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News Release

For Immediate Release

Date: 5 May 2011

RESULTS FOR THE QUARTER ENDED 31 MARCH 2011

- Total gold production of 71,708 ounces in Q1 2011, compared with 70,857 ounces in Q4 2010;
- Inata production of 47,963 ounces at a cash cost of US$533 per ounce, compared with 46,208 ounces at US$511 per ounce in Q4 2010;
- Total cash cost of US$678 per ounce, compared with US$641 per ounce in Q4 2010;
- EBITDA of US$33.0 million in Q1 2011, up from US$29.7 million in the previous quarter Q4 2010;
- Inata resource increased to 2.12 million ounces; aim remains to double original Inata reserves to 1.8 million ounces by the end of Q3 2011;
- Positive drilling results from Kodiéran and Koulékoun in Guinea;
- SE Asia sale – US$110m, out of total consideration of US$200m, now received in escrow but outstanding conditions remain to be satisfied.

Period	**Quarter ended 31 March 2011 Unaudited**	Quarter ended 31 March 2010 Unaudited	Quarter ended 31 December 2010 Unaudited	**Year ended 31 December 2010 Audited**
Total gold production (ounces)	**71,708**	44,877[1]	70,857	**236,396[1]**
Average realised gold price (US$/oz)	**1,241**	1,107	1,229	**1,174**
Cash production costs (US$/oz)	**678**	735[1]	641	**660[1]**
EBITDA[2] from continuing operations (US$000)	**25,403**	(4,148)	22,425	**54,597**
EBITDA from continuing and discontinued operations (US$000)	**32,994**	4,115	29,738	**86,272**
Profit/(loss) before tax from continuing operations (US$000)	**12,570**	(4,143)	7,986	**17,475**
Profit before tax (US$000)	**20,321**	196	9,145	**33,549**

Brett Richards, Chief Executive Officer, commented:

"The results from our exploration activities in West Africa have been most encouraging, and are confirming the upside potential for our projects in both Burkina Faso and Guinea. The Inata mine continues to make process efficiency improvements. However, we expect cash costs to increase during the remainder of 2011 as a result of increased mining costs and lower head grades. Work is progressing well towards completion of our plant enhancements, and commissioning of these upgrades is targeted for Q3 2011, without disrupting operations. At the same time, we remain committed to completing the sale of our South East Asian assets as early as possible."

[1] Inata costs and revenues in the quarter ended 31 March 2010, prior to the commencement of commercial mining operations, were capitalised. 19,838 ounces of gold produced in this period were however included in total gold production.

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

Avocet Mining will host a conference call on **Thursday 05 May at 09:00am (London, UK time)** to update investors and analysts on its results. Participants may join the call by dialling one of the following three 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 20 3140 0693
Participant pass code: 175331#

A live audio webcast of the call will be available on:
http://mediaserve.buchanan.uk.com/2011/avocet050511/registration.asp

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For further information please contact:

Avocet Mining PLC	Buchanan Communications	Ambrian Partners Limited	J.P. Morgan Cazenove	Arctic Securities	SEB Enskilda
	Financial PR Consultants	NOMAD & Joint Broker	Lead Broker	Financial Adviser & Market Maker	Market Maker
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 Neil Passmore	Arne Wenger Petter Bakken	Fredrik Cappelen
+44 20 7766 7676	+44 20 7466 5000 +44 7872 604783	+44 20 7634 4700	+44 20 7588 2828	+47 2101 3100	+47 21008500
www.avocet.co.uk	www.buchanan.uk.com	www.ambrian.com	www.jpmorgancazenove.com	www.arcticsec.no	www.sebenskilda.no

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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 and in the Company's preliminary results statement for 2010, dated 22 February 2011.

Background to operations

The Inata deposit presently comprises a Mineral Resource of 2.12 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. The mine 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.

CHIEF EXECUTIVE OFFICER'S STATEMENT AND OPERATIONAL REVIEW

OVERVIEW OF STRATEGIC PRIORITIES AND CORPORATE ACTIVITIES

During the first quarter of 2011 Avocet has focused on advancing its growth plans through exploration to enlarge already established resources in Burkina Faso and in Guinea, delivering on our expansion plans at Inata, and proceeding towards completion of the sale of our South East Asian assets.

GOLD PRODUCTION AND CASH COSTS

	2011		2010							
	Gold produced (oz)	Cash cost (US$/oz)	Gold produced (oz)				Cash cost (US$/oz)			
	Q1	Q1	Q1	Q2	Q3	Q4	Q1[1]	Q2	Q3	Q4
Inata	*47,963*	*533*	*19,838*	*31,225*	*40,461*	*46,208*	*n/a*	*569*	***526***	***511***
Penjom	*11,597*	*1,194*	*13,669*	*10,461*	*15,020*	*11,934*	*818*	*1,119*	***841***	***1,064***
North Lanut	*12,148*	*759*	*11,370*	*11,184*	*12,311*	*12,715*	*635*	*678*	***657***	***722***
Total	***71,708***	***678***	***44,877***	***52,870***	***67,792***	***70,857***	***735***	***701***	***619***	***641***

(1) Excludes Inata results prior to start of commercial operations on 1 April 2010

Gold production for the quarter totalled 71,708 ounces, slightly above Q4 2010. Production at Inata benefitted from increased plant throughput and higher grades than expected in the coming quarters, while gold production in South East Asia was marginally below Q4 2010, as higher rainfall impacted operations and recoveries. The Group's average cash cost was US$678 per ounce, six per cent higher than Q4 2010, reflecting higher input costs (particularly fuel) as well as a weakening of the US dollar over the period.

The Group's average realised price was US$1,241 per ounce, compared with US$1,229 per ounce for Q4 2010. During the quarter Inata sold 24,608 ounces into its hedge at US$970 per ounce.

GROWTH PLANS

Our organic growth plans are making good progress. During the quarter, Avocet announced excellent drilling results from Kodiéran and Koulékoun in Guinea, as well as positive drill results at Inata which were followed by an announcement in April that the Inata Mine's resource has increased to 2.12 million ounces. We maintain our target of doubling reserves at Inata by the end of Q3 2011, and will continue to provide regular updates over the coming months on the progress of our exploration activities.

The mine-site enhancement work at the Inata plant is proceeding well, and is expected to be completed during Q3 2011. Inata's third mining fleet is also due to be commissioned during the third quarter.

SALE OF SOUTH EAST ASIAN ASSETS

The sale of our South East Asian assets to an Indonesian buyer, J&Partners, was announced on 24 December 2010. Since then efforts have focused on satisfying the conditions precedent for completion of the deal. During the quarter, the US$100 million second tranche of consideration was received in escrow, the final instalment of US$90 million, subject to working capital adjustment, remaining to be paid on completion. On 4 April 2011, Avocet announced that it had been informed a law suit in relation to the transaction had been filed in the Indonesian courts against the Company by PT Lebong Tandai, its partner in some of its assets in Indonesia. The Company has not been served with a law suit but comments attributed to PT Lebong Tandai in the Indonesian press indicate that the basis for a law suit would be that Avocet acted unlawfully by entering into the transaction while still in negotiations with PT Lebong Tandai. Avocet is confident that all actions it has taken in respect of the transaction have been in accordance with prevailing rules and regulations and there are no grounds for any such legal action. Should a law suit be served on Avocet, the Company believes it would be baseless and will defend itself vigorously. The possibility of a law suit represents a challenge to the transaction and the timing of its completion, however, Avocet and J&Partners remain committed to concluding the transaction and discussions continue to seek to minimise the risk posed by the actions of PT Lebong Tandai.

WEST AFRICA REGION

INATA – BURKINA FASO

	2010				**2011**
	Q1	Q2	Q3	Q4	**Q1**
Production statistics[1]					
Ore mined (tonnes)	342,000	418,000	481,000	638,000	**618,000**
Waste mined (tonnes)	2,005,000	2,437,000	2,619,000	4,369,000	**4,673,000**
Ore and waste mined (tonnes)	2,347,000	2,855,000	3,100,000	5,007,000	**5,291,000**
Ore processed (tonnes)	228,000	389,000	549,000	593,000	**645,000**
Average ore head grade (g/t Au)	2.80	2.87	2.43	2.68	**2.37**
Process recovery rate	94%	95%	94%	94%	**94%**
Gold produced (ounces)	19,838	31,225	40,461	46,208	**47,963**
Cash costs (US$/oz)[1]					
- mining	-	147	114	132	**136**
- processing	-	211	211	209	**205**
- royalties and overheads	-	211	201	170	**192**
Total cash cost	-	569	526	511	**533**

(1) Production statistics include figures for Q1 2010; however cash costs are excluded for Q1 2010, as Inata did not reach commercial production until 1 April 2010.

Gold production in the first quarter of 2011 totalled 47,963 ounces, an increase of four per cent compared with the final quarter of 2010. Production benefitted from an increase in plant throughput, partly reflecting higher than expected plant availability. Although still above the life of mine average, ore grades decreased in the quarter, as expected, and during the rest of the year will continue to fall more in line with the life of mine average. The effect of the reduction in grades will be partially offset in the second half of the year by further increases in plant throughput once the plant enhancements are completed, but gold production in the remaining quarters of 2011 is expected to be lower than in Q1.

Mining continued in the Inata North pit, which contributed the majority of ore tonnes in the quarter, and in the Inata Central pit, where mining started in June 2010. A total of 5.3 million tonnes was mined, which is six per cent higher than Q4 2010. Ore tonnages were in line with expectations, although three per cent down compared to Q4 2010. As mining advances deeper in the pits and harder host rock is encountered, more drilling and blasting has been required.

Mill throughput of 645,000 tonnes represented an average of 318 tonnes per hour, reflecting the plant’s ability to operate above its nameplate capacity of 287 tonnes per hour for the second consecutive quarter. Enhancement work at the plant focused on debottlenecking the carbon-in-leach circuit and expanding the elution circuit, in order to provide greater flexibility to process ore at higher throughputs. The third mining fleet, due to be commissioned in Q3 2011, will increase mining capacity to allow ore mining to match the plant’s target of 340 tonnes per hour, as well as facilitate increased waste stripping associated with the mine’s larger ore reserve, which was announced in September 2010.

Cash costs in the quarter totalled US$533 per ounce, reflecting a higher royalty rate and increased costs of explosives and cyanide compared with Q4 2010. Cash costs for the remainder of 2011 are expected to increase due to higher fuel costs that are affecting the industry as a whole, as well as higher usage of explosives and reagents. In addition, the waste stripping ratio will increase to approximately 13:1 in the high strip period of H2 2011, 2012 and 2013, before normalising towards the life of mine strip ratio of 9:1 in future years. The commissioning and operation of the third mining fleet will add approximately US$65 per ounce to overall mining cash costs for the remainder of the high strip ratio period. As guidance on gold production remains unchanged at

165,000 oz. p.a., the guidance on cash costs is raised to US$600 - US$650 per ounce for the remainder of the high strip period, reducing thereafter.

The recent unrest which has been reported from Burkina Faso has not adversely affected any of the Company's operations in the country.

WEST AFRICAN EXPLORATION

Exploration in West Africa focused on two areas: in and around the Inata mine in Burkina Faso; and in the five permits that make up the Tri-K block, as well as the Balandougou permit, in Guinea.

Following positive drill results in the quarter, the Company was able to announce in April an increase in the resource at Inata to 2.12 million ounces as of December 2010. The resource upgrade was the result of infill and step-out drilling in and around the Sayouba and Minfo pits, and along strike to the north of the current Inata North pit. Further drilling continues. Including the 0.56 million ounces of resource at the Souma trend, located 20 kilometres to the east-northeast of the main pit, the total resource within the Bélahouro licence now stands at 2.68 million ounces. The Company believes it is on track for its target of doubling Inata's original 2009 reserves to 1.8 million ounces by the end of Q3 2011.

Exploration in Guinea focussed on the Company's two main licences - Koulékoun and Kodiéran - in the Tri-K block. The Tri-K permits, which are 100 per cent owned by the Company, have been the subject of an airborne geophysical survey similar to that flown at Bélahouro in 2010. The results of the survey are currently being analysed, and will be used to define drill targets at Tri-K

Initial drilling results at Kodiéran, which lies within the southern section of the Tri-K project, were released in February 2011, and included a number of highly promising intersections.

Results of drilling at Koulékoun were released in March 2011, and these indicated that the ore body is broad and tabular, and extends to greater depth than had been originally thought. In addition, drill intersections point to a new zone of mineralisation along a northeast structure in the hanging wall to the main zone. An upgrade to the current resource at Koulékoun, which currently stands at 666,500 ounces, is expected to be announced in Q2 2011.

Elsewhere in Guinea, scout drilling and mapping work continued at Balandougou, located approximately 45 kilometres to the north-east of Koulékoun. Results from this initial activity will be published later in Q2 2011.

SOUTH EAST ASIA REGION

PENJOM - MALAYSIA

	2010				2011
	Q1	Q2	Q3	Q4	**Q1**
Production statistics					
Ore mined (tonnes)	105,000	51,000	127,000	137,000	**80,000**
Waste mined (tonnes)	3,736,000	4,115,000	3,871,000	3,772,000	**3,286,000**
Ore and waste mined (tonnes)	3,840,000	4,166,000	3,998,000	3,909,000	**3,366,000**
Ore processed (tonnes)	186,000	187,000	193,000	180,000	**187,000**
Average ore head grade (g/t Au)	2.80	2.21	2.86	2.36	**2.29**
Process recovery rate	83%	79%	85%	87%	**84%**
Gold produced (ounces)	13,669	10,461	15,020	11,934	**11,597**
Cash costs (US$/oz)					
- mining	482	682	517	667	**742**
- processing	218	293	201	255	**310**
- royalties and overheads	118	144	123	142	**142**
Total cash cost	818	1,119	841	1,064	**1,194**

Gold production at the Penjom Mine was 11,597 ounces in the first quarter, slightly down compared with the previous quarter. Mining operations remain challenging, while factors such as heavy rainfall, lower fleet availability, and narrow working areas, have contributed to the decrease in tonnes mined. Ore treatment at Penjom continues to be positive, with recoveries of 84 per cent remaining high in spite of lower head grades.

Cash costs in the quarter increased to US$1,194 per ounce, reflecting the lower gold production, but also the impact of higher fuel prices and a weakening of the US dollar against the Malaysian ringgit.

NORTH LANUT – INDONESIA

	2010				2011
	Q1	Q2	Q3	Q4	**Q1**
Production statistics					
Ore mined (tonnes)	415,000	295,000	305,000	341,000	**298,000**
Waste mined (tonnes)	392,000	428,000	380,000	335,000	**291,000**
Ore and waste mined (tonnes)	807,000	723,000	685,000	676,000	**589,000**
Ore treated (tonnes)	265,000	267,000	368,000	400,000	**366,000**
Average ore head grade (g/t Au)	1.93	1.70	1.92	1.88	**2.06**
Process recovery rate	69%	77%	54%	53%	**50%**
Gold produced (ounces)	11,370	11,184	12,311	12,715	**12,148**
Cash costs (US$/oz)					
- mining	330	343	329	383	**412**
- processing	155	172	177	186	**201**
- royalties and overheads	150	163	151	153	**146**
Total cash cost	635	678	657	722	**759**

The North Lanut Mine produced 12,148 ounces of gold in the first quarter of 2011, which is slightly less than in the final quarter of 2010. Heavy rainfall throughout the period impacted both mining operations, as pit floors became waterlogged, and treatment operations, as additional reagents were required to counteract the dilutive effects of rain on the leach solution.

Cash costs rose to US$759 per ounce in the quarter, which reflects the lower gold production levels, as well as higher fuel and reagent prices. During April, a strike among the North Lanut workforce resulted in the loss of approximately 3,000 ounces of production.

SOUTH EAST ASIAN EXPLORATION

South East Asian exploration activities focussed on Doup and Seruyung, which form part of the South East Asian disposal group. A total of US$1.5 million was spent on drilling and other works during the first quarter.

FINANCIAL RESULTS

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 the assets and liabilities presented separately as a disposal group in the statement of financial position at 31 December 2010 and 31 March 2011, as required by International Financial Reporting Standards (IFRS). 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 quarter of US$20.3 million compared with US$0.2 million in the quarter ended 31 March 2010 and US$9.1 million in the fourth quarter of 2010. The increases arose principally from a full period of Inata operations, whereas the revenues and costs from Inata were capitalised in Q1 2010 whilst the plant was being commissioned prior to the commencement of commercial mining operations.

Net cash generated by operations during the quarter was US$30.2 million compared with a cash outflow of US$9.4 million in Q1 2010 and a cash flow of US$19.8 million in the fourth quarter of 2010. Operating cashflows contributed to capital expenditure at Inata of US$13.8 million, exploration investment of US$10.0 million in West Africa and US$1.5 million in South East Asia, and debt repayments of US$6 million.

BRETT A. RICHARDS

CONDENSED CONSOLIDATED INCOME STATEMENT
For the three months ended 31 March 2011

		Three months ended 31 March 2011 Unaudited			Three months ended 31 March 2010 Unaudited		
	Note	**Continuing operations**	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
		US$000	**US$000**	**US$000**	US$000	US$000	US$000
Revenue	3	**55,767**	**32,021**	**87,788**	-	27,170	27,170
Cost of sales	3	**(39,288)**	**(24,430)**	**(63,718)**	(938)	(22,995)	(23,933)
Gross profit/(loss)		**16,479**	**7,591**	**24,070**	(938)	4,175	3,237
Administrative expenses		**(1,934)**	**-**	**(1,934)**	(1,664)	-	(1,664)
Share based payments		**(361)**	**-**	**(361)**	(1,576)	-	(1,576)
Operating profit/(loss)		**14,184**	**7,591**	**21,775**	(4,178)	4,175	(3)
Finance items							
Exchange gains		**62**	**-**	**62**	35	-	35
Finance expense		**(1,676)**	**-**	**(1,676)**	-	-	-
Net finance items – discontinued operations		**-**	**160**	**160**	-	164	164
Profit/(loss) before tax		**12,570**	**7,751**	**20,321**	(4,143)	4,339	196
Taxation		**(2,621)**	**(1,330)**	**(3,951)**	1,187	(79)	1,108
Profit/(loss) for the period		**9,949**	**6,421**	**16,370**	(2,956)	4,260	1,304
Attributable to:							
Equity shareholders of the parent company		**8,861**	**5,227**	**14,088**	(2,956)	4,061	1,105
Non-controlling interest		**1,088**	**1,194**	**2,282**	-	199	199
		9,949	**6,421**	**16,370**	(2,956)	4,260	1,304
Earnings per share							
Basic earnings per share (cents per share)	4	**4.47**	**2.64**	**7.11**	(1.52)	2.09	0.57
Diluted earnings per share (cents per share)	4	**4.38**	**2.58**	**6.96**	(1.52)	2.08	0.57
EBITDA[(1)]		**25,403**	**7,591**	**32,994**	(4,148)	8,263	4,115

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three months ended 31 March 2011

	Three months ended 31 March 2011 Unaudited			Three months ended 31 March 2010 Unaudited		
	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 period	**9,949**	**6,421**	**16,370**	(2,956)	4,260	1,304
Exchange differences	**-**	**-**	**-**	(191)	-	(191)
Revaluation of other financial assets	**(3,107)**	**-**	**(3,107)**	(1,042)	-	(1,042)
Total comprehensive income/(expense) for the period	**6,842**	**6,421**	**13,263**	(4,189)	4,260	71
Attributable to:						
Equity holders of the parent company	5,754	5,227	10,981	(4,189)	4,061	(128)
Non-controlling interest	1,088	1,194	2,282	-	199	199
	6,842	**6,421**	**13,263**	(4,189)	4,260	71

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	Note	**31 March 2011 Unaudited**	31 December 2010 Audited	31 March 2010 Unaudited
		US$000	US$000	US$000
Non-current assets				
Goodwill	2	**-**	-	10,331
Intangible assets	5	**20,529**	11,091	19,698
Property, plant and equipment	6	**242,558**	239,979	295,650
Other financial assets		**17,186**	20,293	7,981
Deferred tax assets		**1,459**	1,459	6,920
		281,732	272,822	340,580
Current assets				
Inventories		**23,506**	20,379	34,831
Trade and other receivables		**18,826**	16,157	23,826
Cash and cash equivalents		**46,979**	49,523	35,471
		89,311	86,059	94,128
Assets of disposal group classified as held for sale	2,3	**129,768**	125,550	-
Current liabilities				
Trade and other payables		**38,629**	28,430	40,949
Current tax liabilities		**-**	-	2,287
Other financial liabilities	7	**49,000**	24,000	18,000
		87,629	52,430	61,236
Liabilities included in disposal group held for sale	2,3	**41,333**	45,432	-
Non-current liabilities				
Other financial liabilities	7	**23,000**	54,000	72,000
Deferred tax liabilities		**12,214**	9,593	5,213
Other liabilities		**3,737**	3,737	17,112
		38,951	67,330	94,325
Net assets		**332,898**	319,239	279,147
Equity				
Issued share capital		**16,247**	16,086	15,912
Share premium		**149,915**	144,571	142,889
Other reserves		**25,307**	30,632	12,184
Retained earnings		**129,803**	118,606	102,201
Total equity attributable to the parent		**321,272**	309,895	273,186
Non-controlling interest		**11,626**	9,344	5,961
Total equity		**332,898**	319,239	279,147

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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 31 December 2009 (Audited)	**15,904**	**142,778**	**11,321**	**101,611**	**271,614**	**5,762**	**277,376**
Profit for the period	-	-	-	1,105	1,105	199	1,304
Exchange differences on translation of foreign operations	-	-	(191)	-	(191)	-	(191)
Revaluation of other financial assets	-	-	(1,042)	-	(1,042)	-	(1,042)
Total comprehensive income for the period	**-**	**-**	**(1,233)**	**1,105**	**(128)**	**199**	**71**
Share based payments	-	-	-	140	140	-	140
Issue of shares	8	111	-	-	119	-	119
Loss on issue from treasury shares	-	-	-	(655)	(655)	-	(655)
Movements on investments in treasury and own shares	-	-	2,096	-	2,096	-	2,096
At 31 March 2010 (Unaudited)	**15,912**	**142,889**	**12,184**	**102,201**	**273,186**	**5,961**	**279,147**
At 31 December 2010 (Audited)	**16,086**	**144,571**	**30,632**	**118,606**	**309,895**	**9,344**	**319,239**
Profit for the period	-	-	-	14,088	14,088	2,282	16,370
Revaluation of other financial assets	-	-	(3,107)	-	(3,107)	-	(3,107)
Total comprehensive income for the period	**-**	**-**	**(3,107)**	**14,088**	**10,981**	**2,282**	**13,263**
Share based payments	-	-	-	309	309	-	309
Issue of shares – exercise of share options	35	-	-	-	35	-	35
Issue of shares – bonuses	75	3,177	-	(3,200)	52	-	52
Issue of shares into EBT	51	2,167	(2,218)	-	-	-	-
At 31 March 2011 (Unaudited)	**16,247**	**149,915**	**25,307**	**129,803**	**321,272**	**11,626**	**332,898**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	note	**Three months ended 31 March 2011 (Unaudited)** Continuing operations	Discontinued operations	Total	Three months ended 31 March 2010 (Unaudited) Continuing operations	Discontinued operations	Total
		US$000	**US$000**	**US$000**	US$000	US$000	US$000
Cash flows from operating activities							
Profit/(loss) for the period		**9,949**	**6,421**	**16,370**	(2,956)	4,260	1,304
Adjusted for:							
Depreciation of non-current assets	6	**11,219**	**-**	**11,219**	30	4,088	4,118
Share based payments		**361**	**-**	**361**	1,576	-	1,576
Provisions		**-**	**290**	**290**	-	1,017	1,017
Taxation in the income statement		**2,621**	**1,330**	**3,951**	(1,187)	79	(1,108)
Non-operating items in the income statement	8	**1,524**	**(172)**	**1,352**	(35)	(164)	(199)
		25,674	**7,869**	**33,543**	(2,572)	9,280	6,708
Movements in working capital							
Increase inventory		**(3,128)**	**(56)**	**(3,184)**	(2,623)	(940)	(3,563)
Increase in trade and other receivables		**(4,498)**	**(460)**	**(4,958)**	(8,046)	(176)	(8,222)
Increase/(decrease) in trade and other payables		**8,595**	**(943)**	**7,652**	703	(3,837)	(3,134)
Net cash generated by/(used in) operations		**26,643**	**6,410**	**33,053**	(12,538)	4,327	(8,211)
Interest received		**-**	**7**	**7**	-	70	70
Interest paid		**(703)**	**-**	**(703)**	(880)	(1)	(881)
Income tax paid		**-**	**(2,182)**	**(2,182)**	-	(410)	(410)
Net cash generated by/(used in) operating activities		**25,940**	**4,235**	**30,175**	(13,418)	3,986	(9,432)
Cash flows from investing activities							
Payments for property, plant and equipment	6	**(13,798)**	**(594)**	**(14,392)**	(6,171)	(1,019)	(7,190)
Inata pre-commercial revenues capitalised	3	**-**	**-**	**-**	21,495	-	21,495
Inata pre-commercial costs capitalised	3	**-**	**-**	**-**	(14,296)	-	(14,296)
Deferred consideration paid		**-**	**(674)**	**(674)**	(523)	-	(523)
Exploration and evaluation expenses	3,5	**(10,011)**	**(1,464)**	**(11,475)**	(504)	(1,135)	(1,639)
Rehabilitation costs		**-**	**(228)**	**(228)**	-	-	-
Net cash (used in)/generated by investing activities		**(23,809)**	**(2,960)**	**(26,769)**	1	(2,154)	(2,153)
Cash flows from financing activities							
Proceeds from issue of equity shares		**35**	**-**	**35**	-	-	-
Loans repaid	7	**(6,000)**	**-**	**(6,000)**	-	-	-
Net cash used in financing activities		**(5,965)**	**-**	**(5,965)**	-	-	-
Net cash movement		**(3,834)**	**1,275**	**(2,559)**	(13,417)	1,832	(11,585)
Intercompany transfers		**-**	**-**	**-**	10,597	(10,597)	-
Exchange gains/(losses)		**63**	**(48)**	**15**	-	-	-
Reclassification of cash not held for sale	2	**1,227**	**(1,227)**	**-**	-	-	-
Total decrease in cash and cash equivalents		**(2,544)**	**-**	**(2,544)**	(2,820)	(8,765)	(11,585)
Cash and cash equivalents at start of the period		**49,523**	**-**	**49,523**	29,463	17,593	47,056
Cash and cash equivalents at end of period		**46,979**	**-**	**46,979**	26,643	8,828	35,471

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated quarterly financial statements, which are unaudited, have been prepared in accordance with the requirements of International Accounting Standard 34 as adopted for use in the European Union. This condensed quarterly report does not include all the notes of the type normally included in an annual financial report. Accordingly, this condensed report is to be read in conjunction with the Annual Report for the year ended 31 December 2010, which has been prepared in accordance with IFRS as adopted by the European Union, and any public announcements made by the Group during the interim reporting period.

The financial information set out in this quarterly report does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The unaudited condensed quarterly financial statements for the three months ended 31 March 2011 have been drawn up using accounting policies and presentation expected to be adopted in the Group's full financial statements for the year ending 31 December 2011, which are not expected to be significantly different to those set out in note 1 to the Group's audited financial statements for the year ended 31 December 2010.

The Company's statutory financial statements for the year ended 31 December 2010 are available on the Company's website www.avocet.co.uk. The auditor's report on those financial statements was unqualified and did not contain a statement under sections 498(2) or (3) of the Companies Act 2006.

After review of the Group's operations, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the unaudited condensed interim financial statements.

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. By 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 statement of financial position at 31 December 2010 and 31 March 2011. Comparative periods, prior to the signing of the agreement for sale, are not re-presented. 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 and 31 March 2011 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.

From 24 December 2010, the date on which the criteria for being held for sale were met, no depreciation has been charged in the Group financial statements for the Malaysian and Indonesian assets, in accordance with IFRS.

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, the composition of disposal group assets and liabilities, and cash flows attributable to discontinued operations.

The goodwill and deferred consideration recognised in the consolidated statement of financial position at 31 March 2010 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 three months ended 31 March 2011		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		**-**	**55,767**	**55,767**	**15,593**	**16,428**	**32,021**	**87,788**
Cost of Sales		**258**	**(39,546)**	**(39,288)**	(14,207)	(10,223)	(24,430)	(63,718)
Cash production costs:								
- mining		-	(6,507)	(6,507)	(8,606)	(5,007)	(13,613)	(20,120)
- processing		-	(9,848)	(9,848)	(3,594)	(2,445)	(6,039)	(15,887)
- overheads		-	(5,274)	(5,274)	(543)	(1,688)	(2,231)	(7,505)
- royalties		-	(3,947)	(3,947)	(1,098)	(85)	(1,183)	(5,130)
			(25,576)	(25,576)	(13,841)	(9,225)	(23,066)	(48,642)
Changes in inventory		-	(980)	(980)	(164)	265	101	(879)
Other cost of sales	(a)	292	(1,805)	(1,513)	(202)	(1,263)	(1,465)	(2,978)
Depreciation and amortisation	(b)	(34)	(11,185)	(11,219)	-	-	-	(11,219)
Gross profit		**258**	**16,221**	**16,479**	**1,386**	**6,205**	**7,591**	**24,070**
Administrative expenses and share based payments		(2,295)	-	(2,295)	-	-	-	(2,295)
Operating (loss)/profit		**(2,037)**	**16,221**	**14,184**	**1,386**	**6,205**	**7,591**	**21,775**
Net finance items		(391)	(1,223)	(1,614)	(2)	162	160	(1,454)
(Loss)/profit before taxation		**(2,428)**	**14,998**	**12,570**	**1,384**	**6,367**	**7,751**	**20,321**
Taxation		-	(2,621)	(2,621)	(241)	(1,089)	(1,330)	(3,951)
(Loss)/profit for the period		**(2,428)**	**12,377**	**9,949**	**1,143**	**5,278**	**6,421**	**16,370**
Attributable to:								
Non-controlling interest		-	1,088	1,088	-	1,194	1,194	2,282
Equity shareholders of parent company		(2,428)	11,289	8,861	1,143	4,084	5,227	14,088
		(2,428)	12,377	9,949	1,143	5,278	6,421	16,370
EBITDA	(c)	(2,003)	27,406	25,403	1,386	6,205	7,591	32,994

(a) Other cost of sales represents costs not directly attributable to production, including exploration expenditure expensed;
(b) Includes amounts in respect of the amortisation of mine closure provision at Inata;
(c) EBITDA represents earnings before exceptional items, finance items, tax, depreciation and amortisation. EBITDA is not defined by IFRS but is commonly used as an indication of underlying cash generation.

3. SEGMENTAL REPORTING (CONTINUED)

At 31 March 2011		Continuing operations UK	West Africa	Total	Discontinued operations 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		1,678	280,054	281,732	44,061	53,760	97,821	379,553
Inventories		-	23,506	23,506	9,293	12,306	21,599	45,105
Trade and other receivables		678	18,148	18,826	2,558	7,790	10,348	29,174
Cash and cash equivalents		24,307	22,672	46,979	-	-	-	46,979
Total assets		**26,663**	**344,380**	**371,043**	**55,912**	**73,856**	**129,768**	**500,811**
Current liabilities		(27,496)	(60,133)	(87,629)	(7,268)	(8,428)	(15,696)	(103,325)
Non-current liabilities		(430)	(38,521)	(38,951)	(10,594)	(15,043)	(25,637)	(64,588)
Total liabilities		**(27,926)**	**(98,654)**	**(126,580)**	**(17,862)**	**(23,471)**	**(41,333)**	**(167,913)**
Net assets		**(1,263)**	**245,726**	**244,463**	**38,050**	**50,385**	**88,435**	**332,898**

For the three months ended 31 March 2011		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		(2,428)	12,377	9,949	1,143	5,278	6,421	16,370
Adjustments for non-cash items	(d)	(1,267)	16,992	15,725	231	1,217	1,448	17,173
Movements in working capital		(4,318)	5,287	969	(1,421)	(38)	(1,459)	(490)
Net cash (used in)/generated by operations		**(8,013)**	**34,656**	**26,643**	**(47)**	**6,457**	**6,410**	**33,053**
Net interest (paid)/received		-	(703)	(703)	3	4	7	(696)
Net tax paid		-	-	-	(598)	(1,584)	(2,182)	(2,182)
Purchase of property, plant and equipment		(5)	(13,793)	(13,798)	(244)	(350)	(594)	(14,392)
Deferred exploration expenditure		-	(10,011)	(10,011)	(742)	(722)	(1,464)	(11,475)
Other cash movements	(e)	687	(6,589)	(5,902)	(5)	(945)	(950)	(6,852)
Reclassification of cash not held for sale	(f)	1,227	-	1,227	1,633	(2,860)	(1,227)	-
Total (decrease)/increase in cash and cash equivalents		**(6,104)**	**3,560**	**(2,544)**	**-**	**-**	**-**	**(2,544)**

(d) Includes depreciation and amortisation, share based payments, movement in provisions, taxation in the income statement, and other non-operating items in the income statement;

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

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

3. **Segmental Reporting (continued)**

For the three months ended 31 March 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		**-**	**-**	**-**	**15,506**	**11,664**	**27,170**	**27,170**
Cost of Sales		**(938)**	**-**	**(938)**	**(12,508)**	**(10,487)**	**(22,995)**	**(23,933)**
Cash production costs:								
- mining		-	-	-	(6,594)	(3,753)	(10,347)	(10,347)
- processing		-	-	-	(2,975)	(1,763)	(4,738)	(4,738)
- overheads		-	-	-	(537)	(1,614)	(2,151)	(2,151)
- royalties		-	-	-	(1,083)	(80)	(1,163)	(1,163)
		-	-	-	(11,189)	(7,210)	(18,399)	(18,399)
Changes in inventory		-	-	-	68	990	1,058	1,058
Other cost of sales	(a)	(908)	-	(908)	133	(1,699)	(1,566)	(2,474)
Depreciation and amortisation	(b)	(30)	-	(30)	(1,520)	(2,568)	(4,088)	(4,118)
Gross (loss)/profit		**(938)**	**-**	**(938)**	**2,998**	**1,177**	**4,175**	**3,237**
Administrative expenses and share based payments		(3,240)	-	(3,240)	-	-	-	(3,240)
Operating (loss)/profit		**(4,178)**	**-**	**(4,178)**	**2,998**	**1,177**	**4,175**	**(3)**
Net finance items		35	-	35	108	56	164	199
(Loss)/profit before taxation		**(4,143)**	**-**	**(4,143)**	**3,106**	**1,233**	**4,339**	**196**
Taxation		1,187	-	1,187	-	(79)	(79)	1,108
(Loss)/profit for the period		**(2,956)**	**-**	**(2,956)**	**3,106**	**1,154**	**4,260**	**1,304**
Attributable to:								
Non-controlling interest		-	-	-	-	199	199	199
Equity shareholders of parent company		(2,956)	-	(2,956)	3,106	955	4,061	1,105
		(2,956)	-	(2,956)	3,106	1,154	4,260	1,304
EBITDA	(c)	(4,148)	-	(4,148)	4,518	3,745	8,263	4,115

(a) Other cost of sales represents costs not directly attributable to production, including exploration expenditure expensed;
(b) Includes amounts in respect of the amortisation of mine closure provisions at Penjom and North Lanut;
(c) EBITDA represents earnings before exceptional items, finance items, tax, depreciation and amortisation. EBITDA is not defined by IFRS but is commonly used as an indication of underlying cash generation.

3. Segmental Reporting (continued)

		Continuing operations			Discontinued operations			
At 31 March 2010		**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		15,488	236,660	252,148	37,974	50,458	88,432	340,580
Inventories		-	11,508	11,508	11,695	11,628	23,323	34,831
Trade and other receivables		2,906	8,766	11,672	2,517	9,637	12,154	23,826
Cash and cash equivalents		4,414	22,229	26,643	3,632	5,196	8,828	35,471
Total assets		**22,808**	**279,163**	**301,971**	**55,818**	**76,919**	**132,737**	**434,708**
Current liabilities		(2,145)	(44,971)	(47,116)	(7,265)	(6,855)	(14,120)	(61,236)
Non-current liabilities		(27,927)	(48,768)	(76,695)	(5,542)	(12,088)	(17,630)	(94,325)
Total liabilities		**(30,072)**	**(93,739)**	**(123,811)**	**(12,807)**	**(18,943)**	**(31,750)**	**(155,561)**
Net assets		**(7,264)**	**185,424**	**178,160**	**43,011**	**57,976**	**100,987**	**279,147**

For the three months ended 31 March 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		(2,956)	-	**(2,956)**	3,106	1,154	**4,260**	**1,304**
Adjustments for non-cash items	(d)	384	-	**384**	1,412	3,608	**5,020**	**5,404**
Movements in working capital		7,009	(16,975)	**(9,966)**	(3,489)	(1,464)	**(4,953)**	**(14,919)**
Net cash generated by/(used in) operations		**4,437**	**(16,975)**	**(12,538)**	**1,029**	**3,298**	**4,327**	**(8,211)**
Net interest (paid)/received		-	(880)	**(880)**	6	63	**69**	**(811)**
Net tax paid		-	-	**-**	-	(410)	**(410)**	**(410)**
Purchase of property, plant and equipment		(12)	(6,159)	**(6,171)**	(126)	(893)	**(1,019)**	**(7,190)**
Inata pre-commercial revenues capitalised	(f)	-	21,495	**21,495**	-	-	-	**21,495**
Inata pre-commercial costs capitalised	(f)	-	(14,296)	**(14,296)**	-	-	-	**(14,296)**
Deferred exploration expenditure		(25)	(479)	**(504)**	(624)	(511)	**(1,135)**	**(1,639)**
Other cash movements	(e)	(17,432)	27,506	**10,074**	(7,227)	(3,370)	**(10,597)**	**(523)**
Total (decrease)/increase in cash and cash equivalents		**(13,032)**	**10,212**	**(2,820)**	**(6,942)**	**(1,823)**	**(8,765)**	**(11,585)**

(d) Includes depreciation and amortisation, share based payments, movement in provisions, taxation in the income statement, and other non-operating items in the income statement;

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

(f) 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 were 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 were recognised in the income statement.

4. Earnings per Share

Earnings per share are analysed in the table below, presenting earnings per share for continuing and discontinued operations.

	31 March 2011 (three months) Unaudited	31 March 2010 (three months) Unaudited
	Shares	Shares
Weighted average number of shares in issue for the period		
- number of shares with voting rights	**198,220,867**	194,360,172
- effect of share options in issue	**4,106,486**	932,413
- total used in calculation of diluted earnings per share	**202,327,353**	195,292,585

	US$000	US$000
Earnings/(loss) per share from continuing operations		
Profit/(loss) for the period from continuing operations	**9,949**	(2,956)
Less non-controlling interest	**(1,088)**	-
Profit/(loss) for period attributable to equity shareholders of the parent	**8,861**	(2,956)
Earnings/(loss) per share		
- basic (cents per share)	**4.47**	(1.52)
- diluted (cents per share)	**4.38**	(1.52)
Earnings per share from discontinued operations		
Profit for the period	**6,421**	4,260
Less non-controlling interest	**(1,194)**	(199)
Profit for period attributable to equity shareholders of the parent	**5,227**	4,061
Earnings per share		
- basic (cents per share)	**2.64**	2.09
- diluted (cents per share)	**2.58**	2.08
Total earnings per share		
- basic (cents per share)	**7.11**	0.57
- diluted (cents per share)	**6,96**	0.57

5. INTANGIBLE ASSETS

Intangible assets represent deferred exploration expenditure, the movement in the period is analysed below:

	31 March 2011 (3 months)
At 1 January	**11,091**
Additions	**10,011**
Transferred to disposal group	**(573)**
At 31 March	**20,529**

6. PROPERTY, PLANT AND EQUIPMENT

	Mining property and plant	Office equipment	
Three months ended 31 March 2011	**West Africa**	**UK**	**Total**
	US$000	US$000	US$000
Cost			
At 1 January 2011	272,227	570	272,797
Additions	13,793	5	13,798
At 31 March 2011	**286,020**	**575**	**286,595**
Depreciation			
At 1 January 2011	32,494	324	32,818
Charge for the period	11,185	34	11,219
At 31 March 2011	**43,679**	**358**	**44,037**
Net Book Value			
At 31 March 2011	**242,341**	**217**	**242,558**
At 1 January 2011	239,733	246	239,979

The net book value of property plant and equipment in Malaysia and Indonesia, of US$41 million and US$21 million respectively, is included within the balance of the assets of disposal group held for sale (note 2). From 24 December 2010, the date on which the criteria for being held for sale were met, no depreciation has been charged in the Group financial statements for the Malaysian and Indonesian assets, in accordance with IFRS. During the quarter, US$0.6 million was spent on property, plant and equipment additions in South East Asia.

7. OTHER FINANCIAL LIABILITIES

Other financial liabilities of US$72 million include US$47 million outstanding under a project finance facility from Macquarie Bank Limited relating to the Inata gold project and US$25 million drawn under a corporate facility with Standard Chartered Bank. US$6 million of the project finance facility was repaid in the three month period, in accordance with the terms. $24 million of the Macquarie Bank Limited project finance facility is due for repayment within one year. The corporate facility of US$25 million is due for repayment by 31 March 2012.

During the quarter, the Group continued to make deliveries of gold from Inata production to meet forward sale contracts that were entered into as part of the Macquarie project finance facility. The contracts are considered to be outside the scope of IAS39, on the basis that they are for own use and gold produced will continue to be delivered into these contracts in future periods, and therefore no value is reflected in the condensed consolidated financial statements. 24,608 ounces were delivered into the forward contracts during the quarter, at an average realised price of US$970 per ounce. At 31 March 2011, the hedge book had reduced to 324,193 ounces.

8. NON-OPERATING ITEMS IN THE INCOME STATEMENT

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

	31 March 2011 (three months) Unaudited	31 March 2010 (three months) Unaudited
	US$000	US$000
Exchange gains – continuing operations	**(152)**	(35)
Exchange gains – discontinued operations	**(12)**	(95)
Finance expense – continuing operations	**1,676**	-
Net finance items – discontinued operations	**(160)**	(69)
Non-operating items in the income statement	**1,352**	(199)