Notice of Annual General Meeting

- 6 THAT subject to the passing of the previous resolution the directors be and they are empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94(2) of the Act) wholly for cash pursuant to the authority conferred by the previous resolution as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
- (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; and
 - (b) otherwise than pursuant to sub-paragraph (a) above to an aggregate nominal amount of £60,000;

and shall expire on the conclusion of the next Annual General Meeting of the Company after the passing of this resolution save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

By order of the Board



Vassilios Carellas
Managing Director

Dated: 21 June 2005

Registered Office:
2 Stone Buildings
Lincoln's Inn
London
WC2A 3TH

Notes:

- 1 A member to attend and vote at the meeting convened by the notice set out above is entitled to appoint a proxy (or proxies) to attend and, on a poll, to vote in his place. A proxy need not be a member of the Company.
- 2 A form of proxy is enclosed. To be effective, it must be deposited at the office of the Company's registrars so as to be received not later than 48 hours before the time appointed for holding the annual general meeting. Completion of the proxy does not preclude a member from subsequently attending and voting at the meeting in person if he or she so wishes.
- 3 The register of interests of the directors and their families in the share capital of the Company and copies of contracts of service of directors with the Company or with any of its subsidiary undertakings will be available for inspection at the registered office of the Company during normal business hours (Saturdays and public holidays excepted) from the date of this notice until the conclusion of the AGM.
- 4 In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the Company's register of members not later than 11am on 12 July 2005 or, if the meeting is adjourned, shareholders entered on the Company's register of members not later than 48 hours before the time fixed for the adjourned meeting shall be entitled to attend and vote at the meeting.

