News Release

For Immediate Release

Date: 22 February 2011

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PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

- Gold production of 236,396 ounces at a cash cost of US$660 per ounce, compared with 109,548 ounces at US$639 per ounce in the previous year
- Realised gold price of US$1,174 per ounce[1], compared with US$975 per ounce in 2009
- EBITDA of US$86.3 million, up from US$29.9 million for year ended December 2009, an increase of 189%
- Profit before tax and exceptionals of US$33.4 million compared with US$10.4 million for year ended December 2009, an increase of 221%
- Successful ramp up of production at Inata – completed ahead of schedule
- Inata project finance completion tests passed 31 December 2010
- Inata life of mine average annual production to increase from 120,000 ounces to 165,000 ounces from 2011
- Reserves and resources at Inata increased by 25% and 16% respectively - drilling programme underway with the target of doubling reserves by Q3 2011
- Maiden resource of 561,100 ounces announced at Souma, 20 km from the Inata mine
- Exploration programme initiated in Guinea including airborne geophysical survey, 48,000 metres RC drilling and 19,000 metres diamond drilling
- Conditional agreement signed for the sale of South East Asian assets for US$200 million in cash - rights of first refusal have either lapsed unexercised or been assigned to J&Partners; further issues remain to be addressed
- Net debt reduced from US$42.9 million to US$28.5 million

Period[2]	**12 months ended 31 December 2010 Audited**	12 months Ended 31 December 2009 Unaudited	9 months ended 31 December 2009 Audited	12 months ended 31 March 2009 Audited
Total gold production (ounces)	**236,396**	109,548	82,174	109,919
Average realised gold price (US$/oz)	**1,174**	975	995	870
Cash production cost (US$/oz)	**660**	639	650	602
Profit before tax and exceptionals (US$000)	**33,394**	10,439	7,888	15,004
Profit/(loss) before tax from continuing operations (US$000)	**17,475**	(8,410)	(7,615)	18,126
EBITDA from continuing and discontinued[3] operations (US$000)	**86,272**	29,928	18,471	22,929
EBITDA from continuing operations (US$000)	**54,597**	(5,525)	(4,185)	(6,347)

[1]Includes 51,199 ounces sold into Inata hedge at average price of US$970 per ounce

[2] The Company changed its year end from March to December with effect from 31 December 2009

[3] On 24 December 2010, the Company announced that it had signed a conditional agreement to sell its assets in South East Asia. The results of these assets have been presented as discontinued for all periods presented. Refer to note 2 for further information

Commenting on the preliminary results, Brett Richards, Chief Executive Officer for Avocet, stated:

"In my first year of reporting operating and financial results as Chief Executive Officer, I am pleased to be able to report on a strong performance. The Inata mine in Burkina Faso has been developed into Avocet's flagship project, with production and ramp-up achieved ahead of schedule. However, our objectives in and around Inata are still at an early stage. Our exploration projects in both Burkina Faso and Guinea are progressing well and continue to demonstrate real promise with respect to building a larger business in these regions. During the period, we also announced the conditional sale of our South East Asian assets for US$200 million on 24 December 2010, which, on completion, will allow us to focus our people and resources on becoming a leading West African gold mining and exploration company in 2011 and beyond."

Avocet will host a conference call on **Tuesday 22 February 2011 at 09:30am (London, UK time)** to update investors and analysts on its results.

Participants may join the call by dialling one of the three following numbers, approximately 10 minutes before the start of the call.

From UK: (toll free) 0800 368 1895
From Norway: (toll free) 800 135 47
From rest of world: +44 (0)20 3140 0693
Participant pass code: 175331#

A **live audio webcast** of the call will be available on:
http://mediaserve.buchanan.uk.com/2011/avocet220211/registration.asp

A **replay of the webcast** will be available on the same link from 11am on Tuesday 22 February 2011.

For further information please contact:

Avocet Mining PLC	**Buchanan Communications**	**Ambrian Partners Limited**	**J.P. Morgan Cazenove**	**Arctic Securities**
	Financial PR Consultants	NOMAD and Joint Broker	Lead Broker	Financial Adviser
Brett Richards, CEO Mike Norris, FD Hans-Arne L'orange, EVP Business Development & Investor Relations	Bobby Morse Katharine Sutton	Samantha Harrison Jen Boorer	Michael Wentworth-Stanley Niklas Kloepfer	Arne Wenger
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Notes to Editors

Avocet Mining PLC ("Avocet" or "the Company") is a gold mining company listed on the AIM market of the London Stock Exchange (Ticker: AVM.L) and the Oslo Børs (Ticker: AVM.OL). The Company's principal activities are gold mining and exploration in Burkina Faso (as 90 per cent owner of the Inata gold mine), Malaysia (as 100 per cent owner of the Penjom gold mine, the country's largest gold producer) and Indonesia (as 80 per cent owner of the North Lanut gold mine and Bakan project in North Sulawesi).

In December 2010 Avocet announced that it had signed a binding agreement for the conditional sale of its South East Asian assets to J&Partners L.P, a private company, for US$200 million. The transaction with J&Partners will leave Avocet as a West African gold producer with a clear strategy for growth in that region. Further details can be found in the press release dated 24 December 2010.

Background to operations

The Inata deposit presently comprises a Mineral Resource of 1.84 million ounces and a Mineral Reserve of 1.08 million ounces. Inata poured its first gold in December 2009 and has now reached a production rate in excess of 13,500 ounces per month. Other assets in West Africa include exploration permits in Burkina Faso (the most advanced being the Souma trend at Bélahouro, some 20 kilometres from Inata, with a Mineral Resource of 561,100 ounces), Guinea and Mali (the most advanced being the Tri-K gold exploration project in Guinea with a Mineral Resource of 666,500 ounces).

Penjom is Malaysia's largest gold mine and was developed by Avocet in an area of historic alluvial mining. The mine is located in Pahang State, approximately 120 km north of the country's capital, Kuala Lumpur.

North Lanut in North Sulawesi, Indonesia, was developed by Avocet from the exploration stage and has produced over 270,000 ounces since it was commissioned in 2004. North Lanut is located within a Contract of Work, which includes exploration and mining rights over approximately 50,000 hectares in an area highly prospective for gold. Avocet holds an 80 per cent interest and an Indonesian company, PT Lebong Tandai, owns the remaining 20 per cent.

CHAIRMAN'S STATEMENT

In my first statement to you as Chairman, I am pleased to be able to report that Avocet has had a strong year, and is well placed strategically to deliver growth into 2011 and beyond.

The Company has a new flagship operation at Inata, in Burkina Faso, which, during 2010, completed its commissioning and ramp up to full production smoothly and ahead of schedule.

In October 2010, the board met onsite at Inata. I was impressed with the successes that have been achieved in ramping up production over the course of the year. In speaking to the teams on the ground, I heard how they had energetically and methodically overcome the challenges of commissioning a mine in a remote location. I took away a sense of the enthusiasm felt by our employees in respect of Avocet's operations, as well as for the region as a whole. This inspires optimism for the future.

Inata represents the foundation on which the Company aims to build a significant operation in West Africa. A series of projects are already underway to deliver growth in the region, including expanding production and mine life at Inata itself, as well as exploration programmes expected to deliver significant increases in resources in Burkina Faso and in Guinea.

On 24 December 2010, Avocet announced that it had entered into a conditional agreement to sell its South East Asian assets for US$200 million. We have made progress towards completion of the disposal and while there are still outstanding conditions to completion, our expectation remains that this should occur in the second quarter of this year. Proceeds from the disposal will be received once the remaining conditionality has been satisfied, and will largely be used to support Avocet's strategic focus of growth in West Africa.

In June, Avocet announced its successful listing on the Oslo Børs, a move which will facilitate trading in Avocet shares for our Scandinavian shareholders (who represent a significant proportion of our share capital), as well as providing access to an additional investor base.

Gold prices have been consistently strong throughout 2010, with record levels being achieved. The climate of economic uncertainty has affected western economies in particular, and has sustained demand for gold as a safe haven investment, and a protection against inflation. At the same time, jewellery demand in developing countries has been strong (particularly India), and the outlook for gold prices in 2011 remains positive.

On behalf of the board, I would like to express my thanks to all Avocet employees for making 2010 a successful year. I very much look forward to working with them as Avocet delivers on its strategy to become a successful mid-tier gold producer to the benefit of all its stakeholders.

Russell Edey

21 February 2011

CHIEF EXECUTIVE OFFICER'S STATEMENT

Avocet entered 2010 with mature producing assets and various stage exploration projects in South East Asia, and a newly constructed mine in Burkina Faso, West Africa. The year developed quickly into one of watershed change for the Company, as it concentrated on divesting out of South East Asia and laying the platform for building a bigger business in West Africa.

As we move into 2011, the Inata mine in Burkina Faso has become our flagship gold mine and is already exceeding its nameplate capacity in steady state production. In addition, a number of our exploration targets in and around the mine site, and in the Bélahouro district, have already yielded excellent returns, a good omen for our significant exploration programme which will dramatically improve our understanding of the region as a whole. In Guinea, positive early stage drilling programmes in Q4 2010 mean that an airborne geophysical survey is needed over the large land package known as Tri-K, in order to prioritise drill targets over a very large area. This coming year will also see a significant drilling programme conducted on this project in Guinea, so that a comparable assessment of next stage development can be made between Burkina Faso and Guinea in Q4 2011. Meanwhile, we have negotiated the conditional sale of our South East Asian assets, which, on completion, will deliver approximately US$200 million in cash, which in turn will be largely invested in our fast growth West African assets, particularly in accelerating the growth of not only reserves and resources, but also production of gold ounces.

WEST AFRICAN OPERATIONS

INATA – BURKINA FASO

Year ended 31 December	2006[(1)]	2007[(1)]	2008[(1)]	2009[(1)]	**2010**[(2)]
Production statistics					
Ore mined (tonnes)	-	-	-	-	**1,879,000**
Waste mined (tonnes)	-	-	-	-	**11,430,000**
Ore and waste mined (tonnes)	-	-	-	-	**13,309,000**
Ore processed (tonnes)	-	-	-	-	**1,759,000**
Average ore head grade (g/t Au)	-	-	-	-	**2.66**
Process recovery rate	-	-	-	-	**94%**
Gold produced (ounces)	-	-	-	-	**137,732**
Cash costs (US$/oz)					
- mining	-	-	-	-	**130**
- processing	-	-	-	-	**210**
- royalties and overheads	-	-	-	-	**191**
Total cash cost (US$/oz)	-	-	-	-	**531**

(1) Avocet acquired a 90% interest in the Inata mine in 2009. The Inata mine commenced production in 2010, therefore there are no comparative periods reported.

(2) Production statistics are for the year ended 31 December 2010; cash costs are reported for April to December 2010 as commercial production had not been reached in Q1 2010.

A considerable amount of work was required to get the Inata commissioning project on track following Avocet's acquisition of Wega Mining in 2009. Since then, milestones have been achieved consistently on or before schedule, and the progress of the mine over the course of 2010 has been a source of considerable pride for Avocet, as well as giving cause for confidence in the ability of our teams to deliver success to similar construction projects in the future.

First gold was poured on 20 December 2009. Throughout the first quarter of 2010, Inata was in the ramp up stage and had not reached commercial production. Accordingly, all revenue and costs for the quarter were capitalised and no cash cost is reported for the first quarter. Since 1 April 2010, when commercial production commenced, all revenue and operating costs at Inata have been recognised in the income statement and cash costs are reported from that date.

By May, production had reached 10,000 ounces per month, after various bottlenecks in the plant had been resolved. Production for the full year of 137,732 ounces at an average cash cost of US$531 per ounce was significantly better than expectations at the start of the year. This outcome reflects the determination and effort of the teams at site who undertook the work. The initial commissioning phase at Inata was formally concluded on 31 December 2010 after passing a set of physical and economic completion tests based on an evaluation by independent consultants on behalf of the project financiers, Macquarie Bank Limited.

The focus at Inata is now to build on this growth. In June 2010 Avocet announced that it was targeting to double Inata's Mineral Reserves by the end of Q3 2011. A 16 per cent increase in Inata's Mineral Resources to 1.8 million ounces was announced in September 2010 following a comprehensive exercise of relogging and remodelling historical drilling results as well as updated drilling data; and a 25 per cent increase in Mineral Reserves to 1.1 million ounces was subsequently announced. Work is now underway to sustain the expanded plant throughput from its nameplate capacity of 287 tonnes per hour to 340 tonnes per hour, by adding a second elution column to increase the stripping. This will deliver an increase in the plant's capacity from the second half of 2011, allowing average life of mine gold production to increase from 120,000 ounces to 165,000 ounces per annum despite a scheduled decline in grades over the mine life. Mining production also needs to be increased to meet the increased mill throughput capacity and to allow faster waste stripping of the Inata Central and Inata South pits in accordance with a revised mine plan associated with the larger reserve. A second mining fleet is now fully operational, and a third mining fleet, due to be commissioned in mid-2011, has been ordered to achieve this increase in mining capacity.

The outlook at Inata for 2011 is for production of 165,000 ounces. The addition of a third mining fleet to underpin life of mine (LoM) growth means that cash costs in 2011 are expected to increase from Q2 2011 to Q3 2011, and the year average is expected to be at the upper end of the LoM range of US$525-575 per ounce.

EXPLORATION – WEST AFRICA

Exploration in West Africa has focused on a number of prospective areas in Burkina Faso and Guinea, while work is also planned in Mali.

In Burkina Faso, an airborne geophysical survey was undertaken in June 2010 to assess potential targets in the Bélahouro District, an area of over 1,600 square kilometres in the north of the country that includes the Inata gold mine. The analysis of the results of this survey was completed in September 2010, and formed the basis of a prioritised drilling programme for the Bélahouro area.

In November 2010, following a 22,000 metre drilling programme earlier in the year, Avocet announced a maiden 561,100 ounce resource at the Souma Trend, located 20 kilometres east of the Inata gold mine, increasing the total resources at Bélahouro to 2.4 million ounces.

In addition, a 200,000 metre programme of drilling in and around the Inata mine commenced in October 2010, with the target of doubling reserves at Inata by the end of Q3 2011.

In Guinea, exploration in the year focused on developing drilling targets at Tri-K in the north east of the country. After the success of the airborne survey at Bélahouro, a similar survey will be undertaken in Q1 2011 to identify the most prospective drilling targets in the Tri-K block. The results of this survey will be used to further identify priority targets for an extensive drilling programme that commenced in late 2010 and will continue throughout 2011. Drilling will aim to expand the 0.7 million ounce resource at Koulékoun and develop a maiden resource at Balandougou by mid-2011.

SOUTH EAST ASIA OPERATIONS

Gold production at Penjom in Malaysia was lower than the previous year due to lower grade, and waste stripping requirements. Total gold production for the year was 51,084 ounces, at a cash cost of US$944 per ounce, reflecting higher mining costs as mining continued to operate in tight, restricted areas, as well as the requirement for an extensive waste stripping program in Q2 2010 and Q4 2010 in an effort to access the ore bodies in the Janik and Jalis pit areas. At North Lanut in Indonesia, gold production in the year of 47,580 ounces was slightly higher than the previous year due to higher grades processed and refined leach pad management techniques. Cash costs of US$674 per ounce increased from US$550 per ounce in the previous year, reflecting additional leach pad management costs and a full year of mining at two pits and at greater depth. Exploration in South East Asia focused on the Doup and Seruyung projects, with drilling at both properties in the second half of the year following preparation during the first half.

PENJOM - MALAYSIA

Years ended 31 December	2006	2007	2008	2009	**2010**
Production statistics					
Ore mined (tonnes)	413,000	547,000	618,000	972,000	**420,000**
Waste mined (tonnes)	17,767,000	15,759,000	17,045,000	17,243,000	**15,494,000**
Ore and waste mined (tonnes)	18,180,000	16,306,000	17,663,000	18,215,000	**15,914,000**
Ore processed (tonnes)	567,000	587,000	692,000	725,000	**746,000**
Average ore head grade (g/t Au)	6.07	4.95	3.83	3.24	**2.56**
Process recovery rate	92%	90%	87%	83%	**83%**
Gold produced (ounces)	101,977	84,463	74,332	62,654	**51,084**
Cash costs (US$/oz)					
- mining	203	213	317	416	**577**
- processing	73	96	142	181	**237**
- royalties and overheads	58	72	88	108	**130**
Total cash cost (US$/oz)	334	381	547	705	**944**

NORTH LANUT – INDONESIA

Years ended 31 December	2006	2007	2008	2009	**2010**
Production statistics					
Ore mined (tonnes)	1,122,000	2,144,000	1,313,000	1,430,000	**1,356,000**
Waste mined (tonnes)	1,814,000	1,397,000	1,181,000	2,290,000	**1,536,000**
Ore and waste mined (tonnes)	2,936,000	3,541,000	2,494,000	3,720,000	**2,892,000**
Ore leached (tonnes)	1,104,000	1,912,000	1,263,000	1,282,000	**1,301,000**
Average ore head grade (g/t Au)	1.80	2.46	2.10	1.69	**1.87**
Process recovery rate	76%	49%	52%	67%	**61%**
Gold produced (ounces)	48,398	73,336	44,041	46,894	**47,580**
Cash costs (US$/oz)					
- mining	162	144	242	289	**347**
- processing	63	64	162	137	**173**
- royalties and overheads	94	78	150	124	**154**
Total cash cost (US$/oz)	319	286	554	550	**674**

During 2010 we conducted a strategic review of our South East Asia assets with the aim of ensuring these assets deliver the maximum value for the Group, and concluded that this aim would best be achieved through a cash sale, allowing the Company to focus on growth in West Africa. After a structured process during the second half of the year we announced the conditional sale of our assets in South East Asia to J&Partners, L.P., for a cash consideration of US$200 million. At 10 February 2011, being the expiry date for notification of exercise by minority interests of their rights of first refusal over certain of the sale assets, these rights had either lapsed unexercised or been assigned to J&Partners; further issues remain to be addressed. J&Partners, L.P. is a mining fund established by Mr Jimmy Budiarto, a member of the Indonesian family that in November 2009 sold its interest in Indonesia's second largest mining contractor, PT Bukit Makmur Mandiri Utama (BUMA). With its experience of mining in Indonesia we are confident that J&Partners, L.P. will be able to develop the assets to their fullest potential, working with the high quality operational and exploration workforce that has enabled Penjom and North Lanut to produce over 1.5 million ounces over their mine lives to date and grow a resource base of 3.3 million ounces.

FINANCIAL RESULTS

During 2009, the Group changed its year end from 31 March to 31 December, with the result that the previous audited financial statements were for the nine months 31 December 2009.

Following the signing of the conditional agreement to sell the Group's assets in South East Asia, the operating results of these assets have been presented in the consolidated income statement as discontinued for the current and comparative periods, and as a disposal group in the current period statement of financial position, as required by International Financial Reporting Standards (IFRS). The assets and liabilities of the disposal group are presented separately in the consolidated statement of financial position in the current period. A detailed analysis of the results, assets, and cash flows of the disposal group is presented in the segmental information.

The Group reported a profit before tax from continuing and discontinued operations for the year ended 31 December 2010 of US$33.5 million, compared with a loss of US$10.6 million for the nine months ended 31 December 2009. Before exceptional items, profit before tax in the year was US$33.4 million, compared with US$7.9 million for the nine months ended 31 December 2009. Exceptional items in 2010 included US$2.4 million of costs relating to the Oslo Børs listing in June, as well as net profit of US$2.7 million generated through the divestment of non-core assets (including the Houndé licences in Burkina Faso, and the Company's investments in Merit Mining, Dynasty Gold Corporation, and Monument Mining).

During the year, the Company sold 234,949 ounces at an average realised gold price of US$1,174 per ounce, compared to 111,279 ounces at US$975 per ounce in the year ended 31 December 2009. 2010 gold sales included 51,199 ounces delivered into the Inata hedge book at a price of US$970 per ounce.

The average cash costs of the Group increased from US$639 per ounce for the year ended 31 December 2009 to US$660 per ounce for the year ended 31 December 2010. This increase was driven largely by an 18 per cent fall in production at Penjom, while additional mining costs were incurred at both South East Asian operations as a result of operating in more mature, deeper pits. The Group's EBITDA and profit before tax is stated after charging share based payments totalling US$8.6 million, largely awarded in accordance with the Company's share bonus plan. The awards arose as a result of the Company's share price appreciation, relative to the FTSE Gold Mines Index, over two periods: 1 April 2009 to 31 March 2010 and 1 April 2010 to December 2010. Owing to the Company's change in year end, awards for both of these periods fell into the income statement of 2010. The taxation charge of US$15.3 million in 2010 principally reflects deferred tax charges totalling US$10.9 million. At Inata, although no cash tax is currently payable, the adoption of a new mine plan in response to the reserve increase announced in September 2010, combined with higher gold prices, means that higher tax will be payable later in the mine life, resulting in an increase in deferred tax charge during Q4 of US$9.6 million.

Net cash generated by all operations in the year totalled US$63.0 million, compared to US$17.1 million in the nine months to December 2009, while divested non-core assets generated a total of US$9.9 million. This funded capex totalling US$49.1 million, capitalised exploration costs of US$12.7 million, and debt repayments of US$12.0 million.

Net debt at the start of the year of US$42.9 million (consisting of US$47.1 million in cash and US$90.0 million of debt), decreased over the period by US$14.4 million to US$28.5 million (US$49.5 million of cash and US$78.0 million of debt).

Debt repayments of US$12.0 million were made in the year, reducing the Macquarie Bank loan from US$65 million to US$53 million at 31 December 2010.

PEOPLE

Having been appointed to the role as Chief Executive Officer of Avocet during a period of major change, I have been extremely fortunate to enjoy the support of a dedicated, experienced, and highly motivated team, from the Executive Committee to the operational teams on site. I would like to personally thank all Avocet employees for their hard work during 2010.

Brett Richards
21 February 2011

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2010

	note	Year ended 31 December 2010			Nine months ended 31 December 2009		
		Continuing operations	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
		US$000	**US$000**	**US$000**	US$000	US$000	US$000
Revenue	3	**132,779**	**121,814**	**254,593**	-	82,945	82,945
Cost of sales	3	**(95,135)**	**(105,533)**	**(200,668)**	(17)	(70,785)	(70,802)
Gross profit		**37,644**	**16,281**	**53,925**	(17)	12,160	12,143
Administrative expenses		**(7,040)**	**-**	**(7,040)**	(2,859)	(93)	(2,952)
Share based payments		**(8,625)**	**-**	**(8,625)**	(1,337)	-	(1,337)
Exploration impairments	5	**-**	**-**	**-**	(3,363)	(7,123)	(10,486)
Deferred stripping impairment	5	**-**	**-**	**-**		(7,957)	(7,957)
Operating profit/(loss)		**21,979**	**16,281**	**38,260**	(7,576)	(3,013)	(10,589)
Profit on disposal of investments	5	**2,669**	**-**	**2,669**	-	-	-
Loss on disposal of property, plant and equipment	5	**-**	**(151)**	**(151)**	-	-	-
Finance items							
Exchange (losses)/gains		**(49)**	**-**	**(49)**	44	-	44
Finance income		**5**	**-**	**5**	393	-	393
Finance expense		**(4,766)**	**-**	**(4,766)**	(476)	-	(476)
Expenses of listing on Oslo Børs	5	**(2,363)**	**-**	**(2,363)**	-	-	-
Net finance items – discontinued operations		**-**	**(56)**	**(56)**	-	73	73
Profit/(loss) before tax		**17,475**	**16,074**	**33,549**	(7,615)	(2,940)	(10,555)
Analysed as:							
Profit/(loss) before taxation and exceptional items	4	**17,169**	**16,225**	**33,394**	(4,252)	12,140	7,888
Exceptional items	5	**306**	**(151)**	**155**	(3,363)	(15,080)	(18,443)
Profit/(loss) before taxation		**17,475**	**16,074**	**33,549**	(7,615)	(2,940)	(10,555)
Taxation		**(12,021)**	**(3,316)**	**(15,337)**	(609)	(1,479)	(2,088)
Profit/(loss) for the period		**5,454**	**12,758**	**18,212**	(8,224)	(4,419)	(12,643)
Attributable to:							
Equity shareholders of the parent company		**3,997**	**10,633**	**14,630**	(8,224)	(4,808)	(13,032)
Non-controlling interest		**1,457**	**2,125**	**3,582**	-	389	389
		5,454	**12,758**	**18,212**	(8,224)	(4,419)	(12,643)
Earnings per share:	6						
Basic earnings per share (cents per share)		**2.04**	**5.43**	**7.47**	(4.81)	(2.82)	(7.63)
Diluted earnings per share (cents per share)		**2.02**	**5.37**	**7.39**	(4.81)	(2.82)	(7.63)
EBITDA[1]		**54,597**	**31,675**	**86,272**	(4,185)	22,656	18,471

[1] EBITDA represents earnings before exceptional items, finance items, depreciation and amortisation. EBITDA is not defined by IFRS but is commonly used as an indication of underlying cash generation.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

		Year ended 31 December 2010			Nine months ended 31 December 2009		
	note	**Continuing operations**	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
		US$000	**US$000**	**US$000**	US$000	US$000	US$000
Profit/(loss) for the financial period		**5,454**	**12,758**	**18,212**	(8,224)	(4,419)	(12,643)
Exchange differences on translation		**-**	**-**	**-**	-	19	19
Disposal of other financial assets	5	**2,240**	**-**	**2,240**	-	-	-
Revaluation of other financial assets	5	**12,629**	**-**	**12,629**	1,321	-	1,321
Total comprehensive income/(expense) for the period		**20,323**	**12,758**	**33,081**	(6,903)	(4,400)	(11,303)
Attributable to:							
Equity holders of the parent		**18,866**	**10,633**	**29,499**	(6,479)	(5,213)	(11,692)
Non-controlling interest		**1,457**	**2,125**	**3,582**	(424)	813	389
		20,323	**12,758**	**33,081**	(6,903)	(4,400)	(11,303)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	Note	**31 December 2010**	31 December 2009
		US$000	US$000
Non-current assets			
Goodwill	2	**-**	10,331
Intangible assets	7	**11,091**	18,059
Property, plant and equipment	8	**239,979**	299,793
Other financial assets	9	**20,293**	9,428
Deferred tax assets	10	**1,459**	5,866
		272,822	343,477
Current assets			
Inventories	11	**20,379**	31,266
Trade and other receivables	12	**16,157**	14,899
Cash and cash equivalents		**49,523**	47,056
		86,059	93,221
Assets of disposal group classified as held for sale	2,3	**125,550**	-
Current liabilities			
Trade and other payables		**28,430**	45,186
Current tax liabilities		**-**	2,507
Other financial liabilities	14	**24,000**	-
		52,430	47,693
Liabilities included in disposal group held for sale	2,3	**45,432**	-
Non-current liabilities			
Other financial liabilities	14	**54,000**	90,000
Deferred tax liabilities	10	**9,593**	4,625
Other liabilities	13	**3,737**	17,004
		67,330	111,629
Net assets		**319,239**	277,376
Equity			
Issued share capital		**16,086**	15,904
Share premium		**144,571**	142,778
Other reserves		**30,632**	11,321
Retained earnings		**118,606**	101,611
Total equity attributable to the parent		**309,895**	271,614
Non-controlling interest		**9,344**	5,762
Total equity		**319,239**	277,376

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

	Share capital	Share premium	Other reserves	Retained earnings	Total attributable to the parent	Non-controlling interest	Total equity
	US$000	US$000	US$000	US$000	US$000	US$000	US$000
At 1 April 2009	**9,904**	**53,400**	**9,556**	**113,541**	**186,401**	**5,373**	**191,774**
(Loss)/profit for the period	-	-	-	(13,032)	(13,032)	389	(12,643)
Exchange differences on translation of foreign operations	-	-	19	-	19	-	19
Revaluation of other financial assets	-	-	1,321	-	1,321	-	1,321
Total comprehensive income for the period	**-**	**-**	1,340	(13,032)	(11,692)	389	(11,303)
Share based payments	-	-	-	1,337	1,337	-	1,337
Issue of shares	6,000	89,378	-	-	95,378	-	95,378
Gains on issue from treasury shares	-	-	-	(235)	(235)	-	(235)
Movements on investments in treasury and own shares	-	-	425	-	425	-	425
At 31 December 2009	**15,904**	**142,778**	**11,321**	**101,611**	**271,614**	**5,762**	**277,376**
Profit for the year	-	-	-	14,630	14,630	3,582	18,212
Disposal of other financial assets	-	-	2,240	-	2,240	-	2,240
Revaluation of other financial assets	-	-	12,629	-	12,629	-	12,629
Total comprehensive income for the year	**-**	**-**	**14,869**	**14,630**	**29,499**	**3,582**	**33,081**
Share based payments	-	-	-	4,356	4,356	-	4,356
Issue of shares	182	1,793	-	-	1,975	-	1,975
Movement on investments in treasury and own shares	-	-	2,873	-	2,873	-	2,873
Loss on issue from treasury and own shares	-	-	-	(422)	(422)	-	(422)
Transfer between reserves	-	-	1,569	(1,569)	-	-	-
At 31 December 2010	**16,086**	**144,571**	**30,632**	**118,606**	**309,895**	**9,344**	**319,239**

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2010		**Year ended 31 December 2010**			Nine months ended 31 December 2009		
	note	**Continuing operations**	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
Profit/(loss) for the period		**US$000**	**US$000**	**US$000**	US$000	US$000	US$000
Cash flows from operating activities							
Profit/(loss) for the period		**5,454**	**12,758**	**18,212**	(8,224)	(4,419)	(12,643)
Adjusted for:							
Depreciation of non-current assets	8	**32,618**	**15,394**	**48,012**	28	10,589	10,617
Exceptional non-cash items	15	**-**	**-**	**-**	3,363	15,080	18,443
Deferred stripping adjustment		**-**	**-**	**-**	-	6,032	6,032
Share based payments		**8,625**	**-**	**8,625**	1,337	-	1,337
Provisions		**-**	**972**	**972**	-	2,874	2,874
Taxation in the income statement		**12,021**	**3,316**	**15,337**	609	1,479	2,088
Non-operating items in the income statement	15	**4,568**	**102**	**4,670**	39	(73)	(34)
		63,286	**32,542**	**95,828**	(2,848)	31,562	28,714
Movements in working capital							
(Increase)/decrease in inventory		**(11,495)**	**840**	**(10,655)**	(8,884)	(4,115)	(12,999)
Increase in trade and other receivables		**(14,007)**	**(699)**	**(14,706)**	(1,000)	(1,460)	(2,460)
(Decrease)/increase in trade and other payables		**(2,248)**	**(885)**	**(3,133)**	4,049	(165)	3,884
Net cash generated by operations		**35,536**	**31,798**	**67,334**	(8,683)	25,822	17,139
Interest received		**5**	**100**	**105**	393	32	425
Interest paid		**(5,170)**	**(8)**	**(5,178)**	(476)	(34)	(510)
Income tax received		**-**	**772**	**772**	-	-	-
Net cash generated by operating activities		**30,371**	**32,662**	**63,033**	(8,766)	25,820	17,054
Cash flows from investing activities							
Payments for property, plant and equipment	8	**(43,978)**	**(5,139)**	**(49,117)**	(42,788)	(4,059)	(46,847)
Inata pre-commercial revenues capitalised	8	**21,495**	**-**	**21,495**	-	-	-
Inata pre-commercial costs capitalised	8	**(14,296)**	**-**	**(14,296)**	-	-	-
Deferred consideration paid		**-**	**(2,167)**	**(2,167)**	(927)	-	(927)
Exploration and evaluation expenses	7	**(10,170)**	**(2,564)**	**(12,734)**	(2,881)	(6,032)	(8,913)
Net cash movement on purchase of subsidiary		**-**	**-**	**-**	(21,143)	-	(21,143)
Net cash movement on disposal of subsidiary and investments	5	**9,920**	**-**	**9,920**	1,095	-	1,095
Rehabilitation costs		**-**	**(1,518)**	**(1,518)**	-	-	-
Net cash used in investing activities		**(37,029)**	**(11,388)**	**(48,417)**	(66,644)	(10,091)	(76,735)
Cash flows from financing activities							
Expenses of listing on Oslo Børs	5	**(2,363)**	**-**	**(2,363)**	-	-	-
Proceeds from issue of equity shares		**2,265**	**-**	**2,265**	-	-	-
Loans (repaid)/received		**(12,000)**	**-**	**(12,000)**	34,200	-	34,200
Net cash flows from financing activities		**(12,098)**	**-**	**(12,098)**	34,200	-	34,200
Net cash movement		**(18,756)**	**21,274**	**2,518**	(41,210)	15,729	(25,481)
Intercompany transfers		**21,134**	**(21,134)**	**-**	14,796	(14,796)	-
Exchange (losses)/gains		**(49)**	**(2)**	**(51)**	44	75	119
Reclassification of cash not held for sale		**17,731**	**(17,731)**	**-**	-	-	-
Total increase/(decrease) in cash and cash equivalents		**20,060**	**(17,593)**	**2,467**	(26,370)	1,008	(25,362)
Cash and cash equivalents at start of the period		**29,463**	**17,593**	**47,056**	55,833	16,585	72,418
Cash and cash equivalents at end of period		**49,523**	-	**49,523**	29,463	17,593	47,056

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

1. BASIS OF PREPARATION

The Group financial statements consolidate those of the Company and of its subsidiary undertakings; the consolidated financial statements have been prepared in accordance with IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the European Union at 31 December 2010.

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The consolidated statement of financial position at 31 December 2010 and the consolidated income statement, consolidated cash flow statement and other primary statements and associated notes (excluding note 16) for the year then ended have been extracted from the Group's statutory financial statements for the year ended 31 December 2010 (which have not yet been filed with Companies House) upon which the auditor's opinion is unqualified, and does not include any statement under Section 498 (2) or (3) of the Companies Act 2006.

2. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

On 24 December 2010, the Company announced that it had signed a binding agreement for the conditional sale of its South East Asian assets for cash consideration of US$200 million. The South East Asian assets include the Penjom mine in Malaysia; the North Lanut mine and Bakan project in North Sulawesi, Indonesia; and a number of exploration properties in Indonesia. Completion is conditional on government agency approvals and other conditions precedent. The transaction was also subject to certain rights of first refusal ("ROFR") held by minority interest parties. At 10 February 2011, being the expiry date for notification of exercise by minority interests of their rights of first refusal over certain of the sale assets, these rights had either lapsed unexercised or been assigned to J&Partners; further issues remain to be addressed.

The signing of the agreement to sell the Group's South East Asian assets concluded a strategic review of these assets that had been undertaken during 2010. The outcome of this process was a conclusion that the sale of these assets was the best way of delivering value to shareholders from the South East Asian business. Therefore, in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, all of the assets and liabilities of the Indonesian and Malaysian operations, apart from cash, have been treated as a disposal group and are disclosed separately on the balance sheet. Prior to the reclassification, management reviewed the carrying values and recognition of assets and liabilities respectively, and no adjustments have been required to measure assets and liabilities at the lower of carrying value or fair value less costs to sell.

The disposal will be on a debt-free cash-free basis, and therefore the cash held in the Indonesian and Malaysian entities at 31 December 2010 has been treated as Group cash and cash equivalents and does not form part of held for sale assets.

The results of the Malaysian and Indonesian operations have been treated as discontinued operations and presented separately in the income statement for both the current and comparative period.

The disposal group comprises all operations that are classified as the Malaysian and Indonesian segments for the purposes of segmental reporting under IFRS 8. The internal reporting of the results of these operations to management remains unchanged. Therefore, the results of these segments remain included in the segmental analysis presented in Note 3 and provide an analysis of the net profit from discontinued operations as presented in the consolidated income statement, and the composition of disposal group assets and liabilities. The segmental cash flow statement in Note 3 provides an analysis of operating cash flows attributable to discontinued operations, and cash spent on investing activities.

The goodwill and deferred consideration recognised in the consolidated statement of financial position at 31 December 2009 relates to Avocet's 80 per cent interest in the Indonesian company PT Avocet Bolaang Mongondow. The goodwill and deferred consideration relate to the disposal group held for sale, therefore the respective carrying values at the period end have been included in the assets and liabilities of the disposal group held for sale. Prior to the transfer to the disposal group, the recoverability of the goodwill was assessed by reference to the recoverable amount of PT Avocet Bolaang Mongondow and no impairment was required.

3. Segmental Reporting

For the year ended 31 December 2010		Continuing operations			Discontinued operations			
		UK	West Africa	Total	Malaysia	Indonesia	Total	TOTAL
		US$000	US$000	US$000	US$000	US$000	US$000	US$000
INCOME STATEMENT								
Revenue		**-**	**132,779**	**132,779**	**63,387**	**58,427**	**121,814**	**254,593**
Cost of Sales		**503**	**(95,638)**	**(95,135)**	**(59,706)**	**(45,827)**	**(105,533)**	**(200,668)**
Cash production costs:		-						
- mining		-	(15,321)	(15,321)	(29,454)	(16,501)	(45,955)	(61,276)
- processing		-	(24,719)	(24,719)	(12,097)	(8,242)	(20,339)	(45,058)
- overheads		-	(15,274)	(15,274)	(2,222)	(6,988)	(9,210)	(24,484)
- royalties		-	(7,304)	(7,304)	(4,443)	(334)	(4,777)	(12,081)
			(62,618)	(62,618)	(48,216)	(32,065)	(80,281)	(142,899)
Changes in inventory		-	3,977	3,977	(2,785)	823	(1,962)	2,015
Other cost of sales	(a)	627	(4,503)	(3,876)	(2,899)	(4,997)	(7,896)	(11,772)
Depreciation and amortisation	(b)	(124)	(32,494)	(32,618)	(5,806)	(9,588)	(15,394)	(48,012)
Gross profit/(loss)		**503**	**37,141**	**37,644**	**3,681**	**12,600**	**16,281**	**53,925**
Administrative expenses and share based payments		(15,665)	-	(15,665)	-	-	-	(15,665)
Operating (loss)/profit		**(15,162)**	**37,141**	**21,979**	**3,681**	**12,600**	**16,281**	**38,260**
(Loss/)profit on disposal of investments and PPE		(2,395)	5,064	2,669	(136)	(15)	(151)	2,518
Net finance items		(3,759)	(3,414)	(7,173)	(133)	77	(56)	(7,229)
(Loss)/profit before taxation		**(21,316)**	**38,791**	**17,475**	**3,412**	**12,662**	**16,074**	**33,549**
Analysed as:								
(Loss)/profit before tax and exceptional items		(16,558)	33,727	17,169	3,548	12,677	16,225	33,394
Exceptional items		(4,758)	5,064	306	(136)	(15)	(151)	155
Taxation		(2,428)	(9,593)	(12,021)	(25)	(3,291)	(3,316)	(15,337)
(Loss)/profit for the period		**(23,744)**	**29,198**	**5,454**	**3,387**	**9,371**	**12,758**	**18,212**
Attributable to:								
Non-controlling interest		-	1,457	1,457	-	2,125	2,125	3,582
Equity shareholders of parent company		(23,744)	27,741	3,997	3,387	7,246	10,633	14,630
EBITDA	(c)	(15,038)	69,635	54,597	9,487	22,188	31,675	86,272

(a) Other cost of sales represents costs not directly related to production, including exploration expenditure not capitalised;
(b) Includes amounts in respect of the amortisation of closure provisions at Inata, Penjom and North Lanut;
(c) EBITDA represents earnings before exceptional items, finance items, tax, depreciation and amortisation.

3. Segmental Reporting (continued)

At 31 December 2010		Continuing operations: UK	Continuing operations: West Africa	Continuing operations: Total	Discontinued operations: Malaysia	Discontinued operations: Indonesia	Discontinued operations: Total	TOTAL
		US$000	US$000	US$000	US$000	US$000	US$000	US$000
STATEMENT OF FINANCIAL POSITION								
Non-current assets		2,280	270,542	272,822	43,076	51,537	94,613	367,435
Inventories		-	20,379	20,379	9,724	11,817	21,541	41,920
Trade and other receivables		733	15,424	16,157	2,029	7,367	9,396	25,553
Cash and cash equivalents		12,812	18,980	31,792	4,963	12,768	17,731	49,523
Reclassification of cash not held for sale	(f)	17,731	-	17,731	(4,963)	(12,768)	(17,731)	-
Total assets		**33,556**	**325,325**	**358,881**	**54,829**	**70,721**	**125,550**	**484,431**
Current liabilities		(3,888)	(48,542)	(52,430)	(8,960)	(9,681)	(18,641)	(71,071)
Non-current liabilities		(25,430)	(41,900)	(67,330)	(10,594)	(16,197)	(26,791)	(94,121)
Total liabilities		**(29,318)**	**(90,442)**	**(119,760)**	**(19,554)**	**(25,878)**	**(45,432)**	**(165,192)**
Net assets		**4,238**	**234,883**	**239,121**	**35,275**	**44,843**	**80,118**	**319,239**

For the year ended 31 December 2010		UK	West Africa	Total	Malaysia	Indonesia	Total	TOTAL
		US$000	US$000	US$000	US$000	US$000	US$000	US$000
CASH FLOW STATEMENT								
(Loss)/profit for the period		(23,744)	29,198	**5,454**	3,387	9,371	**12,758**	**18,212**
Adjustments for non-cash items	(d)	17,395	40,437	**57,832**	5,977	13,807	**19,784**	**77,616**
Movements in working capital		84	(27,834)	**(27,750)**	920	(1,664)	**(744)**	**(28,494)**
Net cash (used in)/generated by operations		**(6,265)**	**41,801**	**35,536**	**10,284**	**21,514**	**31,798**	**67,334**
Net interest received		(1,162)	(4,003)	**(5,165)**	22	70	**92**	**(5,073)**
Net tax (paid)/received		-	-	**-**	(52)	824	**772**	**772**
Purchase of property, plant and equipment		(65)	(36,714)	**(36,779)**	(2,979)	(2,160)	**(5,139)**	**(41,918)**
Deferred exploration expenditure		(299)	(9,871)	**(10,170)**	-	(2,564)	**(2,564)**	**(12,734)**
Other cash movements	(e)	3,157	15,750	**18,907**	(12,886)	(11,935)	**(24,821)**	**(5,914)**
Reclassification of cash not held for sale	(f)	17,731	-	**17,731**	(4,963)	(12,768)	**(17,731)**	**-**
Total increase/(decrease) in cash and cash equivalents		**13,097**	**6,963**	**20,060**	**(10,574)**	**(7,019)**	**(17,593)**	**2,467**

(d) Adjustments for non-cash items include depreciation and amortisation, share based payments, movement in provision, taxation in the income statement and non-operating items in the income statement;

(e) Other cash movements include deferred consideration paid, cash flows from financing activities, and exchange losses;

(f) The sale of South East Asian subsidiaries is for a debt-free cash-free consideration. Therefore, cash held in Malaysian and Indonesian subsidiaries at 31 December 2010 has been excluded from the held for sale assets, and reported as Group cash in the consolidated statement of financial position.

3. **SEGMENTAL REPORTING (CONTINUED)**

For the nine months ended 31 December 2009

		Continuing operations			Discontinued operations			
		UK	**West Africa**	**Total**	**Malaysia**	**Indonesia**	**Total**	**TOTAL**
		US$000	**US$000**	**US$000**	**US$000**	**US$000**	**US$000**	**US$000**
INCOME STATEMENT								
Revenue		**-**	**-**	**-**	**46,045**	**36,900**	**82,945**	**82,945**
Cost of Sales		**(17)**	**-**	**(17)**	**(43,555)**	**(27,230)**	**(70,785)**	**(70,802)**
Cash production costs:								
- mining		-	-	-	(19,500)	(10,579)	(30,079)	(30,079)
- processing		-	-	-	(8,544)	(5,146)	(13,690)	(13,690)
- overheads		-	-	-	(1,809)	(4,299)	(6,108)	(6,108)
- royalties		-	-	-	(3,227)	(250)	(3,477)	(3,477)
		-	-	-	(33,080)	(20,274)	(53,354)	(53,354)
Deferred stripping adjustment		-	-	-	(6,032)	-	(6,032)	(6,032)
Changes in inventory		-	-	-	2,643	1,615	4,258	4,258
Other cost of sales	(a)	11	-	11	(2,841)	(2,227)	(5,068)	(5,057)
Depreciation and amortisation	(b)	(28)	-	(28)	(4,245)	(6,344)	(10,589)	(10,617)
Gross (loss)/profit		**(17)**	**-**	**(17)**	**2,490**	**9,670**	**12,160**	**12,143**
Administrative expenses and share based payments		(4,196)	-	(4,196)	(40)	(53)	(93)	(4,289)
Deferred stripping impairment		-	-	-	(7,957)	-	(7,957)	(7,957)
Exploration impairment		(2,742)	(621)	(3,363)	-	(7,123)	(7,123)	(10,486)
Operating (loss)/profit		**(6,955)**	**(621)**	**(7,576)**	**(5,507)**	**2,494**	**(3,013)**	**(10,589)**
Net finance items		(39)	-	(39)	10	63	73	34
(Loss)/profit before taxation		**(6,994)**	**(621)**	**(7,615)**	**(5,497)**	**2,557**	**(2,940)**	**(10,555)**
Analysed as:								
(Loss)/profit before tax and exceptional items		(4,252)	-	(4,252)	2,460	9,680	12,140	7,888
Exceptional items		(2,742)	(621)	(3,363)	(7,957)	(7,123)	(15,080)	(18,443)
Taxation		(609)	-	(609)	1,200	(2,679)	(1,479)	(2,088)
Loss for the period		**(7,603)**	**(621)**	**(8,224)**	**(4,297)**	**(122)**	**(4,419)**	**(12,643)**
Attributable to:								
Non-controlling interest		-	-	-	-	389	389	389
Equity shareholders of parent company		(7,603)	(621)	(8,224)	(4,297)	(511)	(4,808)	(13,032)
EBITDA	(c)	**(4,185)**	**-**	**(4,185)**	**6,695**	**15,961**	**22,656**	**18,471**

(a) Other costs of sales represents costs not directly related to production, including exploration expenditure not capitalised;
(b) Includes amounts in respect of the amortisation of closure provisions at Penjom and North Lanut.
(c) EBITDA represents earnings before exceptional items, finance items, tax, depreciation and amortisation.

3. SEGMENTAL REPORTING (CONTINUED)

At 31 December 2009		Continuing operations			Discontinued operations			
		UK	West Africa	Total	Malaysia	Indonesia	Total	TOTAL
		US$000	US$000	US$000	US$000	US$000	US$000	US$000
STATEMENT OF FINANCIAL POSITION								
Non-current assets		15,873	237,221	253,094	38,762	51,621	90,383	343,477
Inventories		-	8,884	8,884	11,815	10,567	22,382	31,266
Trade and other receivables		1,086	1,866	2,952	2,415	9,532	11,947	14,899
Cash and cash equivalents		17,446	12,017	29,463	10,574	7,019	17,593	47,056
Total assets		**34,405**	**259,988**	**294,393**	**63,566**	**78,739**	**142,305**	**436,698**
Current liabilities		2,334	28,005	30,339	10,617	6,737	17,354	47,693
Non-current liabilities		28,230	66,768	94,998	5,112	11,519	16,631	111,629
Total liabilities		**30,564**	**94,773**	**125,337**	**15,729**	**18,256**	**33,985**	**159,322**
Net assets		**3,841**	**165,215**	**169,056**	**47,837**	**60,483**	**108,320**	**277,376**

For the nine months ended 31 December 2009		UK	West Africa	Total	Malaysia	Indonesia	Total	TOTAL
		US$000	US$000	US$000	US$000	US$000	US$000	US$000
CASH FLOW STATEMENT								
Loss for the period		(7,603)	(621)	(8,224)	(4,297)	(122)	(4,419)	(12,643)
Adjustments for non-cash items	(d)	4,755	621	5,376	19,445	16,536	35,981	41,357
Movements in working capital		(4,672)	(1,163)	(5,835)	(4,229)	(1,511)	(5,740)	(11,575)
Net cash (used in)/generated by operations		**(7,520)**	**(1,163)**	**(8,683)**	**10,919**	**14,903**	**25,822**	**17,139**
Net interest (paid)/received		(83)	-	(83)	(10)	8	(2)	(85)
Purchase of property, plant and equipment		(262)	(42,526)	(42,788)	(1,657)	(2,402)	(4,059)	(46,847)
Deferred exploration expenditure		(1,663)	(1,218)	(2,881)	(3,560)	(2,472)	(6,032)	(8,913)
Other cash movements	(e)	(28,859)	56,924	28,065	(6,172)	(8,549)	(14,721)	13,344
Total (decrease)/increase in cash		**(38,387)**	**12,017**	**(26,370)**	**(480)**	**1,488**	**1,008**	**(25,362)**

(d) Adjustments for non-cash items include depreciation and amortisation, exploration impairment, deferred stripping adjustments, deferred stripping impairment, share based payments, movement in provision, taxation in the income statement and non-operating items in the income statement;

(e) Other cash movements include cash flows from financing activities, deferred consideration payments, cash movements on purchase and disposal of subsidiaries, and exchange losses.

4. Profit before taxation and exceptional items

Profit before taxation and exceptional items is calculated as follows:

	31 December 2010 (12 months)	31 December 2009 (9 months)
	US$000	US$000
Operating profit/(loss)	**38,260**	(10,589)
Add back deferred stripping impairment	**-**	7,957
Add back exploration impairments	**-**	10,486
Exchange (losses)/gains – continuing operations	**(49)**	44
Exchange (losses)/gains – discontinued operations	**(154)**	75
Net finance expense– continuing operations	**(4,761)**	(83)
Net finance income/(expense) – discontinued operations	**98**	(2)
Profit before tax and exceptional items	**33,394**	7,888

5. Exceptional items

	31 December 2010 (12 months)	31 December 2009 (9 months)
	US$000	US$000
Profit on disposal of Merit Mining	**1,808**	-
Profit on redemption of debenture in Merit Mining	**3,138**	-
Loss on disposal of other financial assets	**(7,341)**	-
Disposal of non-core exploration licences	**5,064**	-
Profit on disposal of investments	**2,669**	-
Loss on disposal of property, plant and equipment	**(151)**	-
Expenses of listing on Oslo Børs	**(2,363)**	-
Exploration impairments	**-**	(10,486)
Deferred stripping impairment	**-**	(7,957)
Exceptional profit/(loss) before taxation	**155**	(18,443)
Taxation	**-**	2,228
Exceptional profit/(loss) after taxation	**155**	(16,215)
Minority interest	**-**	51
Attributable to equity shareholders of the parent	**155**	(16,164)

Disposal of Merit Mining Corporation and Profit on redemption of debenture

On 13 November 2009, Avocet announced that it had entered into a conditional agreement with Infinity Gold Mining Inc. (“Infinity”) to sell its entire interest in Merit Mining Corporation (“Merit”), a non-core subsidiary acquired as part of the Wega Mining takeover. Although the agreement represented a binding commitment by Infinity to acquire 100 per cent of Avocet’s interest, completion of the transaction was conditional on a number of future events and payments, which did not occur. At 31 December 2009, approximately US$1.0 million had been received, which was non-refundable in the event that the sale was not completed. Following the fair value review of all Wega Mining assets, the book value of these assets at acquisition had been adjusted to US$1.0 million, and the disposal therefore gave rise to no profit or loss.

During 2010, the agreement with Infinity lapsed due to completion conditions being unfulfilled. In November 2010, Avocet completed the disposal of its entire interest in Merit to a different party, realising an exceptional gain on disposal of US$1.8 million.

During 2010 Merit repaid a debenture to Wega Mining AS, a wholly owned subsidiary of Avocet. At the time of the acquisition of the Wega group it was not considered likely that Merit would have the resources to settle the debenture. Following the investment of approximately C$16 million in Merit by Hong Kong Huakan Investment Co Ltd, the repayment was possible, and the gain of US$3.1 million has therefore been classified as exceptional.

LOSS ON DISPOSAL OF OTHER FINANCIAL ASSETS

Avocet disposed of all of the shares it held in Dynasty Gold Corp in June 2010, and completed the disposal of all of the shares it held in Monument Mining in November 2010. These financial assets had been accounted for as available for sale investments in accordance with IAS39, and were recorded in the statement of financial position at fair value, with movements in fair value recognised in equity. On disposal of the shares, accumulated losses of US$7.3 million previously recognised in equity were transferred to the income statement and recognised in the loss on disposal.

DISPOSAL OF NON-CORE EXPLORATION LICENCES

On 5 October 2010 Avocet completed the disposal of Houndé Group of licences in exchange for 10,300,000 shares in Avion Gold Corporation ("Avion"). An exceptional gain on disposal of US$5.1 million was realised. The shares in Avion are accounted for as an available for sale asset and are measured at fair value, with gains or losses on re-measurement recognised in equity.

OSLO LISTING COSTS

On 16 June 2010 Avocet announced its successful listing on Oslo Børs. Costs of the listing, which were not directly attributable to new shares issued, are treated as exceptional costs in the period. These included US$1.8 million of Stamp Duty Reserve Tax costs following the transfer of existing Avocet shareholders from UK-based registration system to the Norwegian VPS share registration system.

EXPLORATION IMPAIRMENTS

Following evaluation of the exploration portfolio, the decision was taken in December 2009 to impair US$10.5 million of deferred exploration expenditure on projects that the Company did not believe would become mining projects. US$7.1 million of this impairment related to operations that are now presented as discontinued.

IMPAIRMENT OF CAPITALISED DEFERRED STRIPPING COST

In September 2009, an impairment of deferred stripping costs previously capitalised was made on the basis that the grades and recoveries of the ore that had been stripped in earlier years proved significantly lower than estimated at the time when the stripping costs were deferred. There are currently no deferred stripping costs recognised in the statement of financial position.

6. Earnings Per Share

Earnings per share are analysed in the table below, which also shows earnings per share after adjusting for exceptional items.

	31 December 2010 (12 months)	31 December 2009 (9 months)
	Shares	Shares
Weighted average number of shares in issue for the period		
- number of shares with voting rights	195,802,466	170,883,476
- effect of share options in issue	2,231,799	158,123
- total used in calculation of diluted earnings per share	198,034,265	171,041,599

	US$000	US$000
Earnings per share from continuing operations		
Profit/(loss) for the period from continuing operations	5,454	(8,224)
Adjustments:		
Less minority interest	(1,457)	-
Profit/(loss) for period attributable to equity shareholders of the parent	3,997	(8,224)
Earnings per share		
- basic (cents per share)	2.04	(4.81)
- diluted (cents per share)	2.02	(4.81)
Earnings per share from continuing operations before exceptional items		
Profit/(loss) for period attributable to equity shareholders of the parent	3,997	(8,224)
Adjustments:		
Less exceptional profit on disposal	(2,669)	-
Add back expenses of listing on Oslo Børs	2,363	-
Add back exploration impairment	-	3,363
Profit/(loss) for the period attributable to equity shareholders of the parent from continuing operations before exceptionals	3,691	(4,861)
Earnings per share		
- basic (cents per share)	1.89	(2.84)
- diluted (cents per share)	1.86	(2.84)

6. Earnings Per Share (continued)

	31 December 2010 (12 months)	31 December 2009 (9 months)
	US$000	US$000
Earnings per share from discontinued operations		
Profit/(loss) for the period from discontinued operations	12,758	(4,419)
Adjustments:		
Less minority interest	(2,125)	(389)
Profit/(loss) for period attributable to equity shareholders of the parent	10,633	(4,808)
Earnings per share		
- basic (cents per share)	5.43	(2.82)
- diluted (cents per share)	5.37	(2.82)
Earnings per share from discontinued operations before exceptional items		
Profit/(loss) for period attributable to equity shareholders of the parent	10,633	(4,808)
Adjustments:		
Add back loss on disposal of assets	151	-
Add back exploration impairment	-	7,123
Add back deferred stripping impairment	-	7,957
Less tax on deferred stripping impairment	-	(2,228)
Less minority interest on exploration impairment	-	(51)
Profit for the period attributable to equity shareholders of the parent from discontinued operations before exceptionals	10,784	7,993
Earnings per share		
- basic (cents per share)	5.51	4.68
- diluted (cents per share)	5.45	4.68

7. Intangible Assets

		31 December 2010 (12 months)	31 December 2009 (9 months)
			US$000
At 1 January/April		**18,059**	32,422
Additions		**12,734**	8,913
Assets acquired from Wega Mining (after fair value adjustments)		**-**	5,811
Transfers to tangible fixed assets		-	(15,168)
Disposals	5	**(2,600)**	(3,165)
Other transfers		**-**	(268)
Exploration impairments	5	**-**	(10,486)
Transferred to disposal group		**(17,102)**	-
At 31 December		**11,091**	18,059

During the year the Group disposed of the Houndé licences, which were acquired as part of the Wega group in 2009. The fair value of the licences, as attributed on acquisition, was US$2.6 million. For further information, refer to note 5.

At 31 December 2009, the Company completed a review of its exploration portfolio, with a view to focusing exploration activity onto its most prospective projects. As a result of this exercise, US$10.5 million of capitalised exploration costs, relating to projects that the Company did not intend to actively pursue, as well as generative costs, were impaired. The largest of these projects were those prospects acquired as part of the Banda licences in Indonesia.

All intangible assets relating to projects in Indonesia have been included in the assets of the disposal group held for sale.

Year end balances are analysed as follows:

	31 December 2010	31 December 2009
	US$000	US$000
Malaysia	**-**	-
Indonesia	**-**	14,812
West Africa	**11,091**	3,247
	11,091	18,059

8. PROPERTY, PLANT AND EQUIPMENT

Year ended 31 December 2010	Mining property and plant			Office equipment	
	Malaysia	**Indonesia**	**West Africa**	**UK**	**Total**
	US$000	US$000	US$000	US$000	US$000
Cost					
At 1 January 2010	100,006	56,289	233,974	505	390,774
Additions	2,979	2,160	43,913	65	49,117
Closure provisions	5,456	1,554	1,539	-	8,549
Inata pre-commercial revenues	-	-	(21,495)	-	(21,495)
Inata pre-commercial costs	-	-	14,296	-	14,296
Disposals	(874)	-	-	-	(874)
Transfer to disposal group held for sale	(107,567)	(60,003)	-	-	(167,570)
At 31 December 2010	**-**	**-**	**272,227**	**570**	**272,797**
Depreciation					
At 1 January 2010	60,720	30,061	-	200	90,981
Charge for the year	5,806	9,588	32,494	124	48,012
Disposals	(584)	-	-	-	(584)
Transfer to disposal group held for sale	(65,942)	(39,649)	-	-	(105,591)
At 31 December 2010	-	-	32,494	324	32,818
Net Book Value at 31 December 2010	**-**	**-**	**239,733**	**246**	**239,979**
Net Book Value at 31 December 2009	39,286	26,228	233,974	305	299,793

All costs and revenues at Inata between 1 January and 31 March 2010 related to the testing and development phase, prior to the commencement of commercial operations. Therefore, these costs and revenues have been capitalised as part of mining property, plant and equipment. From 1 April 2010, all revenues and operating expenses in respect of mining operations at Inata have been recognised in the income statement.

The transfer to disposal group assets held for sale represents the net book value of the assets which are subject to the conditional agreement for sale of all of Avocet's South East Asian assets (Note 2). The net book value of US$62.0 million is included in the balance of the disposal group held for sale.

The addition in respect of closure provisions reflects increases during the year in anticipated closure liabilities at the Group's operations. On the recognition or increase of a provision, an addition is made to property, plant and equipment of the same amount. The cost of this addition is charged against profits on a unit of production basis over the life of the mine. The total charge to the income statement for both continuing and discontinued operations for the period ended 31 December 2010 in respect of mine closure provisions was US$1.7 million (nine months ended 31 December 2009: US$1.7 million) which is included in the Group's depreciation charge.

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Nine months ended 31 December 2009	Mining property and plant: Malaysia	Mining property and plant: Indonesia	Mining property and plant: West Africa	Office equipment: UK	Total
	US$000	US$000	US$000	US$000	US$000
Cost					
At 1 April 2009	102,605	48,452	-	211	151,268
Deferred stripping adjustment	(6,032)	-	-	-	(6,032)
Deferred stripping impairment	(7,957)	-	-	-	(7,957)
Additions	1,657	2,402	42,526	262	46,847
Transfers from intangibles	9,733	5,435	-	-	15,168
Acquisitions	-	-	195,679	32	195,711
Closure provisions	-	-	1,768	-	1,768
Disposals	-	-	(5,999)	-	(5,999)
At 31 December 2009	**100,006**	**56,289**	**233,974**	**505**	**390,774**
Depreciation					
At 1 April 2009	56,475	23,717	-	172	80,364
Charge for the year	4,245	6,344	-	28	10,617
At 31 December 2009	**60,720**	**30,061**	**-**	**200**	**90,981**
Net Book Value at 31 December 2009	**39,286**	**26,228**	**233,974**	**305**	**299,793**
Net Book Value at 31 March 2009	46,130	24,735	-	39	70,904

9. OTHER FINANCIAL ASSETS

	31 December 2010 (12 months)	31 December 2009 (9 months)
	US$000	US$000
At 1 January/April	**9,428**	7,239
Additions	**7,664**	132
Disposals	**(9,428)**	(1)
Fair value adjustment	**12,629**	2,058
At 31 December	**20,293**	9,428

Other financial assets disposed of during the year represented the Company's interests of 19 per cent in Dynasty Gold Corporation (Dynasty) and 15 per cent in Monument Mining Limited, both companies listed on the TSX Venture Exchange in Canada. These investments were accounted for as other financial assets rather than equity accounted as associates, on the basis that the Company was not in a position to exercise significant influence over the activities of, and had no board representation in, either company.

On disposal, accumulated losses previously recognised in equity were recognised in the income statement as an exceptional loss (note 5).

Additions during the year represent 10,300,000 shares in Avion Gold Corporation, acquired as consideration for the disposal of the Houndé group of licences (note 5). This shareholding does not enable Avocet to exercise significant influence over the activities of Avion. Therefore, the shares are accounted for as an available for sale financial asset and are measured at fair value, with gains or losses on re-measurement recognised in equity.

10. DEFERRED TAX

At 31 December 2010 the Company had deferred tax assets of US$1.5 million, a decrease of US$4.4 million compared to 31 December 2009. This reduction reflects transfer of US$2.0 million of deferred tax assets to the assets held for sale in respect of Malaysian operations. US$2.4 million of the reduction relates to a reassessment of the extent to which deferred tax assets might be recoverable against future taxable profits in the UK, following the agreement to sell the Group's assets in South East Asia.

At 31 December 2010 the Company had deferred tax liabilities of US$9.6 million in relation to continuing operations. This liability was recognised in relation to temporary differences on Inata mine development costs and property, plant, and equipment following the extension of the life of mine plan.

Deferred tax liabilities of US$4.0 million in relation to temporary differences on property, plant and equipment at Penjom are included in liabilities of the disposal group held for sale.

11. INVENTORIES

Inventories of US$20.4 million at 31 December 2010 include US$11.6 million in respect of critical spares and consumables at Inata, US$3.3 million of gold in circuit, US$4.5m of ore in stockpiles and US$1.0 millions of finished goods.

12. TRADE AND OTHER RECEIVABLES

Trade and other receivables at 31 December 2010 include US$8.4 million of deposits and US$4.3 million of recoverable VAT in respect of Inata, prepayments of US$1.5 million, and other receivables of US$2.0 million.

13. OTHER LIABILITIES

Other non-current liabilities at 31 December 2010 include US$3.3 million of mine closure provisions at Inata and US$0.4 million of post retirement benefits following the closure of a US subsidiary no longer owned by the Group.

14. OTHER FINANCIAL LIABILITIES

Other financial liabilities include a project finance facility with Macquarie Bank Limited, which was acquired through the Company's takeover of Wega Mining in 2009. US$12 million of loan repayments were made during the year, and the balance outstanding at 31 December 2010 was US$53 million. A further US$24 million of loan repayments are due in 2011, and are presented within current liabilities.

Other financial liabilities also include a US$25 million corporate revolving facility with Standard Chartered Bank. The loan is repayable in full by 31 March 2012, and is included in non-current liabilities.

15. Notes to the cash flow statement

Non cash and non operating items in the income statement

In arriving at net cash flow from operating activities, the following exceptional non-cash items and non-operating items in the income statement have been adjusted for:

Exceptional non-cash items

	31 December 2010 (12 months)	31 December 2009 (9 months)
	US$000	US$000
Exploration impairments	-	10,486
Deferred stripping impairment	-	7,957
	-	18,443

Non-operating items in the income statement

	31 December 2010 (12 months)	31 December 2009 (9 months)
	US$000	US$000
Profit on disposal of investments	**(2,669)**	-
Loss on disposal of property, plant and equipment	**151**	-
Expenses of listing on Oslo Børs	**2,363**	-
Exchange losses/(gains) – continuing operations	**113**	(119)
Finance income – continuing operations	**(5)**	(425)
Finance expense – continuing operations	**4,766**	510
Net finance items – discontinued operations	**(49)**	-
Non-operating items in the income statement	**4,670**	(34)

16. Unaudited condensed quarterly consolidated income statement and proforma income statement for 2009

The following table presents an analysis of the 2010 results by quarter. This analysis has not been audited.

The Group changed its year end from 31 March to 31 December, with effect from 31 December 2009 in line with the regulatory December year end applicable to the Inata project in Burkina Faso and other subsidiaries in West Africa. As a result of this decision, the accounting period ended 31 December 2009 was nine months in duration. The following table shows, for comparison purposes, an indication of the Income Statement for the twelve month period ended 31 December 2009, with the results of continuing and discontinued operations presented separately. These figures have neither been audited nor reviewed by the Group auditors.

16. UNAUDITED CONDENSED QUARTERLY CONSOLIDATED INCOME STATEMENT FOR 2010 AND PROFORMA INCOME STATEMENT FOR 2009 (CONTINUED)

INCOME STATEMENT

For the year ended 31 December 2010

	Q1 2010 (Unaudited)	Q2 2010 (Unaudited)	Q3 2010 (Unaudited)	Q4 2010 (Unaudited)	2010 (Audited)	Pro forma 31 December 2009 (12 months) (Unaudited)
	US$000	**US$000**	**US$000**	**US$000**	**US$000**	US$000
Revenue						
Continuing operations	-	36,604	44,299	51,876	**132,779**	-
Discontinued operations	27,170	28,280	33,190	33,174	**121,814**	108,757
	27,170	**64,884**	**77,489**	**85,050**	**254,593**	108,757
Cost of sales						
Continuing operations	(938)	(24,201)	(34,535)	(35,461)	**(95,135)**	17
Discontinued operations	(22,995)	(25,049)	(26,058)	(31,431)	**(105,533)**	(92,925)
	(23,933)	(49,250)	(60,593)	(66,892)	**(200,668)**	(92,908)
Gross profit	**3,237**	**15,634**	**16,896**	**18,158**	**53,925**	15,849
Administrative expenses –continuing operations	(1,664)	(1,157)	(2,363)	(1,856)	**(7,040)**	(4,020)
Administrative expenses – discontinued operations	-	-	-	-	**-**	(93)
Share based payments – continuing operations	(1,576)	(1,572)	(312)	(5,165)	**(8,625)**	(1,553)
Exploration impairments – continuing operations	-	-	-	-	**-**	(3,003)
Exploration impairments – discontinued operations	-	-	-	-	**-**	(7,106)
Deferred stripping impairment	-	-	-	-	**-**	(7,957)
Operating (loss)/profit	(3)	12,905	14,221	11,137	**38,260**	(7,883)
Profit on disposal of investments – continuing operations	-	1,986	-	683	**2,669**	-
Loss on disposal of property, plant and equipment – discontinued operations	-	-	-	(151)	**(151)**	-
Finance items – continuing operations						
Exchange gains/(losses)	35	(152)	318	(250)	**(49)**	25
Finance income	-	-	-	5	**5**	600
Finance expense	-	(1,380)	(1,540)	(1,846)	**(4,766)**	(476)
Expenses of listing on Oslo Børs	-	(2,363)	-	-	**(2,363)**	-
Net finance items – discontinued operations	164	(96)	309	(433)	**(56)**	107
Profit/(loss) before tax	**196**	**10,900**	**13,308**	**9,145**	**33,549**	(7,627)
Analysed as:						
Profit before taxation and exceptional items	196	11,277	13,308	8,613	**33,394**	10,439
Exceptional items	-	(377)	-	532	**155**	(18,066)
Profit/(loss) before taxation	**196**	**10,900**	**13,308**	**9,145**	**33,549**	(7,627)
Taxation						
Continuing operations	1,187	(2,060)	-	(11,148)	**(12,021)**	1,539
Discontinued operations	(79)	(1,521)	(452)	(1,264)	**(3,316)**	(4,823)
	1,108	(3,581)	(452)	(12,412)	**(15,337)**	(3,284)
Profit/(loss) for the period						
(Loss)/profit from continuing operations	(2,956)	5,705	5,867	(3,162)	**5,454**	(6,412)
Profit/(loss) from discontinued operations	4,260	1,614	6,989	(105)	**12,758**	(4,499)
Profit/(loss) for the period	**1,304**	**7,319**	**12,856**	**(3,267)**	**18,212**	(10,911)