
KRYSO RESOURCES Plc

Company Registration Number 05190505

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2009**

KRYSO RESOURCES PLC

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KRYSO RESOURCES PLC

Company Information

Directors	Dr Trevor George Davenport Craig William Brown Abuali Ismatov Andrew Frederic Malim Ferdinand Dippenaar Steven James Poulton	<i>(Non-Executive Chairman and acting Managing Director)</i> <i>(Finance Director)</i> <i>(Executive Director)</i> <i>(Non-Executive Director)</i> <i>(Non-Executive Director)</i> <i>(Non-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	WH Ireland 24 Martin Lane London EC4R 0DR	
Bankers	National Westminster Bank Plc Knightsbridge Commercial Business Centre 180 Brompton Road London SW3 1HL	
Independent Auditors	Littlejohn LLP Statutory Auditor 1 Westferry Circus Canary Wharf London E14 4HD	
Solicitors	Speechly Bircham LLP 6 New Street Square London EC4A 3LX	

KRYSO RESOURCES PLC

Chairman's Statement

Since my half-yearly report to shareholders on 30 September 2009, I am very pleased to say that Kryso has made strong progress in advancing its 100% owned Pakrut gold project in Tajikistan.

Perhaps the most visible progress has been the achievement of a marked increase in the JORC resources of Pakrut. In November 2009, GeoLogix Mineral Resource Consultants (Pty) Ltd completed an updated JORC Code compliant resource estimate for the project, increasing its total JORC resources by approximately 43% to 2,830,104oz Au (on the basis of a cut-off grade of 0.5 g/t Au). Of this resource, 1,333,539oz Au is in the Measured and Indicated categories.

In April 2010, Kryso announced highly encouraging assay results from drilling at Pakrut that took place in the second half of 2009. These results included intersections of 25.5m at 7.5 g/t, 42.4m at 5.4 g/t and 12.0m at 6.4 g/t Au in Ore Zone 1, which remains open at depth, and intersections of 9.0m at 7.5 g/t and 13.5m at 7.5 g/t Au (with 4.5m at 20.1 g/t) in Ore Zone 3. Intersections at potentially economic grades were also reported in Ore Zone 6a. Kryso's 2010 drilling programme at Pakrut commenced in May.

The bankable feasibility study (BFS) for the Pakrut project is underway and will include a revised resource based on an updated wire-frame model of the deposit. This updated resource will include all drilling results from Pakrut, including those announced in April.

A decision was taken in late 2009 to reorient the Pakrut BFS around an underground mining approach. This is expected to improve the economics of the project, and will enable access to higher grade ore during the early stages of the proposed mining operation. It has however contributed to a delay in the completion of the BFS. Another factor was the later than expected availability of the Pakrut resource update announced in November 2009. These delays are regrettable, but the extra time taken to complete the study is a price worth paying to achieve the most favourable end result.

Activities at Kryso's Hukas nickel-copper-cobalt-PGM project remain on hold while strategic alternatives for the project, which may include a sale or joint venture, are evaluated.

We are delighted to have welcomed Steven Poulton as a Non-Executive Director in December 2009. Steven represents one of Kryso's major shareholders, ALTUS Resource Capital Limited, and with his wide ranging experience has a valuable contribution to make to the Company's development. Gennady Tolmachev has resigned as a Non-Executive Director now that Vertex Mining International (Cyprus) Ltd no longer holds a notifiable interest in the Company's shares. I remain acting Managing Director pending the conclusion of our search for a suitable permanent Managing Director. Candidates are being evaluated on a continuing basis, and we are confident that the right individual for the role will present themselves soon.

In October 2009, Kryso strengthened its financial position through a placing of shares to raise £500,000 before costs.

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Chairman's Statement (continued)

In comparison with the year to 31 December 2008, during the year to 31 December 2009 the amount spent by the Company on development work and capitalised decreased by US\$2,012,000 to US\$1,759,000; administration expenditure including exceptional legal expenses increased by US\$204,000 to US\$1,184,000. Kryso's overall loss increased from US\$1,043,000 to US\$1,259,000, owing primarily to US\$190,802 in legal fees incurred as a result of the Vertex Mining deal which was not concluded. Total cash equity funding raised during the period was US\$3,940,871 after expenses.

It is heartening to see that the price of gold has recently hit record nominal highs, and we look forward to another year of great progress for Kryso.



Trevor Davenport
Non-Executive Chairman

6 June 2010

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 2009.

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 and development.

Business Review

Introduction

Kryso Resources is a mineral exploration Company that is principally focused on evaluating gold and other precious and base metal deposits discovered in Central Asia during the Soviet 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 and the exploration of the Pakrut Licence Area, and better position the Group to obtain and acquire other gold and base metal deposits in Tajikistan.

The Company's Executive Directors have a proven track record of operating in Tajikistan and they believe Kryso Resources to be 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, by proving up additional resources, completing feasibility studies on the properties and, where and when appropriate, putting the projects into production.

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

Operating Review

Over the past year the Company has:

- Expanded the total JORC resource at the Pakrut gold project to 2,830,104 oz Au (based on a 0.5g/t cut-off grade), this is an increase of 1,091,104 oz Au.
- Drilled down to the 1,840 metre level which has confirmed high grade mineralisation at depth in the Pakrut deposit. The mineralisation now extends vertically 575 metres from trenches on surface. Mineralisation is still open at depth.
- Drilled over 4,690 metres at Pakrut, 860 metres more than 2008.
- Analysed 4,426 samples at the Group's Laboratory in Tajikistan and exported 853 samples which were assayed at the SGS laboratory in South Africa.
- Commenced work with the Beijing General Research Institute of Mining and Metallurgy (BGRIMM) on a bankable feasibility study (BFS) for the Pakrut gold project. In November 2009 the decision was taken to change the basis of the study from an open pit followed by an open pit and underground mine to an underground mine only.

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Report of the Directors (continued)

- Completed a comprehensive metallurgical testwork program at BGRIMM's laboratory in Beijing, China.

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 BFS on the Pakrut gold deposit in accordance with its objective of putting the deposit into production and also intends to explore additional identified mineralization in the Pakrut Licence Area.

The Hukas Ni-Cu-Co-PGM Project

The Hukas Ni-Cu-Co-PGM Project is within Kryso's Gishun Licence Area, which is located in central Tajikistan approximately 325km from the capital city Dushanbe. Kryso was granted a seven-year exploration licence over the Gishun Licence Area in June 2006, and has 100% ownership of the licence. In 2006, Kryso excavated three cuts across an isolated mineralized outcrop at Hukas. Analysis of samples returned encouraging grades of 1.03-1.57% Ni and .62-1.21% Cu over true widths of 2-6.7m. Limited diamond drilling on targets located by a TEM geophysical survey intersected low grade disseminated sulphides.

Financial Review

The results for the year ended 31 December 2009 and the year ended 31 December 2008 were as follows:

	<i>2009</i>	<i>2008</i>
	<i>US\$000</i>	<i>US\$000</i>
	<hr/>	<hr/>
Turnover	–	–
Exploration costs capitalised as intangible assets	1,759	3,771
Administrative expenses	993	980
Exceptional expenses	191	–
Total costs	2,943	4,751
% Administrative expenses	33.7%	20.6%
Operating loss	1,262	1,085
Less: interest received	3	42
Loss on ordinary activities before taxation	1,259	1,043
Loss per share (cents)	1.08	1.25

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.

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Report of the Directors (continued)

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.

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.

Risks and Uncertainties

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

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Report of the Directors (continued)

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.

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 US dollars.

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

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Report of the Directors (continued)

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 2009 and its prospects for 2010 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. The Directors do not recommend the payment of a dividend.

Future Developments

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

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>1 January</i> <i>2009</i>	<i>At</i> <i>31 December</i> <i>2009</i>
Trevor George Davenport	550,000	550,000
Craig William Brown	*7,100,000	100,000
Abuali Ismatov	7,100,000	7,100,000
Andrew Frederic Malim	–	500,000
Steven James Poulton	–	–
Ferdinand Dippenaar	–	–
Gennady Tolmachev	–	–

* 7,000,000 shares were held by Westrock Resources Limited, a Bahamian company in which Craig Brown had an interest.

Vassilios Carellas resigned from the Board on 28 May 2009. Steven James Poulton was appointed to the Board on 7 December 2009. Gennady Tolmachev was appointed to the Board on 6 July 2009 and resigned from the Board on 1 June 2010.

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Report of the Directors (continued)

On 9 October 2009, Craig Brown transferred his interest in Westrock Resources Limited, which holds 7 million ordinary shares in the Company (4.58%), to members of his family to be held in a discretionary trust.

On 4 December 2009 Trevor George Davenport was issued 400,000 ordinary shares in the Company pursuant to the exercise of warrants. This follows a disposal of 400,000 previously held ordinary shares in the Company. Therefore Dr. Davenport's interest remains unchanged at 550,000 ordinary shares in the Company.

Andrew Frederic Malim acquired 1,000,000 ordinary shares during the year. On 4 December 2009 Andrew Frederic Malim disposed of 500,000 ordinary shares in the Company.

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

	<i>At</i> <i>31 December</i> <i>2009</i>	<i>At</i> <i>1 January</i> <i>2009</i>
Trevor George Davenport	600,000	850,000
Craig William Brown	800,000	1,100,000
Abuali Ismatov	800,000	1,100,000
Andrew Frederic Malim	600,000	1,100,000
Steven Poulton	–	–
Ferdinand Dippenaar	–	–
Gennady Tolmachev	–	–

Substantial shareholdings

As at 28 May 2010, the Directors were aware of the following shareholdings in excess of 3% of the Company's issued share capital.

	<i>Number of</i> <i>ordinary</i> <i>shares</i>	<i>Percent</i> <i>of issued</i> <i>ordinary</i> <i>share capital</i>
Great Basin Gold Limited	24,124,724	15.41%
Worldwide Nominees Limited Des: Orbno	16,151,904	10.32%
TD Waterhouse Nominees (Europe) Limited Des:SMKTNOMS	13,215,640	8.44%
Anson Registrars Limited Des:Altus	10,000,000	6.39%
Barclayshare Nominees Limited	7,930,193	5.07%
Lynchwood Nominees Limited Des:2006420	7,292,484	4.66%
LR Nominees Limited Des: Nominee	5,468,250	3.49%

Share Capital

During the year a total of 67,295,662 new ordinary shares of £0.01 each were issued, details of which are set out in note 20 to the Financial Statements.

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Report of the Directors (continued)

Directors

The Board comprises:

Trevor Davenport, B.Sc, M.Sc., Ph.D., C. Eng. (aged 68), 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 the base metals, to numerous involvements with gold mining companies over the last 20 years.

Craig Brown C.A. (aged 38), 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 Officer for Gulf International Minerals Inc. and from 2003 to 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 partly based in Dushanbe.

Abuali Ismatov, (aged 49), 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 66), 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 48), 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.

Steven Poulton (34), Non-Executive Director

Steven Poulton is a founder director and CEO of Altus Strategies Limited and a director of Altus Asset Management Limited, the investment manager of Altus Resource Capital Limited. He is also a director of AIM and TSX-V listed African Aura Mining Inc. and a director of AIM listed Stella Diamonds

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Report of the Directors (continued)

Limited. He holds an honours degree in geology from Southampton University and a master's degree in mining geology from the Camborne School of Mines. He is a fellow of the Geological Society of London, a fellow of the Institute of Materials, Minerals and Mining and a member of the Association of Mining Analysts.

Gennady Tolmachev (59), Non-Executive Director

Gennady Tolmachev is a mining engineer with 35 years of experience in the development of gold mining projects. He has previously been involved with highly successful companies including Peter Hambro Mining plc and Bema Gold Corporation.

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 Resources.

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 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.

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Report of the Directors (continued)

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 2009 the number of creditors days in respect of trade creditors was 53 days (2008 – 40 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 any relevant audit information and to establish that the auditors are aware of that information.

Auditors

Littlejohn LLP has signified its willingness to continue in office as auditors.

Signed by order of the Directors



Craig William Brown
Company Secretary

Approved by the Directors on 6 June 2010

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. Under that law the Directors have prepared the Group and Parent Company Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year, and of the profit or loss of the 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 accounting estimates that are reasonable and prudent;
- state whether the Financial Statements comply with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The maintenance and integrity of the website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the information contained in the Financial Statements since they were initially presented on their website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements and other information included in annual reports may differ from legislation in other jurisdictions.

The Company is compliant with AIM Rule 26 regarding the Company's website.

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Report of the Auditors

Independent Auditors' Report to the Shareholders of Kryso Resources plc

We have audited the Financial Statements of Kryso Resources plc for the year ended 31 December 2009 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements, the Consolidated and Parent Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of Directors and Auditors

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

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances, and have been consistently applied and adequately disclosed the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the Financial Statements.

Opinion on Financial Statements

In our opinion:

- the Financial Statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2009 and of the Group's loss for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

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Report of the Auditors (continued)

Emphasis of matter – Going concern

In forming our opinion on the Financial Statements, which is not qualified, we have considered the adequacy of the disclosures made on page 29 'Accounting Policies – Going Concern' of these Financial Statements concerning the Company's and Group's ability to continue as a going concern. The Group incurred a loss of US\$1,259,000 during the year ended 31 December 2009 and at that date had cash resources of US\$1,826,000. These conditions, along with the other matters explained in 'Accounting Policies – Going Concern' indicate the existence of a material uncertainty which may cast significant doubt about the Company's and Group's ability to continue as a going concern. The Financial Statements do not include the adjustments that would result if the Company and Group were unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Matters on which we are required to report by exception

The Companies Act 2006 requires us to report to you if, in our opinion:

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

We have nothing to report in respect of the above matters.

Mark Ling (Senior statutory auditor)
For and on behalf of Littlejohn LLP
Statutory auditor

1 Westferry Circus
Canary Wharf
London E14 4HD

7 June 2010

KRYSO RESOURCES PLC

Consolidated Statement of Comprehensive Income – Year ended 31 December 2009

		2009	2008
	<i>Note</i>	<u>US\$000</u>	<u>US\$000</u>
Turnover	1	–	–
Cost of sales		–	–
		<hr/>	<hr/>
Gross Profit		–	–
Administrative expenses		(993)	(980)
Exceptional expenses	3	(191)	–
Loss on foreign exchange	2	(78)	(105)
		<hr/>	<hr/>
Operating Loss	3	(1,262)	(1,085)
Interest receivable		3	42
		<hr/>	<hr/>
Loss on Ordinary Activities before Taxation		(1,259)	(1,043)
Tax on loss on ordinary activities	8	–	–
		<hr/>	<hr/>
Loss on Ordinary Activities after Taxation attributable to equity holders of the Company		<u>(1,259)</u>	<u>(1,043)</u>
Total comprehensive income attributable to equity holders of the Company		<u>(1,259)</u>	<u>(1,043)</u>
Basic and Diluted Loss per Share attributable to equity holders of the Company (expressed in dollars per share)	10	<u>\$(0.0108)</u>	<u>\$(0.0125)</u>

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

The Company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Statement of Comprehensive Income.

The Group has no recognised gains or losses other than the results for the years as set out above.

The accounting policies and notes on pages 26 to 43 form part of these Financial Statements.

KRYSO RESOURCES PLC

Consolidated Balance Sheet – As at 31 December 2009

Company Registration Number: 05190505

	Note	2009 US\$000	2008 US\$000
Fixed Assets			
Intangible assets	11	15,652	13,893
Tangible assets	12	63	170
		<u>15,715</u>	<u>14,063</u>
Current Assets			
Inventories	14	518	452
Debtors	15	108	78
Cash and cash equivalents		1,826	453
		<u>2,452</u>	<u>983</u>
Current Liabilities			
Trade and other payables	16	(383)	(820)
Borrowings	17	–	(724)
		<u>(383)</u>	<u>(1,544)</u>
Net Current Assets/(Liabilities)		<u>2,069</u>	<u>(561)</u>
Total Assets less Current Liabilities		<u>17,784</u>	<u>13,502</u>
Equity			
Called-up share capital	20	2,725	1,680
Share premium account		17,778	14,529
Retained earnings		(2,719)	(2,707)
Total Equity		<u>17,784</u>	<u>13,502</u>

These Financial Statements were approved and authorised for issue by the Directors on 6 June 2010 and are signed on their behalf by:



Trevor Davenport
Managing Director



Craig Brown
Finance Director

The accounting policies and notes on pages 26 to 43 form part of these Financial Statements.

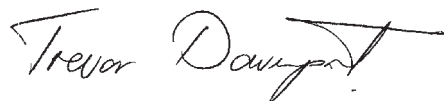
KRYSO RESOURCES PLC

Company Balance Sheet – As at 31 December 2009

Company Registration Number: 05190505

	Note	2009 US\$000	2008 US\$000
Fixed Assets			
Investments	13	18,621	15,916
Current Assets			
Debtors	15	259	192
Cash and cash equivalents		1,719	435
		1,978	627
Current Liabilities			
Trade and other payables	16	(166)	(168)
Borrowings	17	–	(724)
		(166)	(892)
Net Current Assets/(Liabilities)		1,812	(265)
Total Assets less Current Liabilities		20,433	15,651
Equity			
Called-up share capital	20	2,725	1,680
Share premium account		17,778	14,529
Retained earnings		(70)	(558)
Total Equity		20,433	15,651

These Financial Statements were approved and authorised for issue by the Directors on 6 June 2010 and are signed on their behalf by:



Trevor Davenport
Managing Director



Craig Brown
Finance Director

The accounting policies and notes on pages 26 to 43 form part of these Financial Statements.

KRYSO RESOURCES PLC

Consolidated Statement of Changes in Equity – Year ended 31 December 2009

	<i>Share capital US\$000</i>	<i>Share premium US\$000</i>	<i>Retained earnings US\$000</i>	<i>Total US\$000</i>
Balance at 1 January 2008	1,481	13,033	(1,676)	12,838
Comprehensive income for the year	–	–	(1,043)	(1,043)
Share based payments	–	–	12	12
Issue of ordinary shares	199	1,585	–	1,784
Costs of share issues	–	(89)	–	(89)
Balance at 31 December 2008	1,680	14,529	(2,707)	13,502
Comprehensive income for the year	–	–	(1,259)	(1,259)
Share based payments	–	–	1,247	1,247
Issue of ordinary shares	1,045	4,722	–	5,767
Costs of share issues	–	(1,473)	–	(1,473)
Balance at 31 December 2009	2,725	17,778	(2,719)	17,784

The cost of share issues in the year ended 31 December 2009 for the Group and Company includes a charge of US\$1,212,228 relating to the fair value of the placing warrants (note 20).

The accounting policies and notes on pages 26 to 43 form part of these Financial Statements.

KRYSO RESOURCES PLC

Company Statement of Changes in Equity – Year ended 31 December 2009

	<i>Share capital US\$000</i>	<i>Share premium US\$000</i>	<i>Retained earnings US\$000</i>	<i>Total US\$000</i>
Balance at 1 January 2008	1,481	13,033	(111)	14,403
Comprehensive income for the year	–	–	(459)	(459)
Share based payments	–	–	12	12
Issue of ordinary shares	199	1,585	–	1,784
Costs of share issue	–	(89)	–	(89)
Balance at 31 December 2008	1,680	14,529	(558)	15,651
Comprehensive income for the year	–	–	(759)	(759)
Share based payments	–	–	1,247	1,247
Issue of ordinary shares	1,045	4,722	–	5,767
Costs of share issue	–	(1,473)	–	(1,473)
Balance at 31 December 2009	2,725	17,778	(70)	20,433

The accounting policies and notes on pages 26 to 43 form part of these Financial Statements.

KRYSO RESOURCES PLC

Consolidated Cash Flow Statement – Year ended 31 December 2009

	<i>2009</i>	<i>2008</i>
	<i>US\$000</i>	<i>US\$000</i>
Net Cash Outflow from Operating Activities	<u>(1,634)</u>	<u>(100)</u>
Cash flows from Investing Activities		
Payments to acquire intangible fixed assets	(1,660)	(3,486)
Payments to acquire tangible fixed assets	(3)	(8)
Interest received	3	42
Net Cash Outflow from Investing Activities	<u>(1,660)</u>	<u>(3,452)</u>
Cash flows from Financing Activities		
Issue of equity share capital (net of issue costs)	3,940	1,695
Proceeds from borrowings	727	724
Net Cash generated from Financing Activities	<u>4,667</u>	<u>2,419</u>
Net Increase/(Decrease) in Cash and cash equivalents	1,373	(1,133)
Cash and cash equivalents at beginning of the year	<u>453</u>	<u>1,586</u>
Cash and cash equivalents at end of the year	<u><u>1,826</u></u>	<u><u>453</u></u>

The accounting policies and notes on pages 26 to 43 form part of these Financial Statements.

KRYSO RESOURCES PLC

Notes to the Consolidated Cash Flow Statement – Year ended 31 December 2009

	<i>2009</i>	<i>2008</i>
	<i>US\$000</i>	<i>US\$000</i>
	<hr/>	<hr/>
Reconciliation of Operating Loss to Net Cash Outflow from Operating Activities		
Operating loss	(1,262)	(1,085)
Depreciation	11	15
Share based payments	35	12
(Increase)/Decrease in stocks	(66)	169
(Increase)/Decrease in debtors	(30)	249
(Decrease)/Increase in creditors	(437)	540
Non-cash interest on convertible loan	53	–
Foreign exchange on convertible loan	62	–
	<hr/>	<hr/>
Net Cash Outflow from Operating Activities	(1,634)	(100)
	<hr/> <hr/>	<hr/> <hr/>

Major non-cash transactions

The Group and Company had the following major non-cash transactions during the year:

As disclosed in note 17, the convertible loan plus accrued interest from Great Basin Gold amounting to US\$839,052 was converted into 10,723,389 ordinary shares at a strike price of 5p per share. In addition, a mandatorily convertible bond of US\$727,250 was received during 2009 from Vertex Mining International (Cyprus) Limited. This was subsequently converted into 9,090,909 ordinary shares at a strike price of 5.5p per share.

As disclosed in note 20, placing warrants were granted to investors during the year with a fair value of US\$1,212,228 which has been fully charged against the share premium account.

The accounting policies and notes on pages 26 to 43 form part of these Financial Statements.

KRYSO RESOURCES PLC

Company Cash Flow Statement – Year ended 31 December 2009

	<i>2009</i>	<i>2008</i>
	<i>US\$000</i>	<i>US\$000</i>
Net Cash Outflow from Operating Activities	<u>(681)</u>	<u>(706)</u>
Cash flows from Investing Activities		
Payments to increase investments	(2,705)	(2,847)
Interest received	3	42
Net Cash Outflow from Investing Activities	<u>(2,702)</u>	<u>(2,805)</u>
Cash flows from Financing Activities		
Issue of equity share capital (net of issue costs)	3,940	1,695
Proceeds from borrowings	727	724
Net Cash generated from Financing Activities	<u>4,667</u>	<u>2,419</u>
Net Increase/(Decrease) in Cash and cash equivalents	1,284	(1,092)
Cash and cash equivalents at beginning of the year	<u>435</u>	<u>1,527</u>
Cash and cash equivalents at end of the year	<u><u>1,719</u></u>	<u><u>435</u></u>

The accounting policies and notes on pages 26 to 43 form part of these Financial Statements.

KRYSO RESOURCES PLC

Notes to the Company Cash Flow Statement – Year ended 31 December 2009

	<i>2009</i>	<i>2008</i>
	<i>US\$000</i>	<i>US\$000</i>
	<hr/>	<hr/>
Reconciliation of Operating Loss to Net Cash Outflow from Operating Activities		
Operating loss	(762)	(501)
Share based payments	35	12
Increase in debtors	(67)	(161)
Decrease in creditors	(2)	(56)
Non-cash interest on convertible loan	53	–
Foreign exchange on convertible loan	62	–
	<hr/>	<hr/>
Net Cash Outflow from Operating Activities	(681)	(706)
	<hr/> <hr/>	<hr/> <hr/>

The accounting policies and notes on pages 26 to 43 form part of these Financial Statements.

KRYSO RESOURCES PLC

Accounting Policies

Basis of Accounting

These Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, IFRIC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Financial Statements have been prepared under the historical cost convention.

The preparation of Financial Statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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 \$1.59257 to £1 (2008: \$1.4479 to £1).

Adoption of new and revised International Financial Reporting Standards (IFRSs)

During 2009 the Group adopted all the new and revised IFRSs and International Accounting Standards (IAS), which are relevant to its operations and are effective for accounting periods commencing on 1 January 2009.

IFRS 7 "Financial Instruments – Disclosures" (amendment) – effective 1 January 2009. The amendment requires the enhanced disclosures about fair value measurement and liquidity risk.

IAS 1 (revised) "Presentation of Financial Statements" – effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is non-owner changes in equity) in the Statement of Changes in Equity, requiring non-owner changes in equity to be presented separately from owner changes in equity in a statement of comprehensive income. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

IFRS 8 "Operating Segments" – (effective 1 January 2009) requires companies to adopt a management approach to reporting on their operating segments.

The following standard was also effective for the year, although there were no implications for the Group:

IFRS 2 (amendment) "Share based payment" – effective 1 January 2009. The amendment deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. All cancellations should receive the same accounting treatment.

At the date of approval of these Group Financial Statements the following standards and interpretations were in issue but not yet effective, or not yet relevant:

IFRS 9 "Financial Instruments" specifies how an entity should classify and measure financial assets, including some hybrid contracts, with the aim of improving and simplifying the approach to classification and measurement compared with IAS 39. This standard is effective for periods beginning on or after 1 January 2013, subject to EU endorsement.

A revised version of IFRS 3 "Business Combinations" and amendments to IAS 27 "Consolidated and Separate Financial Statements". These standards are effective for periods beginning on or after 1 July 2009.

KRYSO RESOURCES PLC

Accounting Policies (continued)

A revised version of IAS 24 “Related Party Disclosures” simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. This standard is effective for periods beginning on or after 1 January 2011, subject to EU endorsement.

Amendments to IFRS 1 “First-time Adoption of International Financial Reporting Standards” address the retrospective application of IFRSs to particular situations (oil and gas assets and leasing contracts), and are aimed at ensuring that entities applying IFRSs will not face undue cost or effort in the transition process. This standard is effective for periods beginning on or after 1 January 2010, subject to EU endorsement.

Amendments to IFRS 2 “Share-based Payment” clarify the accounting for group cash-settled share-based payment transactions. This standard is effective for periods beginning on or after 1 January 2010, subject to EU endorsement.

Further amendments to IAS 32 address the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. This standard is effective for periods beginning on or after 1 January 2010.

“Improvements to IFRSs” are collections of amendments to IFRSs resulting from the annual improvements project, a method of making necessary, but non-urgent, amendments to IFRSs that will not be included as part of another major project. This standard has various implementation dates. For April 2009 improvements, the standard is effective for periods beginning on or after 1 January 2010. The Directors are assessing the possible impact of these improvements on the Group’s Financial Statements.

IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments” clarifies the treatment required when an entity renegotiates the terms of a financial liability with its creditor, and the creditor agrees to accept the entity’s shares or other equity instruments to settle the financial liability fully or partially. This standard is effective for periods beginning on or after 1 January 2010, subject to EU endorsement.

Amendments to IAS 39 “Financial Instruments: Recognition and Measurement” provide additional guidance on what can be designated as a hedged item. This standard is effective for periods beginning on or after 1 July 2009.

An amendment to IFRIC 14 “IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”, on prepayments of a minimum funding requirement, applies in the limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendment permits such an entity to treat the benefit of such an early payment as an asset. This standard is effective for periods beginning on or after 1 January 2011.

The Board of Directors expects that the adoption of these Standards in future periods will not have a material effect on the consolidated Financial Statements of the Group.

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. Subsidiaries are all entities over which the Group has power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. All significant intercompany transactions and balances between group undertakings are eliminated on consolidation.

KRYSO RESOURCES PLC

Accounting Policies (continued)

Goodwill

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.

Share Capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Costs attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

Intangible assets – Exploration and Evaluation 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. Expenditure included in the initial measurement of exploration and evaluation assets and which are classified as intangible assets relate to the acquisition of rights to undertake topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and other activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

Exploration and evaluation assets are assessed for impairment annually. The assessment is carried out by allocating exploration and evaluation assets to cash generating units which are based on geographical areas. Where exploration for and evaluation of mineral resources in cash generating units does not lead to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities at the unit, the associated expenditure will be written off in the statement of comprehensive income.

Impairment

Assets that have an indefinite economic life are not subject to amortisation and are tested annually for impairment. At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (ie. cash generating units). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

Inventory

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

KRYSO RESOURCES PLC

Accounting Policies (continued)

Foreign Currencies

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Group Financial Statements are presented in US dollars, which is the Group's presentation currency.

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 statement of comprehensive income.

Deferred Taxation

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the Financial Statements and the corresponding tax basis used in the computation of taxable profit or loss. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

No liability to UK corporation tax arose on ordinary activities for the current period or prior periods. The Group has losses to be carried forward on which no deferred tax asset is recognised.

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 and also issues warrants to third party service providers and investors. The fair value of the services received in exchange for the grant of options and warrants 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 option and warrant 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.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options and warrants are exercised.

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 Company and Group is a going concern. In considering this matter the Directors have reviewed the Group's budget for 2010 and its plan for 2011. This included consideration of the cash flow implications of the budget and plan. The cash flow forecasts prepared by the Directors for the twelve months from the date of signing these Financial Statements indicate that the Company and Group will need to raise new finance in order to fund its

KRYSO RESOURCES PLC

Accounting Policies (continued)

operating costs. There can be no guarantee that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company.

The Company has received an undertaking from Altus Resource Capital Limited (“Altus”), a shareholder in the Company, to act as a financier of last resort for a period of twelve months from the date of approval of these Financial Statements in order to ensure that the Group and Company have sufficient working capital to remain as a going concern. The commitment from Altus is subject to a maximum of £500,000 and to the Company acting reasonably in its attempts to raise finance through the issue of new equity from other investors or shareholders. Steven James Poulton is a director of the Company and of Altus Asset Management Limited, the investment manager of Altus.

The completion of the bankable feasibility study will enable the Group to enter into discussions to secure funding to progress the Pakrut gold project into an underground mining operation. It is likely that these discussions will not be completed for some time and there is no guarantee that the Group will be able to secure sufficient levels of funding on acceptable terms.

The Directors have concluded that these circumstances represent a material uncertainty that may cast doubt upon the Company’s ability to continue as a going concern and therefore may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, after considering the uncertainties above, the Directors have a reasonable expectation that sufficient new funds will be raised to continue in operational existence for the foreseeable future. For this reason, and given the undertaking from Altus, the Directors continue to adopt the going concern basis of preparation for these Financial Statements.

Segment Reporting

Management has determined the operating segments based on the internal reports provided to the executive directors and which are used to make the Group’s and Company’s strategic decisions. The Group operates in two geographical areas and operations are managed on a project by project basis within each geographical area.

Capital Risk Management

The Group’s objective when managing capital is to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and to enable the Group to continue its exploration and evaluation activities.

Financial Risk Management

The Group’s operations expose it to a number of financial risks; principally the availability of adequate funding, movements in interest rates and fluctuations in foreign currency exchange rates. Continuous monitoring of these risks ensures that the Group is protected against any adverse effects of such risks so far as it is possible and foreseeable.

The continued operation of the Group is dependent on the ability to raise sufficient working capital. The Group currently finances itself through the issue of equity share capital and short term borrowings and management monitors its cash and future funding requirements through the use of cash flow forecasts. All cash not immediately required for working capital purposes is held on short term deposit. The Group’s only exposure to interest rate fluctuations is restricted to the rate earned on short term deposits.

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures primarily with respect to the US dollar, UK sterling and Tajik somoni. Foreign exchange risk arises from future transactions and net investments in foreign operations. The Group does not currently

KRYSO RESOURCES PLC

Accounting Policies (continued)

hedge its exposure to foreign currencies and recognises the profits and losses resulting from currency fluctuations as and when they rise.

Critical Accounting Estimates and Judgements

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are set out below. The most significant judgement for the Group is the assumption that exploration at its sites will ultimately lead to a commercial mining operation. Failure to do so could lead to the write-off of the intangible assets relating to the particular site.

Estimated impairment of intangibles

The Group tests annually whether exploration and evaluation assets have suffered any impairment. The recoverable amounts of the cash generating units have been determined based on value in use calculations which require the use of estimates.

In assessing the carrying amounts of its exploration and evaluation assets at Pakrut, the Directors have used nine year cash flow projections based on JORC standard resource calculations, a market value for gold of \$700 per ounce, recovery rates of 88% and production costs of US\$321 per ounce.

The calculations have been tested for sensitivity to changes in the key assumptions and the Board does not believe that the key assumptions will change to such an extent so as to cause the carrying values to exceed the recoverable amounts.

Certain of the Group's other exploration and evaluation projects are at an early stage of development and no JORC compliant resource estimates are available to enable value in use calculations to be prepared. The Directors therefore undertook an assessment of the following areas and circumstances which could indicate the existence of impairment:

- The Group's right to explore in an area has expired, or will expire in the near future without renewal.
- No further exploration or evaluation is planned or budgeted for.
- A decision has been taken by the Board to discontinue exploration and evaluation in an area due to the absence of a commercial level of reserves.
- Sufficient data exists to indicate that the book value will not be fully recovered from future development and production.

Following their assessment the Directors concluded that no impairment of these exploration and evaluation assets arose as at 31 December 2009.

Goodwill is not considered to be separable from the underlying value of the exploration and evaluation assets and its carrying value is reviewed in conjunction with the value in use calculations as noted above. As such, no separate value in use calculations are performed.

KRYSO RESOURCES PLC

Notes to the Financial Statements

1. Revenue

The Group did not trade in the year.

2. (Loss)/Gain on Foreign Exchange

The loss on foreign exchange 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>2009</i>	<i>2008</i>
	<i>US\$000</i>	<i>US\$000</i>
	<u> </u>	<u> </u>
Depreciation	110	300
less transfer to exploration costs	(99)	(285)
Exceptional expenses (see below)	191	–
Auditors' remuneration		
Fees payable to the Company's auditor for the audit of the Group's and Company's annuals accounts	44	35
Other services under legislative requirements	3	2
Taxation services	2	2
Services relating to corporate finance transaction	16	29
Operating lease rentals – other	41	41
Loss on foreign exchange	<u>78</u>	<u>105</u>

The exceptional expenses relate to legal fees incurred in connection with the aborted Vertex Mining deal.

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

4. Segment Reporting

The Group operates in two geographical areas, UK and Tajikistan, with operations managed on a project by project basis within Tajikistan.

The Group's exploration and evaluation activities are located in Tajikistan, principally with two different projects, Pakrut and Hukas. Support and administration services are provided from the UK. Sales between segments are carried out at arm's length.

	<i>UK</i>	<i>Tajikistan</i>		<i>Total</i>
	<i>US\$000</i>	<i>Pakrut</i> <i>US\$000</i>	<i>Hukas</i> <i>US\$000</i>	
<i>2009</i>				
Operating loss	(880)	(325)	(4)	(1,209)
Financial income	3	–	–	3
Financial costs	(44)	(7)	(2)	(53)
Loss for the year	(921)	(332)	(6)	(1,259)
Intersegment revenue	371	–	–	–
Total Assets	6,245	11,485	437	18,167
Total Liabilities	379	4	–	383
Depreciation of fixed assets	11	98	1	110
Additions to tangible assets	–	3	–	3
Additions to intangible assets	–	1,759	–	1,759
<i>2008</i>				
Operating loss	(832)	(213)	(25)	(1,070)
Financial income	42	–	–	42
Financial costs	(15)	–	–	(15)
Loss for the year	(805)	(213)	(25)	(1,043)
Intersegment revenue	489	–	–	–
Total Assets	4,906	9,727	413	15,046
Total Liabilities	1,187	146	211	1,544
Depreciation of fixed assets	9	290	1	300
Additions to tangible assets	–	8	–	8
Additions to intangible assets	–	3,647	124	3,771

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

5. Particulars of Employees

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

	<i>2009</i>	<i>2008</i>
	<i>No.</i>	<i>No.</i>
Administrative and management	23	27
Development	68	170
	<u>91</u>	<u>197</u>

The aggregate payroll costs of the above were:

	<i>2009</i>	<i>2008</i>
	<i>US\$000</i>	<i>US\$000</i>
Wages and salaries	903	1,324
Social security costs	121	110
Share based payments	35	12
	<u>1,059</u>	<u>1,446</u>

6. Directors' Emoluments

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

	<i>2009</i>	<i>2008</i>
	<i>US\$000</i>	<i>US\$000</i>
Emoluments receivable – from the company	128	72
– from group companies	426	534
	<u>554</u>	<u>606</u>

During the year no Director (2008 – no Director) participated in a money purchase pension scheme. During the year, one Director (2008 – no Director) exercised share options.

Directors' emoluments includes an amount of US\$42,252 for compensation for loss of office.

The highest paid Director received emoluments as follows:

	<i>2009</i>	<i>2008</i>
	<i>US\$000</i>	<i>US\$000</i>
Emoluments receivable	172	233

7. Expenses by Nature

	<i>2009</i>	<i>2008</i>
	<i>US\$000</i>	<i>US\$000</i>
Employee benefit expenses	388	344
Operating lease expenses	52	41
Depreciation	10	15
Change in inventory	66	169
Other including exceptional expenses (note 3)	668	411
	<u>1,184</u>	<u>980</u>

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

8. Taxation on Ordinary Activities

(a) Analysis of Charge in the Year

Current tax:

	<i>2009</i> <i>US\$000</i>	<i>2008</i> <i>US\$000</i>
UK Corporation tax based on the results for the year	–	–
Overseas tax	–	–
Total current tax	<u>–</u>	<u>–</u>

A subsidiary undertaking, 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.

(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 28% (2009 – 30%).

	<i>2009</i> <i>US\$000</i>	<i>2008</i> <i>US\$000</i>
Loss on ordinary activities before taxation	<u>(1,259)</u>	<u>(1,043)</u>
Loss on ordinary activities by rate of tax at 28% (2008 – 30%)	(353)	(297)
Disallowed expenditure	88	6
Losses carried forward	115	150
Overseas losses	<u>150</u>	<u>141</u>
Total current tax – (note 8(a))	<u>–</u>	<u>–</u>

Deferred tax assets have not been recognised in the Financial Statements in respect of UK tax losses of approximately \$1,225,000 as the Directors are uncertain as to when they will be utilised.

9. Loss Attributable to Members of the Parent Company

The loss dealt with in the Financial Statements of the parent company was US\$751,687 (2008 – loss US\$459,031).

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

10. Loss per Share

	<i>2009</i>	<i>2008</i>
	<i>US\$</i>	<i>US\$</i>
Basic and diluted loss per ordinary share	<u>(0.0108)</u>	<u>(0.0125)</u>

The basic loss per share is calculated by dividing the loss on ordinary activities after tax of US\$1,259,000 (2008 – loss US\$1,043,000) by the weighted average number shares in issue and carrying the right to receive dividends. For the year ended 31 December 2009 this was 116,883,775 (2008 – 83,450,150) 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. At the year ended there were 3,850,000 share options and 62,264,962 warrants outstanding that are potentially dilutive.

11. Intangible Fixed Assets

Group	<i>Exploration</i>		
	<i>Costs</i>	<i>Goodwill</i>	<i>Total</i>
	<i>US\$000</i>	<i>US\$000</i>	<i>US\$000</i>
Cost			
At 1 January 2008	5,379	4,743	10,122
Additions	3,771	–	3,771
At 1 January 2009	9,150	4,743	13,893
Additions	1,759	–	1,759
At 31 December 2009	<u>10,909</u>	<u>4,743</u>	<u>15,652</u>
Net Book Value			
At 31 December 2009	<u>10,909</u>	<u>4,743</u>	<u>15,652</u>
At 31 December 2008	<u>9,150</u>	<u>4,743</u>	<u>13,893</u>

Exploration costs represent internally generated exploration and evaluation costs relating to the Group's exploration activities. No amortisation has been charged on these assets. Based upon independent valuations of the existing proven resource at Pakrut gold project and licence, in the opinion of the Directors, the exploration costs and associated goodwill are fully recoverable.

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

12. 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 2008	123	193	1,230	1,546
Additions	7	–	1	8
At 1 January 2009	130	193	1,231	1,554
Additions	2	–	1	3
At 31 December 2009	<u>132</u>	<u>193</u>	<u>1,232</u>	<u>1,557</u>
Depreciation				
At 1 January 2008	91	130	863	1,084
Charge for the year	18	44	238	300
At 1 January 2009	109	174	1,101	1,384
Charge for the year	13	10	87	110
At 31 December 2009	<u>122</u>	<u>184</u>	<u>1,188</u>	<u>1,494</u>
Net book value				
At 31 December 2009	<u>10</u>	<u>9</u>	<u>44</u>	<u>63</u>
At 31 December 2008	<u>21</u>	<u>19</u>	<u>130</u>	<u>170</u>

Motor vehicles and plant and machinery are used solely for exploration and evaluation activities.

13. Investments

Company

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 2008	5,440	7,629	13,069
New loan in the year	–	2,847	2,847
At 1 January 2009	5,440	10,476	15,916
New loan in the year	–	2,705	2,705
At 31 December 2009	<u>5,440</u>	<u>13,181</u>	<u>18,621</u>

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

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 Asia Oil and Gas	Ordinary Shares	Tajikistan	100%	Mineral Exploitation

14. Inventories

	<i>Group 2009 US\$000</i>	<i>Company 2009 US\$000</i>	<i>Group 2008 US\$000</i>	<i>Company 2008 US\$000</i>
Consumables	518	–	452	–

15. Debtors

	<i>Group 2009 US\$000</i>	<i>Company 2009 US\$000</i>	<i>Group 2008 US\$000</i>	<i>Company 2008 US\$000</i>
Amounts due from group undertaking	–	181	–	180
Other debtors	40	36	38	–
Prepayments and deposits	68	42	40	12
	108	259	78	192

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

16. Trade and other payables

	<i>Group</i> <i>2009</i> <i>US\$000</i>	<i>Company</i> <i>2009</i> <i>US\$000</i>	<i>Group</i> <i>2008</i> <i>US\$000</i>	<i>Company</i> <i>2008</i> <i>US\$000</i>
Trade and other creditors	336	123	631	66
Accruals and deferred income	47	43	189	102
	<u>383</u>	<u>166</u>	<u>820</u>	<u>168</u>

17. Borrowings

	<i>Group</i> <i>2009</i> <i>US\$000</i>	<i>Company</i> <i>2009</i> <i>US\$000</i>	<i>Group</i> <i>2008</i> <i>US\$000</i>	<i>Company</i> <i>2008</i> <i>US\$000</i>
Convertible loan	–	–	724	724
	<u>–</u>	<u>–</u>	<u>724</u>	<u>724</u>

Kryso Resources plc borrowed £500,000 from Great Basin Gold Limited (GBG), a major shareholder who own approximately 15% of the Company's issued share capital. Ferdinand Dippenaar, a non-executive Director of Kryso, is also a director of Great Basin Gold Limited. The Convertible Loan Agreement constitutes a related party transaction, pursuant to Rule 13 of the AIM Rules for companies.

This loan was repayable on 31 October 2008 and under the terms of the agreement GBG had the right to convert the loan into ordinary shares at a strike price of 11.5p per share during the period beginning 1 July 2008 and ending on 31 October 2008. The loan would not bear interest other than in an instance of default, in which case, default interest of 12% per annum would apply. The loan plus accrued interest was converted on 8 July 2009 into 10,723,389 ordinary shares at a strike price of 5p per share.

In consideration for the loan, the Company granted GBG 1,086,956 warrants to subscribe for ordinary shares at an exercise price of 15p per share for a two year period. In consideration for conversion of the loan, on 8 July 2009 the Company granted GBG 10,723,389 warrants to subscribe for ordinary shares at an exercise price of 8p per share for a two year period.

In February 2009, the Company received initial financing of US\$727,250 from Vertex Mining International (Cyprus) Limited by means of an interest free mandatorily convertible bond. This was converted on 15 May 2009 into 9,090,909 shares at a strike price of 5.5p per share.

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

18. 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 and through the issue and subsequent exercise of options and warrants.

At 31 December 2009 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.

19. Related Party Transactions

At the year end, Trevor Davenport, a Director of the Company, was due US\$16,262 for director's fees (2008 – Trevor Davenport was due US\$2,896). At the year-end, Craig Brown was due US\$9,531 in respect of his expenses (2008 – US\$35,083 was due to Craig Brown). At the year-end, Abuali Ismatov was due US\$37,133 in respect of his expenses and charges to the Group for the rent of office, laboratory and warehouse space in Tajikistan. The rental charge to the Group during 2009 was US\$23,950 (2008 – US\$38,802 was due to Abuali Ismatov).

Kryso Resources plc charged Kryso Resources Limited a management fee of US\$180,000 during 2009 (2008 – \$180,000). International Mining Supplies & Services Limited charged Kryso Resources plc management fees of US\$56,331 during 2009 (2008 – US\$66,954) for the supply of office services. International Mining Supplies & Services Limited provided goods and services to LLC Pakrut for US\$370,354 during 2009 (2008 – US\$489,291). As at 31 December 2009 the amount due from Kryso Resources Limited and International Mining Supplies & Services Limited to Kryso Resources plc was US\$13,180,586 (2008 – US\$10,476,774) and US\$181,285 (2008 – US\$179,602) respectively.

20. Share Capital

Group and Company

Authorised Share Capital

	<i>2009</i>	<i>2008</i>
	<i>£000</i>	<i>£000</i>
250,000,000 (2008 – 100,000,000) Ordinary shares of £0.01 each	<u>2,500</u>	<u>1,000</u>
Allotted, Called up and Fully Paid	<i>US\$000</i>	<i>US\$000</i>
At 1 January, 89,247,285 (2008 – 79,239,024) Ordinary shares of £0.01 each	1,680	1,481
67,295,662 (2008 – 10,008,261) Ordinary £0.01 shares allotted during the period	<u>1,045</u>	<u>199</u>
At 31 December, 156,542,947 (2008 – 89,247,285) Ordinary shares of £0.01 each	<u>2,725</u>	<u>1,680</u>

During the year 47,481,364 ordinary shares of £0.01 were allotted fully paid for cash consideration of \$3,940,871 after expenses.

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

20. Share Capital (continued)

As explained in note 17, 10,723,389 and 9,090,909 shares respectively were allotted fully paid on conversion of the GBG and Vertex convertible loans.

Share Option Scheme

Options can be granted to any employee of the Group. The option price is not to be less than the initial Placing Price or the price on the day of issue. The options cannot be exercised for a period of at least 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.

Details of share options granted by the Company were as follows:

Share Option Scheme	2009		2008	
	No. of share options	Weighted average price (pence)	No. of share options	Weighted average price (pence)
Outstanding at beginning of year	7,825,000	11	3,325,000	12
Granted during the year	–	–	5,500,000	10
Exercised during the year	(2,050,000)	10	–	–
Lapsed during the year	(1,925,000)	13	(1,000,000)	12
Outstanding at end of year	<u>3,850,000</u>	<u>10</u>	<u>7,825,000</u>	<u>11</u>
Exercisable at 31 December	<u>3,850,000</u>	<u>10</u>	<u>2,925,000</u>	<u>12</u>

The Group is 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 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.

Option granted on	24 November 2004	24 November 2004	24 November 2004	24 November 2004	13 May 2005	15 November 2005	5 October 2007	10 September 2008
Shares under option	200,000	200,000	200,000	200,000	375,000	400,000	700,000	5,500,000
Exercise price (£)	0.15	0.10	0.15	0.10	0.10	0.135	0.13	0.10
Exercise from (years)	2	2	3	3	1	1	1	1
Option life (years)	5	5	5	5	4	4	4	5
Risk free rate	4.41%	4.41%	4.41%	4.41%	4.41%	4.41%	4.41%	4.21%
Expected volatility	33%	33%	33%	33%	33%	33%	33%	23%
Expected dividend yield	0%	0%	0%	0%	0%	0%	0%	0%
Forfeiture rate	33%	33%	33%	33%	33%	33%	33%	33%
Fair value (£)	0.01	0.02	0.01	0.02	0.02	0.03	0.02	0.01
Bid price discount	5%	5%	5%	5%	5%	5%	5%	5%
Fair value of options granted (£)	1,345	2,680	1,340	2,680	5,025	8,040	9,380	32,830

The weighted average remaining option life as at 31 December 2009 is 2.6 years.

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

20. Share Capital (continued)

The total fair value has been spread over the relevant vesting periods and has resulted in a charge to the statement of comprehensive income for the year ended 31 December 2009 of US\$34,907 (2008 – US\$12,017).

Warrants

On 5 October 2007, 640,587 warrants were granted to FD Holdings Limited pursuant to the placing of 12,689,024 ordinary shares during the year by Fox-Davis Capital Limited. The exercise price for these warrants is 11.5p per ordinary share. The warrants are exercisable up to five years from the date of grant.

On 18 December 2006, 5,000,000 warrants were granted to Great Basin Gold Limited pursuant to their investment in 10,000,000 ordinary shares of 1p each. The exercise price for these warrants is 15p per ordinary share. The warrants are exercisable up to five years from the date of grant.

On 25 April 2008, 1,086,956 warrants were granted to Great Basin Gold Limited in consideration for the issue of the convertible unsecured interest free loan to the Company of £500,000 as disclosed in Note 17. The warrants are exercisable for a period of 24 months at a price of 15 pence per share.

On 31 July 2008, 153,780 warrants were granted to FD Holdings Limited pursuant to the placing of 3,558,261 ordinary shares during the year by Fox-Davies Capital Limited. The exercise price of these warrants is 9p per ordinary share. The warrants are exercisable until 31 July 2013.

On 31 July 2008, 322,500 warrants were granted to Orbis Equity Partners pursuant to the placing of 6,450,000 ordinary shares during the year by Orbis Equity Partners. The exercise price for these warrants is 9p per ordinary share. The warrants are exercisable until 31 July 2013.

On 8 June 2009, 8 July 2009 and 19 August 2009 warrants of 5,000,000, 9,550,000 and 9,905,000 respectively were granted to Orbis Equity Partners pursuant to the placing of 24,455,000 shares. The exercise price for these warrants is 8p per ordinary share. The warrants are exercisable for a period of 24 months. Warrants totalling 1,340,000 were exercised by Orbis Equity Partners in December 2009. In addition to the placing warrants, Orbis Equity Partners were granted 1,052,750 warrants with an exercise price of 5p per share exercisable for a period of 24 months.

On 8 July 2009, 10,723,389 warrants were granted to Great Basin Gold Limited in consideration for the conversion of the convertible loan. The warrants are exercisable for a period of 24 months at a price of 8p per share.

On 14 August 2009, 20,000,000 warrants were granted to Altus Resource Capital Limited pursuant to their investment in 10,000,000 ordinary shares. The warrants are exercisable for a period of 60 months at a price of 8p per share.

On 5 October 2009, 545,455 warrants were granted to FD Holdings Limited pursuant to the placing of 9,090,909 shares during the year by Fox-Davies Capital Limited. The warrants, exercisable for 24 months at a price of 5.5p per share, were fully exercised on 4 December 2009.

KRYSO RESOURCES PLC

Notes to the Financial Statements (continued)

20. Share Capital (continued) Warrants (continued)

Scarab Capital Partners LLP have been granted 170,000 warrants for acting as placing agent in relation to share placings on 8 July 2009 and 19 August 2009. The warrants are exercisable for 24 months at a price of 5.5p per share.

The warrants were valued using the Black-Scholes pricing model. The assumptions used to value the warrants are set out below:

<i>Warrants granted on</i>	<i>8 June 2009</i>	<i>8 July 2009</i>	<i>14 August 2009</i>	<i>19 August 2009</i>	<i>19 August 2009</i>	<i>5 October 2009</i>
Shares under option	5,000,000	20,273,389	20,000,000	9,905,000	1,222,750	545,455
Exercise price (£)	0.08	0.08	0.08	0.08	0.05	0.055
Warrant life (years)	2	2	5	2	2	2
Risk free rate	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Expected volatility	41.9%	41.9%	41.9%	41.9%	41.9%	41.9%
Expected dividend yield	0%	0%	0%	0%	0%	0%
Forfeiture rate	0%	0%	0%	0%	0%	0%
Fair value (£)	0.01	0.01	0.02	0.01	0.02	0.03

62,264,962 warrants are outstanding and exercisable as at 31 December 2009 with a weighted average exercise price of 8.7p. The weighted average remaining warrant life as at 31 December 2009 is 2.65 years.

The total fair value charged to the share premium account during the year ended 31 December 2009 was US\$1,212,228.

Any ordinary shares allotted pursuant to an exercise of warrants will rank *pari passu* in all respects with the ordinary shares in issue at the date of exercise of the warrants.

21. Controlling Party

There is no controlling party.

KRYSO RESOURCES PLC

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (the “Meeting”) of Kryso Resources plc (the “Company”) will be held at the offices of Speechly Bircham LLP, 6 New Street Square, London EC4A 3LX at 11 a.m. on 30 June 2010 for the following purposes:

ORDINARY RESOLUTIONS

Ordinary Business

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

1. To receive and consider the statement of accounts for the period ended 31 December 2009 together with the reports of the directors and the auditors thereon.
2. To elect Steven Poulton, who stands for election in accordance with the Company’s Articles of Association, as a director.
3. To re-elect Craig Brown, who retires by rotation in accordance with the Company’s Articles of Association, as a director.
4. To re-elect Abuali Ismatov, who retires by rotation in accordance with the Company’s Articles of Association, as a director.
5. To re-appoint Littlejohn LLP as auditors to act as such until the conclusion of the next General Meeting of the Company at which accounts are laid before the Company and to authorise the directors of the Company to fix their remuneration.

Special Business

To consider and, if thought fit, to pass the following resolutions of which resolutions 6 and 8 will be proposed as ordinary resolutions and resolution 7 as a special resolution:

6. That the directors be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (“the Act”) to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £3,000,000, provided that the authority hereby conferred shall:
 - (a) operate in substitution for and to the exclusion of any previous authority given to the directors pursuant to section 80 of the Companies Act 1985 or section 551 of the Act; and
 - (b) expire on whichever is earlier of the conclusion of the next Annual General Meeting of the Company or the date falling 15 months from the date of the passing of this resolution unless such authority is renewed, varied, or revoked by the Company in general meeting, save that the Company may at any time before such expiry make an offer or agreement which might require shares in the Company to be allotted, or rights to subscribe for or to convert any security into shares in the Company to be granted, after such expiry and the directors may allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company in pursuance of such offer or agreement as if the authority hereby conferred had not expired.

KRYSO RESOURCES PLC

Notice of Annual General Meeting (continued)

7. That, subject to the passing of Resolution 6, the directors be and they are hereby empowered pursuant to sections 570 and 573 of the Act to allot equity securities (as defined in section 560 of the Act) for cash as if section 561(1) of the Act did not apply to any such allotment pursuant to the general authority conferred on them by Resolution 6 above (as varied from time to time by the Company in general meeting) and/or by way of a sale of treasury shares PROVIDED THAT such power shall be limited to:
- (a) the allotment of equity securities in connection with a rights issue or any other pre-emptive offer in favour of holders of equity securities where the equity securities respectively attributable to the interest of all such holders are proportionate (as nearly as may be) to the respective amounts of equity securities held by them subject only to such exclusions or other arrangements as the directors may consider appropriate to deal with treasury shares, fractional entitlements or legal or practical difficulties under the laws of or the requirements of any recognised regulatory body in any territory or otherwise;
 - (b) in connection with the issue of any shares pursuant to the exercise of any options granted under the Company's unapproved employee share scheme, adopted by the board of the Company on 24 November 2004 (as amended from time to time) (the "Share Option Scheme"); and
 - (c) the allotment (otherwise than pursuant to sub paragraphs (a) and (b) above) of equity securities up to an aggregate nominal amount of £2,500,000,

and the power hereby conferred shall operate in substitution for and to the exclusion of any previous power given to the directors pursuant to section 95 of the Companies Act 1985 or sections 570 or 573 of the Act and shall expire on whichever is the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling 15 months from the date of the passing of this resolution unless such power is renewed or extended prior to or at such meeting, except that the Company may before the expiry of any power contained in this resolution 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 such offer or agreement as if the power conferred hereby had not expired.

8. That the following amendment to the Share Option Scheme be and is approved:

The maximum percentage of the issued share capital of the Company from time to time over which options may be granted to any one person under the Share Option Scheme be increased from 2 per cent. to 5 per cent.

If approved, the above amendment will be implemented by the Board under the terms of the Share Option Scheme.

By Order of the Board
Craig Brown, Secretary

Dated 7 June 2010

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

KRYSO RESOURCES PLC

Notes to the Notice of General Meeting

Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at:
 - 6.00 p.m. on 28 June 2010; or
 - if this Meeting is adjourned, at 6.00 p.m. on the day two days prior to the adjourned meeting,
 - shall be entitled to attend and vote at the Meeting.

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy your proxy card or contact Neville Registrars Limited to obtain an extra proxy card on 0121 585 1131, or from outside the UK on +44 (0)121 585 1131. Lines are open 9 a.m. to 5 p.m. Monday to Friday, excluding UK bank holidays.
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy proxy form

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA; and
- received by Neville Registrars Limited no later than 11 a.m. on 28 June 2010.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

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Notes to the Notice of General Meeting (continued)

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxies through CREST

7. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual (available from <https://www.euroclear.com/site/public/EUI>). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID: 7RA11) by 11 a.m. on 28 June 2010. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Appoint for proxy by joint members

8. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-name being the most senior).

Changing proxy instructions

9. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Neville Registrars Limited on 0121 585 1131, or from outside the UK on +44 (0)121 585 1131. Lines are open 9 a.m. to 5 p.m. Monday to Friday, excluding UK bank holidays.

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Notes to the Notice of General Meeting (continued)

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

10. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Neville Registrars Limited no later than 11 a.m. on 28 June 2010.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Corporate representatives

11. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

Issued shares and total voting rights

12. As at 6.00 p.m. on 4 June 2010, the Company's issued share capital comprised 160,785,697 ordinary shares of £0.01 each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 6 p.m. on 4 June 2010 is 160,785,697.

Communication

13. You may not use any electronic address provided either in this notice of meeting; or any related documents (including the letter with which this notice of meeting was enclosed and proxy form) to communicate with the Company for any purposes other than those expressly stated.

