
KRYSO RESOURCES Plc

Company Registration Number 05190505

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2006**

KRYSO RESOURCES PLC

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KRYSO RESOURCES PLC

Company Information

Directors	Dr Trevor George Davenport Andrew Frederic Malim Ferdinand Dippenaar Vassilios Carellas Craig William Brown Abuali Ismatov	<i>(Non Executive Chairman)</i> <i>(Non Executive Director)</i> <i>(Non Executive Director)</i> <i>(Managing Director)</i> <i>(Finance Director)</i> <i>(Executive Director)</i>
Company Secretary	Craig William Brown	
Business Address	Unit 3H, Cooper House 2 Michael Road London SW6 2AD	
Registered Office	Unit 3H, Cooper House 2 Michael Road London SW6 2AD	
Nominated Adviser	Ruegg & Co Limited 39 Cheval Place London SW7 1EW	
Bankers	National Westminster Bank Plc Knightsbridge Commercial Business Centre 180 Brompton Road London SW3 1HL	
Independent Auditors	CLB Littlejohn Frazer Chartered Accountants and Registered Auditors 1 Park Place Canary Wharf London E14 4HJ	
Solicitors	Speechly Bircham LLP 6 St Andrew Street London EC4A 3LX	

KRYSO RESOURCES PLC

Chairman's Statement

As Chairman of Kryso Resources plc ('Kryso' or 'the Company'), I am pleased to report to shareholders that during the year the Company took significant steps towards production at the Pakrut gold deposit ('Pakrut') and was also able to commence exploration at the Hukas ('Hukas') nickel-copper prospect.

The three most significant developments for Kryso since my last Chairman's Statement have been the completion of an initial JORC-compliant resource estimate for part of the deposit at Pakrut in March 2007, the formation of a strategic alliance with Great Basin Gold ('Great Basin'), part of the highly successful Hunter Dickinson group of companies and the acquisition of the Hukas nickel-copper project.

The initial JORC-compliant resource estimate for Pakrut was compiled principally using data obtained from Kryso's first 8,000 metres of diamond drilling and was generated by Snowden Mining Industry Consultants ('Snowden'). The resource is estimated to contain approximately 596,500 ounces of gold at a 0.5g/t gold cut-off grade. This resource will form the basis of the feasibility study currently underway for a proposed open pit mining operation.

The bulk of the JORC-compliant resource is from the lower grade Ore Zone 2, which was targeted first due to its close proximity to the surface, facilitating the definition of an open pit. The mineralization is still open at depth, as well as to the east and to the north. The latest drilling at Pakrut, which is targeting areas below the adit level in Ore Zone 1, has indicated that both the width and grade of the ore body are increasing with depth. The results from these drill holes, once analysed at SGS Lakefield, the independent assay laboratory used by the Company, will be used to update the existing JORC resource. This could have a significant positive impact on the overall economics of the Pakrut project, especially once sufficient resources have been delineated to design the underground mine.

The strategic alliance with Great Basin Gold has been cemented through a non-brokered private placement with Great Basin Gold of Kryso shares worth £1,000,000. This was the first financing carried out by Kryso since its listing in 2004, when £2,600,000 was raised. In addition, Ferdinand Dippenaar, currently President, Chief Executive Officer and Director of TSX-listed Great Basin, has been appointed to Kryso's Board as a Non-Executive Director.

In 2005, the potential for commercially significant nickel, copper, cobalt and PGM (platinum-group-element) mineralization in the Republic of Tajikistan was brought to Kryso's attention. The Company subsequently identified two areas with favourable geological settings that had been discovered during the Soviet era. Kryso has been granted an exploration licence for one area that encompasses the Hukas prospect, and has won the tender for the other.

At Hukas, a relatively small, exposed, partially oxidized body of sulphide mineralization was trenched by the Soviets, who also drilled several boreholes into its projected extension. Sampling from these trenches and drill cores returned encouraging average grades of 2.86% Ni, 1.26% Cu, 0.084% Co and 2.3g/t PGM. From these investigations, it appeared that the mineralization at Hukas was an isolated lens which had been separated from a potentially larger sulphide body. In addition to this showing on surface, blind mineralisation was also encountered by Soviet core drilling, which indicates a possibility to a layered nature to the nickel mineralisation within the intrusive.

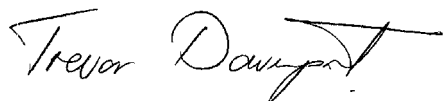
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Chairman's Statement (continued)

In 2006, after establishing a tent camp at Hukas and rehabilitating the 12 kilometre access road, Kryso excavated three trenches across the outcrop of this lens. Analysis of the samples collected from these trenches returned encouraging assays of 1.03 to 1.57% Ni and 0.62 to 1.21% Cu.

Kryso has contracted Logantek to carry out a ground based electromagnetic geophysical survey (TEM) during June/July of this year over 8 square kilometres of the Hukas Licensed Area, which extends to 17 square kilometres in total. In addition to the geophysical survey, the Company plans to carry out a shallow diamond core drill programme around the blind mineralisation discovered by the Soviets later on this year.

The 2007 work programme at Hukas is intended to enable the Company to create a conceptual model to guide further evaluation of the license areas economic potential, while at Pakrut, Kryso remains focused on reaching production as soon as possible. To this end, the Pakrut feasibility study is proceeding well, and I expect the coming year to be even more momentous for Kryso than the preceding one.



Trevor Davenport
Non-Executive Chairman

13 June 2007

KRYSO RESOURCES PLC

Report of the Directors

The Directors present their report and the audited Financial Statements of the Group for the year ended 31 December 2006.

Principal Activity

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

Business Review

Introduction

Kryso Resources ('Kryso') is an emerging mineral exploration Company that is principally focused on exploring for gold and other precious and base metal deposits previously discovered in Central Asia during the Soviet Union era and then, where appropriate, bringing them into production.

Kryso Resources, which has its head office in London, is a public company that was admitted to AIM in December 2004 in order to continue funding the development of the Pakrut Gold Deposit, further explore the Pakrut Licence Area and to obtain and acquire other gold and base metal deposits in Tajikistan and elsewhere in Central Asia. The Group's Executive Directors and senior management are normally based in Dushanbe.

The Company's Executive Directors have a proven track record of operating in Tajikistan and they believe that Kryso Resources is the first foreign company to obtain a 100% interest in a mining and exploration project in the country.

Strategy

Kryso's strategy is to maximise shareholder value through the development of the Group's exploration properties, through proving up additional resources, completing feasibility studies on the properties and, where and when appropriate, putting the projects into production.

The Group's long-term objective is to provide growth through exploration and to acquire advanced stage projects within the Commonwealth of Independent States (CIS), part of the Former Soviet Union (CIS).

Kryso believes it has high quality senior and local management who have the right technical skills and in-country experience to develop current and future projects into profitable mining projects.

Operating Review

Since listing on AIM in December 2004 the Company has:

- Outlined an initial JORC resource of approximately 596,500 ounces at the Pakrut gold project ('Pakrut').
- Commenced a bankable feasibility study on an open pit mining operation at Pakrut.
- Acquired the exploration licence for the Hukas nickel-copper project ('Hukas').
- Completed a surface trenching programme at Hukas and attained results which confirm the presence of nickel and copper mineralization at the project.

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Report of the Directors (continued)

- Formed a strategic alliance with Great Basin Gold ('Great Basin'), part of the Hunter Dickinson group of companies, and cemented this through a non-brokered private placement of Kryso shares worth £1,000,000 to Great Basin. This was the first financing carried out by Kryso since its listing, when £2,600,000 was raised.
- Completed 62 drill holes at Pakrut, totalling over 10,000m of diamond core drilling. Holes 63 and 64 are currently being drilled.
- Completed over 2,500 metres of surface trenching at Pakrut and Hukas.
- Developed over 600 metres of underground adit at Pakrut.
- Re-established access to over 4 kilometres of Soviet-developed underground adit at Pakrut.
- Re-established approximately 25 kilometres of access and site roads up to and around Pakrut.
- Acquired 3 diamond drill rigs, 4 bulldozers, numerous support vehicles, underground mining equipment and various workshop machinery and tools.
- Built an 85-person camp at Pakrut, including workshops, fuel depot, storage facilities etc.
- Established its own sample preparation and analytical laboratory in Tajikistan's capital city Dushanbe.
- Prepared and assayed over 12,000 samples, of which 3,500 have been sent to South Africa to be fire assayed by SGS Lakefield.
- Completed initial metallurgical testwork on Pakrut material in co-operation with SGS Lakefield.
- Completed an environmental baseline study for Pakrut to World Bank Environmental Guidelines.

Pakrut Gold Deposit and Licence Area

In April 2004, LLC Pakrut, a wholly owned subsidiary of the Company, was granted a licence and geological lease to explore and exploit the Pakrut Licence Area which comprises the Pakrut gold deposit and the surrounding 6,300 hectare exploration area located in the metalliferous southern Tien-Shan Fold Belt. This belt is reputed to have the second largest known gold resource after the Witwatersrand in South Africa.

The Company is currently conducting a feasibility study on the Pakrut gold deposit to put the deposit into production and also intends to explore identified mineralization in the Pakrut Licence Area.

The Hukas Ni-Cu-Co-PGM Project

In June 2006 the Company was awarded an Exploration Licence for the Hukas Nickel-Copper deposit. During 2007 the Company will carry out an Electro Magnetic geophysical survey which will be followed up by diamond drilling of any potential targets.

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Report of the Directors (continued)

Financial Review

The results for the year ended 31 December 2006 and the year ended 31 December 2005 were as follows:

	<i>2006</i> <i>US\$000</i>	<i>2005</i> <i>US\$000</i>
Turnover	–	–
Exploration costs capitalised as intangible assets	1,754	1,019
Administrative expenses	1,093	1,031
Total costs	2,847	2,050
% Administrative expenses	38.4%	50.3%
Operating loss	936	1,336
Less: interest received	95	218
Loss on ordinary activities before taxation	841	1,118
Loss per share (cents)	<u>1.47</u>	<u>1.99</u>

The main financial Key Performance Indicator ('KPI') for the Company is administration costs, as a percentage of total costs. This KPI allows the Company to monitor costs. This KPI was high in 2005 as the drilling and exploration only began in the middle of the year and has now reduced to 38.4% in 2006, our first full year of operation, and a further reduction is expected in 2007.

Corporate Responsibility

The Company will endeavour to build a sustainable and profitable business to maximise the return to our shareholders and in doing so will not knowingly overlook our Corporate Responsibilities.

Certain of the Directors also serve as directors of other companies involved in natural resource exploration and development and consequently there exists the possibility for such Directors to be in a position of conflict. Any decision made by such Directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such Directors will declare, and refrain from voting on, any matter in which such Directors may have a conflict of interest.

People

The Company recognises that the success of its ventures is based on the well-being and health of its employees. All employees have to pass through an induction process where they are briefed on the Company's health and safety policies. The safety of the Company's employees is of the utmost importance and is therefore taken seriously in all areas in which the Company's employees operate.

The Company is also committed to the development of its employees and encourages them to attend courses and programmes to further develop their own skills. The Company also aims to provide a favourable working environment which will continue to draw, retain and motivate its employees so that they can reach their true potential and share in the Company's success.

Social

The Company continues to have a strong relationship with the local communities in the areas in which it operates, respecting their laws and customs. The Company employs local people in all levels within the organisation; this ensures a transparent and fair transfer of benefits and support to their communities where appropriate. The Company engages the local communities in all aspects of the projects it is actively involved in, from exploration through to feasibility and production, ensuring that concerns are addressed and that support is maintained throughout the entire process.

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Report of the Directors (continued)

Environment

The Company has a strict environmental code with which all our employees are well-versed during the induction process; this not only satisfies the local environmental code, but also the international code. The Company has contracted the services of a local environmental consultant who monitors its operations to ensure that any lapses are immediately brought to the attention of the management.

Risk Factors

There are several principal risk factors outlined below that may affect the Company's businesses and which may not all be within the Company's control. Other factors not listed below may also adversely affect the Company, but the management may take action to mitigate some of these risks; these are identified where appropriate.

Exploration and Development Risk

The exploration for and the development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored ultimately develop into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programmes planned and being carried out by the Company will result in profitable commercial mining operations.

There is no certainty that the exploration expenditures made by the Company as described in this document will result in discoveries of commercial quantities of ore. There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other companies, many of which have greater financial resources, for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production from successful exploration efforts.

The commercial viability of a deposit is dependent on a number of factors. These include deposit attributes such as size, grade and proximity to infrastructure; current and future prices which can be cyclical; government regulations including those relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The effect of these factors, either alone or in combination, cannot be entirely predicted, and their impact may result in the Company not receiving adequate return on invested capital.

The risks inherent in developing the Company's projects is mitigated to some extent by the fact that in accordance with the strategic alliance with Great Basin Gold, two technical personnel from Great Basin Gold are to advise the Company with respect to the development of its projects.

Economic Risk

The profitability of the Company's future operations may be significantly affected by changes in the market prices for the materials it may produce and is affected by numerous factors beyond the Company's control. The level of interest rates, the rate of inflation, world supply, and the stability of exchange rates can all cause fluctuations in the price. Such external factors are in turn influenced by changes in international investment patterns and monetary systems and also political developments. Metal prices have fluctuated in recent years, and future significant price declines could cause future commercial production to be uneconomic and have a material adverse effect on the Company's financial condition.

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Report of the Directors (continued)

Certain Company payments, in order to earn or maintain property interests, are to be made in local currency in the jurisdiction where the applicable property is located. As a result, fluctuations in the British Pound against the Tajik Somoni could have a material adverse effect on the Company's financial results which are denominated and reported in British Pounds.

The Company currently does not carry insurance to protect against certain risks. As a result, the Company may become subject to liability to include environmental pollution, political risk and other hazards against which the Company cannot insure or which it may elect not to insure. The payment of such liabilities may have a material adverse effect on the Company's financial condition.

Political Risk

The political situation in Tajikistan introduces a certain degree of risk with respect to the Company's activities. The Government of Tajikistan exercises control over such matters as exploration and mining licensing, permitting, exporting and taxation, which may adversely impact the Company's ability to carry out exploration, development and mining activities.

No assurance can be given that the Company will be able to maintain or obtain effective security or insurance for any of its assets or personnel at its operations in Tajikistan where civil war and guerrilla activities have disrupted exploration and mining activities in the past; this may affect the Company's operations or plans in the future. A moderate degree of security is also required to mitigate the risk of loss by theft, either by the Company's employees or by third parties.

No assurance can be given that such factors will not have a material adverse effect on the Company's ability to undertake exploration, development and mining activities in respect to present and future properties in Tajikistan.

Performance of Key Personnel and Employees

The Company is dependent on a relatively small number of employees, the loss of any of whom could have an adverse effect on the Group.

There has been a steady emigration of skilled personnel from Tajikistan in recent years that could adversely affect the Company's ability to retain its employees.

Additional Funding Requirements

The further development and exploration of the various properties in which the Company holds interests, is dependent upon the Company's ability to obtain financing through any or all of the joint venturing of projects, debt financing, equity financing or other means. There is no assurance that the Company will be successful in obtaining the required financing.

A review of the Group's activities and performance for the year ended 31 December 2006 and its prospects for 2007 is contained in the Chairman's Statement.

Results and Dividends

The results for the year and the Group's financial position at the end of the year are shown in the attached Financial Statements.

Future Developments

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

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Report of the Directors (continued)

Directors and their Interests

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

	<i>At</i> <i>31 December</i> <i>2006</i>	<i>At</i> <i>1 January</i> <i>2006</i>
	<u> </u>	<u> </u>
Trevor George Davenport	100,000	100,000
Vassilios Carellas	7,100,000	7,100,000
Craig William Brown	*7,100,000	*7,100,000
Abuali Ismatov	7,100,000	7,100,000
Andrew Frederic Malim	<u> </u>	<u> </u>

*7,000,000 of these shares are held by Westrock Resources Limited, a Bahamian company in which Craig Brown is interested.

On 24 November 2004, Trevor George Davenport, Vassilios Carellas, Craig William Brown and Abuali Ismatov were each 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);
- (b) after 24 months, 50,000 exercisable at the Placing Price (10p) and 50,000 exercisable at the Placing Price plus 50 per cent (15p); 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).

On 15 November 2005 Andrew Frederic Malim was granted 400,000 options under a share option scheme to vest after 12 months exercisable at 13.5p.

The Directors' holding of options at the year-end was as follows:

	<i>At</i> <i>31 December</i> <i>2006</i>	<i>At</i> <i>31 December</i> <i>2005</i>
	<u> </u>	<u> </u>
Trevor George Davenport	300,000	300,000
Vassilios Carellas	300,000	300,000
Craig William Brown	300,000	300,000
Abuali Ismatov	300,000	300,000
Andrew Frederic Malim	<u>400,000</u>	<u>400,000</u>

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Report of the Directors (continued)

Substantial shareholdings

As at 7 June 2007, 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>
Great Basin Gold Limited	10,000,000	15.04%
Credit Suisse Client Nominees (UK) Limited	7,975,000	11.99%
Vassilios Carellas	7,100,000	10.68%
Abuali Ismatov	7,100,000	10.68%
Westrock Resources Limited	7,000,000	10.53%
Pershing Keen Nominees Limited	3,689,600	5.55%
ISI Nominees Limited	2,230,000	3.35%
BNY GIL Client Account (Nominees) Limited	2,119,740	3.19%
Indosuez WI Carr Securities (UK) Limited	2,000,000	3.01%

Share Capital

During the year a total of 10,000,000 new ordinary shares of £0.01 each were issued, details of which are set out in note 17 to the Financial Statements.

Directors

The Board comprises:

Trevor Davenport, B.Sc., M.Sc., Ph.D., C. Eng., (aged 66), Non-executive Director

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 the base metals, to numerous involvements with gold mining companies over the last 20 years.

Vassilios Carellas, B.S.c. (Hons) MAusIMM (aged 33), 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.

Craig Brown C.A. (aged 36), 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

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Report of the Directors (continued)

Company that operated the Zeravshan gold mine. From 2001 to 2003 he was Chief Financial Officer 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 47), 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.

Andrew Malim, (aged 64), Non-executive Director

Andrew has over thirty years experience in mining exploration and finance, and brings great value to the company given his experience as a board member to numerous public and private mining companies as well as his speaking engagements and articles on mining. He was a founding member of the award winning James Capel & Co. mining team in 1969, where he acted as a precious metals analyst and institutional salesman. In 1980, he founded the Lion Mining Group and over a 20 year period played an active role in mining fund management and the finance of numerous precious and base metal projects in North and South America, Asia and Africa.

Ferdinand Dippenaar (Aged 46), Non-executive Director

A resident of South Africa, Ferdinand Dippenaar has 25 years of mining industry experience, particularly in the gold sector, and has occupied a variety of senior roles. He is currently President, Chief Executive Officer (CEO) and Director of TSX-listed Great Basin Gold ('Great Basin'), Kryso's strategic partner and holder of approximately 15% of the Company. Ferdinand Dippenaar was appointed as Non Executive Director on 18 April 2007.

Charitable and Political Donations

The Company made no charitable or political donations during the year.

Corporate Governance

The Company's shares are traded on the AIM 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 of the Financial Services Authority. 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.

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.

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Report of the Directors (continued)

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 Financial Statements 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.

Going Concern

After making enquiries, the Directors have formed a judgement at the time of approving the Financial Statements 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 Financial Statements.

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 2006 the number of creditors days in respect of trade creditors was 30 days.

Relevant Audit Information

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are individually aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that they ought reasonably have taken as a Director to make themselves aware of that information.

Auditors

A resolution to re-appoint CLB Littlejohn Frazer 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 13 June 2007

KRYSO RESOURCES PLC

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law, the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Financial Statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Company and Group for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable Accounting Policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the Financial Statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements may differ from legislation in other jurisdictions.

KRYSO RESOURCES PLC

Report of the Auditors

Independent Auditor's Report to the Shareholders of Kryso Resources plc

We have audited the Group and Parent Company Financial Statements (the "Financial Statements") of Kryso Resources plc for the year ended 31 December 2006 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Accounting Policies and the related notes. These Financial Statements have been prepared under the accounting policies set out therein.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the Financial Statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. This other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

KRYSO RESOURCES PLC

Report of the Auditors (continued)

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.

Opinion

In our opinion:

- the Financial Statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the Parent Company's affairs as at 31 December 2006 and of the Group's loss for the year then ended;
- the Financial Statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the Financial Statements.



CLB Littlejohn Frazer
*Chartered Accountants
and Registered Auditors*

1 Park Place
Canary Wharf
London E14 4HJ

13 June 2007

KRYSO RESOURCES PLC

Consolidated Profit and Loss Account – Year ended 31 December 2006

		2006	2005
	Note	US\$000	US\$000
Turnover	1	–	–
Cost of sales		–	–
		<hr/>	<hr/>
Gross Profit		–	–
Administrative expenses		(1,093)	(1,031)
Exceptional loss on foreign exchange	2	157	(305)
		<hr/>	<hr/>
Operating Loss	3	(936)	(1,336)
Interest receivable		95	218
		<hr/>	<hr/>
Loss on Ordinary Activities before Taxation		(841)	(1,118)
Tax on loss on ordinary activities	6	–	–
		<hr/>	<hr/>
Loss on Ordinary Activities after Taxation		<u>(841)</u>	<u>(1,118)</u>
Basic and Diluted Loss per Share	8	<u><u>\$(0.0147)</u></u>	<u><u>\$(0.0199)</u></u>

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

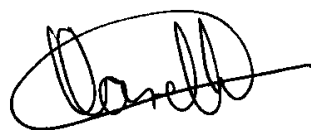
The accounting policies and notes on pages 22 to 32 form part of these Financial Statements.

KRYSO RESOURCES PLC

Consolidated Balance Sheet – Year ended 31 December 2006

	<i>Note</i>	<i>2006</i> <i>US\$000</i>	<i>2005</i> <i>US\$000</i>
Fixed Assets			
Intangible assets	9	6,431	5,181
Tangible assets	10	601	970
		<u>7,032</u>	<u>6,151</u>
Current Assets			
Stocks	12	224	215
Debtors	13	236	122
Cash at bank		2,493	2,465
		<u>2,953</u>	<u>2,802</u>
Creditors: amounts falling due within one year	14	<u>(119)</u>	<u>(151)</u>
Net Current Assets		<u>2,834</u>	<u>2,651</u>
Net Assets		<u>9,866</u>	<u>8,802</u>
Capital and Reserves			
Called-up share capital	17	1,227	1,035
Share premium account	18	10,554	8,865
Profit and loss account	18	<u>(1,915)</u>	<u>(1,098)</u>
Shareholders' Funds	19	<u>9,866</u>	<u>8,802</u>

These Financial Statements were approved and authorised for issue by the Directors on the 13 June 2007 and are signed on their behalf by:



Vassilios Carellas
Managing Director



Craig Brown
Finance Director

The accounting policies and notes on pages 22 to 32 form part of these Financial Statements.

KRYSO RESOURCES PLC

Balance Sheet – As at 31 December 2006

	<i>Note</i>	<i>2006</i> <i>US\$000</i>	<i>2005</i> <i>US\$000</i>
Fixed Assets			
Investments	11	<u>9,718</u>	<u>8,564</u>
Current Assets			
Debtors	13	28	14
Cash at bank		<u>2,287</u>	<u>1,339</u>
		2,315	1,353
Creditors: Amounts falling due within one year	14	<u>(131)</u>	<u>(20)</u>
Net current assets		<u>2,184</u>	<u>1,333</u>
Net assets		<u>11,902</u>	<u>9,897</u>
Capital and Reserves			
Called-up share capital	17	1,227	1,035
Share premium account	18	10,554	8,865
Profit and loss account	18	<u>121</u>	<u>(3)</u>
Shareholders' Funds	19	<u>11,902</u>	<u>9,897</u>

These Financial Statements were approved and authorised for issue by the Directors on the 13 June 2007 and are signed on their behalf by:



Vassilios Carellas
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Craig Brown
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The accounting policies and notes on pages 22 to 32 form part of these Financial Statements.

KRYSO RESOURCES PLC

Consolidated Cash Flow Statement – Year ended 31 December 2006

	2006 US\$000	2005 US\$000
Net Cash Outflow from Operating Activities	(535)	(871)
Returns on Investments and Servicing of Finance		
Interest received	95	218
Net Cash Inflow from Returns on Investments and Servicing of Finance	95	218
Taxation	–	–
Capital Expenditure and Financial Investment		
Payments to acquire intangible fixed assets	(1,375)	(827)
Payments to acquire tangible fixed assets	(38)	(1,112)
Net Cash Outflow for Capital Expenditure and Financial Investment	(1,413)	(1,939)
Cash Outflow before Financing	(1,853)	(2,592)
Financing		
Issue of equity share capital (net of issue costs)	1,881	119
Net Cash Inflow from Financing	1,881	119
Increase/(Decrease) in Cash	28	(2,473)

The accounting policies and notes on pages 22 to 32 form part of these Financial Statements.

KRYSO RESOURCES PLC

Notes to the Consolidated Cash Flow Statement – Year ended 31 December 2006

	<i>2006</i>	<i>2005</i>
	<i>US\$000</i>	<i>US\$000</i>
Reconciliation of Operating Loss to Net Cash Outflow from Operating Activities		
Operating loss	(936)	(1,336)
Amortisation	504	504
Depreciation	27	25
Share based payments	25	–
Increase in stocks	(9)	(197)
(Increase)/decrease in debtors	(114)	105
(Decrease)/increase in creditors	(32)	28
Net Cash Outflow from Operating Activities	<u>(535)</u>	<u>(871)</u>

Analysis of Changes in Net Funds

	<i>At 1</i>		<i>At 31</i>
	<i>January</i>		<i>December</i>
	<i>2006</i>	<i>Cash flows</i>	<i>2006</i>
	<i>US\$000</i>	<i>US\$000</i>	<i>US\$000</i>
Cash at bank	<u>2,465</u>	<u>28</u>	<u>2,493</u>

Reconciliation of Net Cash Flow to Movement in Net Funds

	<i>2006</i>	<i>2005</i>
	<i>US\$000</i>	<i>US\$000</i>
Change in net funds	28	(2,473)
Net funds at 1 January	2,465	4,938
Net funds at 31 December	<u>2,493</u>	<u>2,465</u>

KRYSO RESOURCES PLC

Accounting Policies

Basis of Accounting

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom 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 \$1.9591 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.

Goodwill and Amortisation

Goodwill arising on consolidation, representing the fair value of the consideration over fair value of the identifiable assets acquired is capitalised and reviewed annually for impairment in value.

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 exploration 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 and Machinery	33% straight line
Motor Vehicles	33% straight line
Office Furniture and Equipment	33% straight line

KRYSO RESOURCES PLC

Accounting Policies (continued)

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:

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.

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.

Share Based Payments

The Group operates a share option scheme to encourage participation by Directors and employees in the Group's performance. The fair value of the services received in exchange for the grant of options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of any options granted, excluding non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the Company revises its estimate of options that are expected to vest.

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 2007 and its plan for 2008. 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.

KRYSO RESOURCES PLC

Notes to the Financial Statements

1. Turnover

The group did not trade in the year.

2. Exceptional Item

The exceptional item in both years arises as a result of translating the Group's bank balances at the year end.

3. Operating Loss

Operating loss is stated after charging:

	<i>2006</i>	<i>2005</i>
	<i>US\$000</i>	<i>US\$000</i>
Amortisation	504	504
Depreciation	431	217
less transfer to exploration costs	(404)	(192)
Auditors' remuneration		
– as auditors	22	13
– taxation services	2	2
Operating lease rentals	20	10
	<u> </u>	<u> </u>

4. Particulars of Employees

The average number of staff employed by the Group during the financial year amounted to:

	<i>2006</i>	<i>2005</i>
	<i>No.</i>	<i>No.</i>
Administrative and management	27	22
Mining	143	63
	<u> </u>	<u> </u>
	<u>170</u>	<u>84</u>

The aggregate payroll costs of the above were:

	<i>2006</i>	<i>2005</i>
	<i>US\$000</i>	<i>US\$000</i>
Wages and salaries	740	543
Social security costs	92	46
Share based payments	24	–
	<u> </u>	<u> </u>
	<u>856</u>	<u>589</u>

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

5. Directors' Emoluments

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

	<i>2006</i>	<i>2005</i>
	<i>US\$000</i>	<i>US\$000</i>
Emoluments receivable – from the company	44	40
– from group companies	339	335
	<u>383</u>	<u>375</u>

During the year no Director (2005 – no Director) participated in a money purchase pension scheme. During the year, no Director (2005 – five Directors) exercised share options.

The highest paid director received emoluments as follows:

	<i>2006</i>	<i>2005</i>
	<i>US\$000</i>	<i>US\$000</i>
Emoluments receivable	<u>110</u>	<u>110</u>

6. Taxation on Ordinary Activities

(a) Analysis of Charge in the Year

Current tax:

	<i>2006</i>	<i>2005</i>
	<i>US\$000</i>	<i>US\$000</i>
UK Corporation tax based on the results for the year at 30%	–	–
Overseas tax credits	–	–
Total current tax	<u>–</u>	<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 Tajikistan profits tax purposes and accordingly, no provision for British Virgin Islands income tax or Tajikistan profits tax has been made.

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

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

6. Taxation on Ordinary Activities (continued)

(b) Factors Affecting Current Tax Charge

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2005 – 30%).

	<i>2006</i>	<i>2005</i>
	<i>US\$000</i>	<i>US\$000</i>
Loss on ordinary activities before taxation	<u>(841)</u>	<u>(1,118)</u>
Loss on ordinary activities by rate of tax at 30%	(252)	(335)
Disallowed expenditure	(159)	(185)
Non taxable items	352	368
Overseas losses	<u>59</u>	<u>152</u>
Total current tax - (note 6(a))	<u>–</u>	<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.

7. Profit Attributable to Members of the Parent Company

The profit dealt with in the Financial Statements of the parent company was US\$99,955 (2005 - loss US\$165,548).

8. Loss per Share

	<i>2006</i>	<i>2005</i>
	<i>US\$</i>	<i>US\$</i>
Basic and diluted loss per ordinary share	<u>(0.0147)</u>	<u>(0.0199)</u>

The basic loss per share is calculated by dividing the loss on ordinary activities after tax of US\$841,000 (2005 - loss US\$1,118,000) by the weighted average number shares in issue and carrying the right to receive dividend. For the year ended 31 December 2006 this was 57,333,333 (2005 – 56,020,833) shares.

As the Group has incurred a loss for the year, no option or warrant is potentially dilutive, and hence the basic and diluted loss per share are the same.

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

9. Intangible Fixed Assets Group

	<i>Exploration Costs US\$000</i>	<i>Goodwill US\$000</i>	<i>Total US\$000</i>
Cost			
At 1 January 2006	1,019	4,743	5,762
Acquired in year	1,754	–	1,754
At 31 December 2006	<u>2,773</u>	<u>4,743</u>	<u>7,516</u>
Amortisation			
At 1 January 2006	–	581	581
Charge for the year	–	504	504
At 31 December 2006	<u>–</u>	<u>1,085</u>	<u>1,085</u>
Net book value			
At 31 December 2006	<u>2,773</u>	<u>3,658</u>	<u>6,431</u>
At 31 December 2005	<u>1,019</u>	<u>4,162</u>	<u>5,181</u>

10. Tangible Fixed Assets Group

	<i>Office furniture and equipment US\$000</i>	<i>Motor vehicles US\$000</i>	<i>Plant and machinery US\$000</i>	<i>Total US\$000</i>
Cost				
At 1 January 2006	82	158	957	1,197
Acquired in year	7	6	25	38
At 31 December 2006	<u>89</u>	<u>164</u>	<u>982</u>	<u>1,235</u>
Depreciation				
At 1 January 2006	31	22	174	227
Charge for the year	27	55	325	407
At 31 December 2006	<u>58</u>	<u>77</u>	<u>499</u>	<u>634</u>
Net book value				
At 31 December 2006	<u>31</u>	<u>87</u>	<u>483</u>	<u>601</u>
At 31 December 2005	<u>51</u>	<u>136</u>	<u>783</u>	<u>970</u>

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

11. Investments

Company

	<i>Shares in Group Undertakings US\$000</i>	<i>Loans to Group Undertakings US\$000</i>	<i>Total US\$000</i>
Cost			
At 1 January 2006	5,440	3,124	8,564
New loan in the year	–	1,154	1,154
At 31 December 2006	5,440	4,278	9,718

Subsidiary Undertakings

<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	Tajikistan	100%	Mineral Exploitation
Limited Liability Company Kuhi Zarin	Ordinary Shares	Tajikistan	100%	Mineral Exploitation
International Mining Supplies and Services Limited	Ordinary Shares	UK	100%	Service Company
Limited Liability Company Gumas	Ordinary Shares	Tajikistan	*100%	Mineral Exploitation
Limited Liability Company Oil and Gas	Ordinary Shares	Tajikistan	100%	Mineral Exploitation

*In accordance with Tajik law, the external shareholder has to pay for the share capital within 12 months of the shares being issued. If no payment is made, these shares are cancelled. No payment was received within 12 months of these shares being issued so as at 14 April 2006, Limited Liability Company Gumus was 100% owned by the Company. No minority interests are therefore disclosed.

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

12. Stocks

	Group	Company	Group	Company
	<i>2006</i>	<i>2006</i>	<i>2005</i>	<i>2005</i>
	<i>US\$000</i>	<i>US\$000</i>	<i>US\$000</i>	<i>US\$000</i>
Consumables	<u>224</u>	<u>–</u>	<u>215</u>	<u>–</u>

13. Debtors

	Group	Company	Group	Company
	<i>2006</i>	<i>2006</i>	<i>2005</i>	<i>2005</i>
	<i>US\$000</i>	<i>US\$000</i>	<i>US\$000</i>	<i>US\$000</i>
Other debtors	176	18	74	7
Prepayments	60	10	48	7
	<u>236</u>	<u>28</u>	<u>122</u>	<u>14</u>

14. Creditors: amounts falling due within one year

	Group	Company	Group	Company
	<i>2006</i>	<i>2006</i>	<i>2005</i>	<i>2005</i>
	<i>US\$000</i>	<i>US\$000</i>	<i>US\$000</i>	<i>US\$000</i>
Amount due to related undertaking	–	63	–	17
Other creditors	90	42	130	3
Accruals and deferred income	29	26	21	–
	<u>119</u>	<u>131</u>	<u>151</u>	<u>20</u>

15. 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 decisions 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.

At 31 December 2006 there were no net monetary assets denominated in currencies other than the functional currencies of the operations.

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)

16. 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 are eliminated on consolidation.

At the year-end, \$9,796 (2005 - Nil) was due to Trevor Davenport, a Director of the Company, for Directors fees incurred during the year. At the year-end, \$17,422 (2005 - \$64,177) was due to Craig Brown, a Director of the Company, as reimbursement for expenses incurred during the year. At the year-end, \$3,482 was due to Vassilios Carellas, a Director of the Company, as reimbursement for expenses incurred during the year. As at 31 December 2005, Vassilios Carellas owed \$7,942 as an advance for expenses. At the year-end, \$18,397 was owed by Abuali Ismatov, a Director of the Company, as an advance for expenses. As at 31 December 2005, the Company owed Abuali Ismatov \$30,667 as reimbursement for expenses.

17. Share Capital

Group and Company

Authorised Share Capital

	<i>2006</i>	<i>2005</i>
	<i>US\$000</i>	<i>US\$000</i>
100,000,000 (2005 – 100,000,000) Ordinary shares of £0.01 each	<u>2,000</u>	<u>2,000</u>
Allotted, Called up and Fully Paid		
At 1 January	1,035	1,027
10,000,000 ordinary £0.01 shares allotted during the period	192	–
500,000 ordinary £0.01 shares allotted during the period	<u>–</u>	<u>8</u>
At 31 December, 66,500,000 (56,500,000) Ordinary shares of £0.01 each	<u>1,227</u>	<u>1,035</u>

During the year 10,000,000 ordinary shares of £0.01 were allotted for a consideration of \$1,914,000.

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 & Co and 300,000 options to Hichens, Harrison & Co to acquire ordinary shares of 1p at 10p each at any time up to 2 December 2009.

The Company, at the end of the year, had 375,000 options outstanding to employees to acquire ordinary shares of 1p each at 10p each.

At the end of the year 2,675,000 options were exercisable with a weighted average exercise price of 12p.

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

17. Share Capital (continued)

The Group is now required to recognise an expense for all share based payments made after 7 November 2002 which had not yet fully vested at the relevant effective date of 1 January 2006 together with options and warrants granted after 1 January 2006. Exercise of an option is subject to continued employment. Options were valued using the Black-Scholes option-pricing model. The assumptions used to value the options are set out below:

<i>Option granted on</i>	<i>24 November 2004</i>	<i>24 November 2004</i>	<i>24 November 2004</i>	<i>24 November 2004</i>	<i>13 May 2005</i>	<i>15 November 2005</i>
Shares under option	200,000	200,000	200,000	200,000	375,000	400,000
Exercise price (£)	0.15	0.10	0.15	0.10	0.10	0.135
Exercisable from (years)	2	2	3	3	1	1
Option life (years)	5	5	5	5	4	4
Risk free rate	4.41%	4.41%	4.41%	4.41%	4.41%	4.41%
Expected volatility	33%	33%	33%	33%	33%	33%
Expected dividend yield	0%	0%	0%	0%	0%	0%
Forfeiture rate	33%	33%	33%	33%	33%	33%
Price (£)	0.01	0.02	0.01	0.02	0.02	0.03
Bid price discount	5%	5%	5%	5%	5%	5%
Fair value of options granted (£)	1,345	2,680	1,340	2,680	5,025	8,040

The expected volatility is based on historical volatility over the last two years.

The total fair value has been spread over the relevant vesting periods and has resulted in a charge to the profit and loss account for the year ended 31 December 2006 of US\$24,979.

18. Reserves Group

	<i>Share premium account</i>	<i>Profit and loss account</i>
	<i>US\$000</i>	<i>US\$000</i>
At 1 January 2006	8,865	(1,098)
Share based payment	–	24
Premium arising on shares issued	1,689	–
Loss for the year	–	(841)
At 31 December 2006	<u>10,554</u>	<u>(1,915)</u>
Company		
At 1 January 2006	8,865	(3)
Share based payment	–	24
Premium arising on shares issued	1,689	–
Profit for the year	–	100
At 31 December 2006	<u>10,554</u>	<u>121</u>

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

19. Reconciliation of Movements in Shareholders' Funds

Group

Shareholders' Funds

	<i>2006</i>	<i>2005</i>
	<i>US\$000</i>	<i>US\$000</i>
Loss for the year	(841)	(1,118)
New equity share capital subscribed	1,881	87
Adjustment to prior year share issue costs	–	32
Share based payment	24	–
	<hr/>	<hr/>
Net increase/(decrease) to funds	1,064	(999)
Opening shareholders' funds	8,802	9,801
	<hr/>	<hr/>
Closing shareholders' funds	<u>9,866</u>	<u>8,802</u>

Company

Shareholders' Funds

Profit/(Loss) for the year	100	(166)
New equity share capital subscribed	1,881	87
Adjustment to prior year share issue costs	–	32
Share based payment	24	–
	<hr/>	<hr/>
Net addition/(reduction) to funds	2,005	(47)
Opening shareholders' funds	9,897	9,944
	<hr/>	<hr/>
Closing shareholders' funds	<u>11,902</u>	<u>9,897</u>

20. Controlling Party

There is no 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 Speechly Bircham LLP, 6 St Andrew Street, London EC4A 3LX on 6 July 2007 at 3:30 pm 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 2006 together with the last directors’ report and auditors’ report on those accounts.
- 2 To reappoint Craig Brown who retires by rotation.
- 3 To reappoint Abuali Ismatov who retires by rotation.
- 4 To reappoint CLB Littlejohn Frazer 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 resolutions 6, 7 and 8 will be proposed as special resolutions.

- 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 £350,000 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 (continued)

6. THAT the grant to Great Basin Gold Ltd (“GBG”) of warrants to subscribe for up to 5,000,000 ordinary shares of 1p each in the capital of the Company at an exercise price of 15p, pursuant to the terms of a share and warrant purchase agreement dated 18 December 2006 between (1) the Company and (2) GBG, such warrants to be exercisable for a period of 24 months from the date of their grant (the “Warrants”) and any shares issued to GBG pursuant to the Warrants being subject to a restriction on resale by GBG for a period of 12 months from the date of their issue, be approved.
7. THAT subject to the passing of the resolutions 5 and 6 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;
 - (b) to an aggregate nominal amount of £50,000 in respect of the issue of any shares pursuant to the exercise of any Warrants by GBG; and
 - (c) otherwise than pursuant to sub-paragraphs (a) and (b) above to an aggregate nominal amount of £300,000,

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.

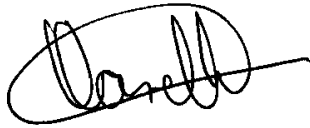
8. THAT:
- (a) the Company may send or supply any document or information that is required or authorised to be sent or supplied by the Company:
 - (i) under the Companies Acts (as defined in section 2 of the Companies Act 2006); or
 - (ii) pursuant to the Company’s articles of association; or
 - (iii) pursuant to any other rules or regulations to which the Company may be subject,by making it available on a website;
 - (b) the relevant provisions of the Companies Act 2006, which apply when documents sent under the Companies Acts are made available on a website, shall also apply, with any necessary changes, when any document or information is sent or supplied under the Company’s articles of association or other rules or regulations to which the Company may be subject from time to time; and

KRYSO RESOURCES PLC

Notice of Annual General Meeting (continued)

- (c) this resolution shall supersede any provision of the Company's articles of association to the extent that it is inconsistent with this resolution.

By order of the Board



Vassilios Carellas
Managing Director

Dated 11 June 2007

Registered Office:
Unit 3H, Cooper House
2 Michael Road
London SW6 2AD

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 3:30 pm on 4 July 2007 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.

