

KRYSO RESOURCES PLC

Company Registration Number 05190505

Financial Statements for the year to 31 December 2005

Chairman's Statement

As Chairman I am pleased to report to shareholders that during the last twelve months Kryso Resources plc (Kryso) has made significant progress at its Pakrut Gold Deposit in Tajikistan. During this period I have spent four months on site both in Dushanbe and at Pakrut; my most recent visit being from April to June this year.

Since June 2005 a winterised camp has been constructed. The camp includes a fully equipped workshop, and accommodation and canteen facilities for up to 80 personnel. In conjunction with the establishment of the camp, work began on cleaning and rehabilitating the Soviet adit as well as further underground development for establishing stations for Kryso's drilling programme. The operation continued, mostly uninterrupted, throughout the winter. By the end of May 2006, over 800m of the original adit had been refurbished and over 370m of new underground development had been excavated.

Diamond drilling began in September 2005 with three surface holes drilled by the first of two Onram drill rigs; by the end of the year underground drilling with two rigs had commenced. The three holes drilled from surface were targeted to intersect mineralization on the edge of the two main ore zones, while the first series of underground holes were drilled to target the mineralization between these ore zones. Both the initial surface and underground drilling locations were selected to avoid any delay whilst waiting for underground development. As underground development continues, new drill stations will be established so that drilling can concentrate on the main known ore zones. The Company currently has its two Onram drill rigs underground and its Longyear 38 has now been converted to drill underground. By the end of May 2006, 3000m of drilling had been completed (23 diamond drill holes). The Company intends to complete a further 4000m of drilling by the end of this year.

The Company's drilling programme has assisted Kryso's Chief Geologist to review all the previous Soviet work and develop a revised geological and structural interpretation of the deposit. Rather than a single ore zone, the orebody is now interpreted as being made up of a series of sub-parallel, pinching and swelling, mineralised zones. The drilling to date appears to confirm this revised theory.

In addition to the drilling, Kryso has begun an extensive surface-trenching programme and is also planning to channel sample mineralization exposed in the underground workings.

As there is difficulty in visually determining the ore zones in the drill core, the Company has set up its own sample preparation and atomic absorption spectroscopy (AAS) laboratory in Dushanbe, the capital city. Here the entire core from each hole is prepared and assayed. From these AAS results, the prepared core samples from the identified mineralised zones are currently being made ready for shipping to an internationally accredited

laboratory where they will be fire assayed. These fire assay results will then be used to generate a preliminary JORC standard resource model. To date, the AAS laboratory in Dushanbe has analysed over 2000 core samples for gold and silver.

Snowden Mining Industry Consultants, the Company's contracted independent consultants, have paid several visits to Tajikistan - a resource geologist has made three trips while a mining engineer and an environmental consultant have made one. The consultants are continually monitoring the project with recommendations.

The Pakrut operation has already been visited by several high-ranking officials from the Tajik Government who have expressed their satisfaction with the progress being made. Relations with the Tajik Government are very good and, as a result, the Company soon expects to receive the exploration licence for one of the two nickel prospects for which it has applied.

Trevor Davenport
Non-Executive Chairman

14 June 2006

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 2005.

Principal Activities and Review of the Business

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.

A review of the Group's activities and performance for the year ended 31 December 2005 and its prospects for 2006 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 have not recommended the payment of a dividend.

Future Developments

A review of the business and future prospects is set out in the Chairman's statement on page 2.

Directors

The Board comprises:

Trevor Davenport, B.Sc, M.Sc., Ph.D., C. Eng., (aged 65), Non-executive Director

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

Vassilios Carellas, B.S.c. (Hons) MAusIMM (aged 32), Managing Director

Vassilios Carellas majored in geology and economic geology at the University of Durban-Westville South Africa, graduating in 1995. He has spent nine years working in the mining and exploration industry in Central Asia. Vassilios worked for Nelson Resources Limited, a company listed on the

Toronto Stock Exchange, in various geological positions including Chief Geologist. In 2002 he joined Gulf International Minerals Inc., a company listed on the Toronto Stock Exchange, as Chief Geologist and subsequently General Manager and director for their subsidiary which operated their mines in Tajikistan. He left in 2004 to focus on Kryso.

Craig Brown C.A. (aged 35), 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 and 2004 he worked part-time as a consultant to that company. He has been a director of several mining joint ventures in Central Asia. Craig is based in Dushanbe.

Abuali Ismatov, (aged 46), 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 63), 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.

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 Plc.

Internal Control

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

Audit Committee

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

Remuneration Committee

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

Going Concern

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

Supplier Payment Policy

The group seeks to maintain good relations with all of its trading partners. In particular, it is the group's policy to abide by the terms of payment agreed with each of its suppliers. As at 31 December 2005 the number of creditors days in respect of trade creditors was 15 days.

Auditors

During the year, the London office of our auditors CLB merged with Littlejohn Frazer who subsequently changed their name to CLB Littlejohn Frazer. A resolution to reappoint CLB Littlejohn Frazer will be proposed at the next Annual General Meeting.

Signed by order of the directors

Craig William Brown
Company Secretary

Approved by the directors on 14 June 2006

Statement of Directors' Responsibilities

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

In preparing those Financial Statements, the Directors are required to select suitable accounting policies, as described on pages 14 to 15 and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The Directors must state whether applicable accounting standards have been followed, subject to any material departures. The directors must also prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

Independent Auditors' report to the shareholders of Kryso Resources Plc

We have audited the group and parent company Financial Statements (the "Financial Statements") of Kryso Resources plc for the year ended 31 December 2005 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheet, the Group Cash Flow Statement and associated notes, the accounting policies and the related notes 1 to 21. These Financial Statements have been prepared under the accounting policies set out therein.

This report is made solely to the Group's and Company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Group's and Company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and Company and the Group's and Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities the Company's Directors are responsible for the preparation of the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the Financial Statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and parent Company's affairs as at 31 December 2005 and of the group's loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

CLB Littlejohn Frazer
Chartered Accountants
& Registered Auditors

1 Park Place
Canary Wharf
London E14 4HJ

16 June 2006

Consolidated Profit and Loss Account- -Year ended 31 December 2005

		2005	2004
	Note	US\$000	US\$000
Turnover	1	-	-
Cost of sales		-	-
Gross profit			-
Administrative expenses		(1,031)	(186)
Development expenditure			(11)
Exceptional (loss)/gain on foreign exchange	2	(305)	201
Operating (Loss)/Profit	3	(1,336)	4
Interest receivable		218	16
(Loss)/Profit on Ordinary Activities before Taxation		(1,118)	20
Tax on (loss)/profit on ordinary activities	6	-	-
(Loss)/Profit on Ordinary Activities after Taxation		(1,118)	20
Basic (Loss)/Profit per Share	8	(0.0199)	0.0013
Diluted (Loss)/Profit per Share	8	(0.0199)	0.0013

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

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

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

Consolidated Balance Sheet - As at 31 December 2005

		2005	2004
	Note	US\$000	US\$000
<u>Fixed Assets</u>			
Intangible assets	9	5,181	4,666
Tangible assets	10	970	75
		6,151	4,741
Current Assets			
Stocks	12	215	18
Debtors	13	122	227
Cash at Bank		2,465	4,938
		2,802	5,183
Creditors: amounts falling due within one year	14	(151)	(123)
Net Current Assets		2,651	5,060
Net Assets		8,802	9,801
Capital and Reserves			
Called-up share capital	18	1,035	1,027
Share premium account	19	8,865	8,754
Profit and loss account	19	(1,098)	20
Shareholders' Funds	20	8,802	9,801

These financial statements were approved by the directors on 14 June 2006 and signed on their behalf by:

Vassilios Carellas
Managing Director

Craig Brown
Finance Director

Balance Sheet - As at 31 December 2005

		2005	2004
	Note	US\$000	US\$000
Fixed Assets			
Investments	11	8,564	5,440
Current Assets			
Debtors	13	14	10
Cash at Bank		1,339	4,645
		1,353	4,655
Creditors: amounts falling due within one year	14	(20)	(151)
Net Current Assets		1,333	4,504
Net Assets		9,897	9,944
Capital and Reserves			
Called-up share capital	18	1,035	1,027
Share premium account	19	8,865	8,754
Profit and loss account	19	(3)	163
Shareholders' Funds	20	9,897	9,944

These Financial Statements were approved by the Directors on the 14 June 2006 and are signed on their behalf by:

Vassilios Carellas
Managing Director

Craig Brown
Finance Director

Consolidated Cash Flow Statement - Year ended 31 December 2005

	2005	2004
	US\$000	US\$000
Net Cash (Outflow)/Inflow from Operating Activities	(679)	7
Returns on Investments and Servicing of Finance		
Interest received	218	16
Net Cash Inflow from Returns on Investments and Servicing of Finance	218	16
Taxation	-	-
Capital Expenditure and Financial Investment		
Payments to acquire intangible fixed assets	(1,019)	-
Payments to acquire tangible fixed assets	(1,112)	(61)
Net Cash Outflow for Capital Expenditure and Financial Investment	(2,131)	(45)
Acquisition		
Cash acquired with subsidiaries	-	634
Cash (Outflow)/Inflow before Financing	(2,592)	596
Financing		
Issue of equity share capital (net of issue costs)	119	4,341
Net Cash Inflow from Financing	119	4,341
(Decrease)/Increase in Cash	(2,473)	4,937
Reconciliation of Operating (Loss)/Profit to		
Net Cash (Outflow)/Inflow from Operating Activities		
Operating (loss)/profit	(1,336)	4
Amortisation	504	77
Depreciation	217	10
Increase in stocks	(197)	(13)
Increase/(Decrease) in debtors	105	(115)
Increase in creditors	28	44

Net Cash (Outflow)/Inflow from Operating Activities		(679)	7
Analysis of Changes in Net Funds	At 1 January 2005 US\$000	Cash flows US\$000	At 31 December 2005 US\$000
Cash at bank	4,938	(2,473)	2,465
Reconciliation of Net Cash Flow to Movement in Net Funds		2005 US\$000	2004 US\$000
Change in net funds		(2,473)	4,938
Net Funds at 1 January		4,938	-
Net Funds at 31 December		2,465	4,938

Accounting Policies

Basis of Accounting

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

The functional currency of the company and group is US dollars and accordingly the amounts in the financial statements are denominated in that currency. The balance sheet rates of exchange for the US dollar to UK Sterling were \$1.72079 to £1.

Basis of Consolidation

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

Amortisation

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

Goodwill - 10% straight line

Research and Exploration Expenditure

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

Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

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

Fixed Assets

All fixed assets are initially recorded at cost.

Depreciation

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

Plant and Machinery 33% straight line

Motor Vehicles 33% straight line

Office Furniture and Equipment 33% straight line

Stocks

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

Foreign Currencies

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

Deferred taxation

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

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Operating lease agreements

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

Going concern

United Kingdom company law requires the Company's Directors to consider whether it is appropriate to prepare the Financial Statements on the basis that the Group is a going concern. In considering this matter the Directors have reviewed the Group's budget for 2006 and its plan for 2007. This included consideration of the cash flow implications of the budget and plan. The Directors see no reason why the Group and the Company should not

continue in operational existence for the foreseeable future. For this reason they have adopted the going concern basis in preparing the Group's Financial Statements.

Notes to the Financial Statements

1. Turnover

The group did not trade in the year.

2. Exceptional Item

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

3. Operating (Loss)/Profit

Operating (loss)/profit is stated after charging:

	2005	2004
	US\$000	US\$000
Amortisation	504	77
Depreciation	217	10
Auditors' remuneration		
- as auditors	13	19
- non-audit services	2	31
Operating lease rentals	10	6

The audit fee to the parent company was US\$15,000 (2004: US\$10,000).

4. Particulars of Employees

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

	2005	2004
	No.	No.
Administrative and management	22	8
Mining	63	20
	84	28

The aggregate payroll costs of the above were:

	2005	2004
	US\$000	US\$000
Wages and salaries	543	54
Social security costs	46	2
	589	56

5. Directors' Emoluments

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

	2005	2004
	US\$000	US\$000
Emoluments receivable - from the company	40	-
- from group companies	335	46
	375	46

During the year no Director (2004 - no Director) participated in a money purchase pension scheme.

During the year, five Directors (2004 - no Directors) exercised share options.

The aggregate amount of gains made by Directors on the exercise of share options was \$Nil (2004 - \$Nil).

The highest paid director received emoluments as follows:

	2005	2004
	US\$000	US\$000
Emoluments receivable	110	44

The highest paid director exercised 100,000 share options during the year.

6. Taxation on Ordinary Activities

(a) Analysis of Charge in the Year

Current tax:

	2005	2004
	US\$000	US\$000
UK Corporation tax based on the results for the year at 30%	-	-

Overseas tax credits	-	-
Total current tax	-	-

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

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

(b) Factors Affecting Current Tax Charge

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

	2005	2004
	US\$000	US\$000
(Loss)/profit on ordinary activities before taxation	(1,118)	20
Profit on ordinary activities by rate of tax at 30%	(335)	6
Disallowed expenditure	(119)	(2)
Non taxable items	(368)	(44)
Overseas losses	152	40
Total current tax - (note 6(a))	-	-

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

7. Profit Attributable to Members of the Parent Company

The (loss)/profit dealt with in the accounts of the parent company was US\$ (165,548) (2004 US\$163,000).

8. (Loss)/Profit per Share

	2005	2004
	US\$	US\$
Basic (loss)/profit per ordinary share	(0.0199)	0.0013
Diluted (loss)/profit per ordinary share	(0.0199)	0.0013

The basic (loss)/profit per share is calculated by dividing the (loss)/profit on ordinary activities after tax of US\$(1,118,000) (2004: profit US\$20,000) by the weighted average number shares in issue and

carrying the right to receive dividend. For the year ended 31 December 2005 this was 56,020,833 (2004: 15,405,262) shares.

The diluted (loss)/profit per share is calculated by dividing the (loss)/profit on ordinary activities after tax of US\$(1,118,000) (2004: profit US\$20,000) by the weighted average number of potential shares in issue and carrying the right to receive dividend. For the year ended 31 December 2005 this was 56,120,833 (2004: 15,405,262) shares.

9. Intangible Fixed Assets

Group

	Exploration Costs	Goodwill	Total
	US\$000	US\$000	US\$000
Cost			
At 1 January 2005	-	4,743	4,743
Acquired in year	1,019	-	1,019
At 31 December 2005	1,019	4,743	5,762
Amortisation			
At 1 January 2005	-	77	77
Charge for the year	-	504	504
At 31 December 2005	-	581	581
Net book value			
At 31 December 2005	1,019	4,162	5,181
At 31 December 2004	-	4,666	4,666

10. Tangible Fixed Assets

Group

	Office furniture and equipment	Motor vehicles	Plant and machinery	Total
	US\$000	US\$000	US\$000	US\$000
Cost				
At 1 January 2005	-	-	85	-
Acquired in year	82	158	872	1,112

At 31 December 2005	82	158	957	1,197
Depreciation				
At 1 January 2005	-	-	10	10
Charge for the year	31	22	164	217
At 31 December 2005	31	22	174	227
Net book value				
At 31 December 2005	51	136	783	970
At 31 December 2004	-	-	75	75

11. Investments

Company

	Shares in Group Undertakings	Loans to Group Undertakings	Total
	US\$000	US\$000	US\$000
Cost			
At 1 January 2005	5,440	-	5,440
New loan in the year	--	3,124	3,124
At 31 December 2005	5,440	3,124	8,564

Subsidiary Undertaking

Name of company	Holding	Country of incorporation	Proportion of voting rights held	Nature of business
Directly Held				
Kryso Resources Limited	Ordinary Shares	British Virgin Islands	100%	Holding Company
Indirectly Held				
Limited Liability Company Pakrut	Ordinary Shares	Tajikstan	100%	Mineral Exploitation

Limited Liability Company Kuhi Zarin	Ordinary Shares	Tajikstan	100%	Mineral Exploitation
International Mining Supplies and Services Limited	Ordinary Shares	UK	100%	Service Company
Limited Liability Company Gumas	Ordinary Shares	Tajikstan	*67%	Mineral Exploitation
Limited Liability Company Oil and Gas	Ordinary Shares	Tajikstan	100%	Mineral Exploitation

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

12. Stocks

	Group 2005 US\$000	Company 2005 US\$000	Group 2004 US\$000	Company 2004 US\$000
Consumables	215	-	18	-

13. Debtors

	Group 2005 US\$000	Company 2005 US\$000	Group 2004 US\$000	Company 2004 US\$000
Other debtors	74	7	227	10
Prepayments	48	7	-	-
	122	14	227	10

14. Creditors: amounts falling due within one year

	Group 2005 US\$000	Company 2005 US\$000	Group 2004 US\$000	Company 2004 US\$000
Amount due to related undertaking	-	17	-	129
Other creditors	130	3	101	-
Accruals and deferred income	21	-	22	22
	151	20	123	151

15. Treasury Policy and Financial Instruments

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

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

At 31 December 2005 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.

16. Commitments under Operating Leases

At 31 December 2005 the group had annual commitments under non-cancellable operating leases as set out below.

	Group 2005	Company 2005	Group 2004	Company 2004
	Land and Buildings	Other	Land and Buildings	Other
	US\$000	US\$000	US\$000	US\$000
Operating leases which expire:				
Within 1 year	-	-	10,062	-

17. Related Party Transactions

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

During the year, Simon Cawkwell, a director was paid US\$Nil (2004 - US\$42,212) in respect of commission for obtaining investors.

Mr Cawkwell's wife was paid US\$Nil (2004 - US\$4,750) for providing management services to the group.

At the year end, \$64,177 (2004 - \$Nil) was due to Craig Brown, a Director of the Company, as reimbursement for expenses incurred during the year. At the year end, \$30,667 (2004 - \$Nil) was due to Abuali Ismatov, a Director of the Company, as reimbursement for expenses incurred during the year.

18. Share Capital

Group and Company

Authorised Share Capital

	2005 US\$000	2004 US\$000
100,000,000 (2004 - 100,000,000) Ordinary shares of £0.01 each	2,000	2,000
Allotted, Called up and Fully Paid		
	2005 US\$000	2004 US\$000
At 1 January	1,027	-
500,000 (56,000,000) ordinary £0.01 shares allotted during the period	8	1,027
At 31 December, 56,500,000 (56,000,000) Ordinary shares of £0.01 each	1,035	1,027

During the year, 500,000 ordinary shares of £0.01 were allotted for a consideration of \$85,440.

Share Option Scheme

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

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

During the year, the Company granted 200,000 options to acquire ordinary shares of 1p each at 10p each to a particular member of staff. The Company also granted 250,000 options to acquire ordinary shares of 1p each at 10p each to a further six employees. One of these employees subsequently resigned and so 25,000 of these options lapsed in December 2005.

19. Reserves

Group

	Share premium account	Profit and loss account
	US\$000	US\$000

At 1 January 2005	8,754	20
Premium arising on shares issued	79	-
Adjustment to prior year share issue costs	32	-
Loss for the year	-	(1,118)
At 31 December 2005	8,865	(1,098)
Company		
At 1 January 2005	8,754	163
Premium arising on shares issued	79	-
Adjustment to prior year share issue costs	32	-
Loss for the year	-	(166)
At 31 December 2005	8,865	(3)

20. Reconciliation of Movements in Shareholders' Funds

Group

Shareholders' Funds

	2005 US\$000	2004 US\$000
(Loss)/profit for the financial year	(1,118)	20
New equity share capital subscribed	87	9,781
Adjustment to prior year share issue costs	32	-
Net (decrease)/increase to funds	(999)	9,801
Opening shareholders' funds	9,801	-
Closing shareholders' funds	8,802	9,801

Company

Shareholders' Funds

	2005 US\$000	2004 US\$000
(Loss)/profit for the financial year	(166)	163
New equity share capital subscribed	87	9,781
Adjustment to prior year share issue costs	32	-
Net (reduction)/addition to funds	(47)	9,944

Opening shareholders' funds	9,944	-
Closing shareholders' funds	9,897	9,944

21. Controlling party

There is no controlling party.