1 September 2010

Anglo Asian Mining plc ('Anglo Asian' or 'the Company')
Interim Results

Anglo Asian Mining plc, the AIM listed emerging gold producer, is pleased to announce its interim results for the six months ended 30 June 2010.

Overview

- Maiden profit before tax of $6.2 million
- Gross profit of $12.3 million
- Revenue of $28.4 million
- Gold production at Gedabek continued to increase quarter on quarter with production for six months to 30 June totalling 28,493 oz Au
- Gold production target for FY 2010 increased to 60,000 oz Au
- Produced gold at an average cash operating cost of US$324 per oz Au including the Government of Azerbaijan's share and $372 per ounce Au net of the Government of Azerbaijan's share for six months to 30 June 2010
- Commencement of production from SART with copper concentrate containing approximately 79 tonnes of Cu, 670kg Ag and 12kg Au produced in the period
- First indications from SGS's review of Gedabek's resource data suggest an uplift of 25% to 30% in the Au content of the Measured and Indicated category, including ore mined up until 7 June 2010
- 6.4 million tonnes of resource newly advanced to Measured category
- Commenced repayment of loans to the International Bank of Azerbaijan
- Focussed on developing 1,962 sq km gold/copper exploration portfolio with the aim of replicating success at Gedabek and developing additional mining operations

Anglo Asian's CEO Reza Vaziri said, "This has been a transformational period for our Company, as we emerge as a profitable, cash generative gold production company in Central Asia. To this end, we have seen our gold production capabilities at Gedabek continuing to improve month on month, and coupled with the favourable gold price, this has led to increasing revenues and a substantial improvement in our balance sheet. With SART copper/silver production expected to be fully operational imminently, we look forward to copper and silver sales also benefiting our bottom line in FY 2011.

"Looking ahead to 2011, as well as continuing to focus on the success of Gedabek as a low cost, profitable gold mine, we will be actively looking to increase the Company's production profile through the continued exploration of the Ordubad and Gosha Contract Areas. With our improving resource position at Gedabek, together with our exploration opportunities, I believe we have a clear business plan and will see solid growth enhancing shareholder value for the coming year."

For further information please visit www.aamining.com or contact:

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Chairman's Statement

Introduction

It gives me great pleasure to report on our Company's progress during the period under review as it gains momentum in becoming an established gold producer in Central Asia. As a company we have a 1,962 sq km portfolio of prospective copper and gold assets in Azerbaijan. This includes our flagship Gedabek gold/copper mine ('Gedabek'), which poured its first gold in May 2009 as the first gold mine in Azerbaijan in modern times. Gold production at Gedabek has continued to increase quarter on quarter as efficiencies of the mine further improve. As a result of increasing gold sales, combined with the buoyant gold price environment, we have achieved a maiden profit before tax of $6.2 million for the period ending 30 June 2010.

Operations

Gold production for the first year of operation to 30 June 2010 totalled 39,858 oz of gold ('Au') significantly exceeding the Company's 25,000 oz Au forecast. Due to a number of initiatives that were implemented at the mine during 2009/2010 to improve gold production rates, such as installing new crushers and a stacker system, we are confident that we will exceed our original production target for the financial year to 31 December 2010 of 53,500 oz Au, with a new target of 60,000 oz Au for the year. Gold production for the six months to 30 June 2010 totalled 28,493 oz Au.

For six months to 30 June 2010 we have produced gold at an average cash operating cost of US$324 per oz Au including the Government of Azerbaijan's share and $372 per ounce Au net of the Government of Azerbaijan's share. This positions Gedabek as a low cost producer and I believe with this in mind, the potential of our operation to generate significant cash flow for the Company going forward is clearly evident. The robust gold price has also seen Anglo Asian completing gold sales ahead of forecast projections at an average of $1,155 per ounce for the months January 2010 to June 2010.

In terms of processing, during H1 2010 the Company transferred 370,000 tonnes of dry ore onto the leach pad with an average gold content of approximately 4.4 g/t. The Company expects to ramp this up to a target of 75,000 tonnes of dry ore per month.

In February 2010, the Company commenced the Sulphidisation, Acidification, Recycling, and Thickening ('SART') process to facilitate the recovery of the copper dissolved in the leaching solution. The copper is recovered in the form of a precipitated copper sulphide concentrate by-product, which also contains silver with commercial value. It is important to point out that the SART process has never been used commercially on such a scale before, so we expected a few start up issues in its first months of operation. For the four months to 30 June 2010 the Company produced copper concentrate that contained approximately 79 tonnes of copper ('Cu'), 670kg of silver ('Ag') and 12kg Au. However, the copper concentrate produced in these months had a very high moisture content and consequentially a new filtration system was ordered to overcome this. With these modifications in place we expect the SART operation to be fully operational by the end of September 2010. We are in the process of evaluating options for the sale of our copper concentrate and expect to make the first sale within the second half of the year after agreeing sales protocols with our Government partners.

Maintaining high health, safety, social and environmental standards is very important to Anglo Asian. We have approximately 400 personnel working in the Company and I am pleased to report for the period under review there were no major or serious accidents.

Financing

As shareholders will be aware, we have a strong relationship with the Government of Azerbaijan and we continue to be very grateful for its support. In addition, we continue to work closely with the International Bank of Azerbaijan ('IBA'), which is majority owned by the Government of Azerbaijan and has provided us with loans now amounting to $43.9 million, to be repaid from cash generated from production at Gedabek by 2013. In the period, we agreed a new loan repayment schedule with IBA as shown in the table below.

	2010 US$	2011 US$	2012 US$	2013 US$	Total US$
Repayment schedule for IBA loans as at 31 December 2009	17,083,337	18,592,663	6,176,000	2,048,000	**43,900,000**
Impact of agreement to reschedule loan repayments	(8,416,665)	(3,583,335)	12,000,000	—	**—**
Repayment schedule for IBA loans as at 1 September 2010	**8,666,672**	**15,009,328**	**18,176,000**	**2,048,000**	**43,900,000**

We are confident that by the end of 2010, with production revenues in line with management expectations, we will have paid off US$8.7 million of our debt to the IBA. The Company is currently evaluating refinancing opportunities now that we have started to build up an encouraging track record of consistent production and positive operating cash flow.

As highlighted in our recent year end results, Anglo Asian has a Production Sharing Agreement (‘PSA’) in place with the Government of Azerbaijan based on the established Azeri oil industry. Up until the time Anglo Asian has recovered all its carried forward, unrecovered costs, the Government of Azerbaijan effectively takes 12.75% of commercial products of each mine, with the Company taking 87.25%. We expect to continue retaining 87.25% of the commercial products until at least the end of 2011.

Financials

The Company made a profit of $6.2 million in the period to 30 June 2010. Revenue of $28.4 million was generated from gold sales of 24,360 oz at an average price of $1,155 per ounce and silver sales of $0.3 million. During the H1 2009, the Gedabek mine was being constructed and there was no revenue in the comparative period.

The cost of sales for the period amounted to $16.1 million, which included a depreciation and amortisation charge of $8.7 million, resulting in a gross profit of $12.3 million.

Administration costs were $2.3 million and finance costs were $3.4 million, most of which related to interest on the loans from IBA.

Cash operating cost per ounce produced, including the Government of Azerbaijan’s share of production was $324 and net of the Government of Azerbaijan’s share was $372. These figures do not include any credit for copper concentrate as, although 168 dry tonnes had been produced in the period, none was sold.

Net cash inflow from operating activities was $13.1 million. This was utilised to fund the purchase of tangible assets and exploration expenditure of $8.3 million, a reduction in loans of $0.9 million and finance costs of $3.4 million.

Revised Resource Estimate

In April 2010 we announced the initial findings of Phase I of the Realistic Mineral Resources Model Report produced by SGS Canada Incorporated Geometallurgy Group ('SGS') on behalf of the Company in respect of Gedabek. This reassessed the original pre-production data employed in making the JORC Code compliant mineral resources statement provided by SRK in 2006 which stood at 702,000oz Au, 37,500 tonnes Cu and

6,100,000 oz Ag at a confidence level of Indicated and Inferred only. The initial findings by SGS indicated upgrades for the gold, copper and silver metal contents of at least 50%.

The initial findings were released to the market in compliance with the Company's obligation to announce price sensitive information without delay. We noted that while the initial findings had been prepared in accordance with JORC Code standards they had yet to be signed off by a JORC Qualified Person.

On 31 August 2010 the Company received a memorandum regarding the updated report following a further review by SGS's Vancouver office, which included data from two additional drill holes undertaken at Gedabek after April 2010. While this report is not yet finalised it would appear to show an uplift in the Au content of Gedabek's Measured & Indicated resources of approximately 25% to 30% (including ore mined up until 7 June 2010 and excluding any Inferred resource), together with 6.4 million tonnes of resource moving from the Indicated to the Measured category. While less than the initial findings indicated, this memorandum still gives the Board considerable confidence of the significantly improved economic potential and production capabilities of the mine.

The Company will announce the full detail of the final revised JORC Code compliant mineral resources statement upon its receipt from SGS and publish the report on its website.

Whilst our efforts have focussed on Gedabek to ensure its production success, the development of our other prospective copper and gold assets, namely the Gosha and Ordubad Contract areas are part of our mid-term strategy for increasing our production portfolio. In addition to encouraging preliminary exploration activity in the vicinity of the Gedabek mine, work has been ongoing at our 462 sq km Ordubad and 300 sq km Gosha Contract Areas with encouraging results and the Company intends to apply for extensions of its licenses in these areas.

Conclusion and Outlook

2010 has been a fantastic year for the Company, one which has seen us go from strength to strength as we establish ourselves as a leading gold producer in Central Asia. With gold production at Gedabek increasing month on month as efficiencies of the mine continue to improve and a significantly improved resource estimate, we believe we are ideally positioned to capitalise on the positive gold price environment.

With this in mind, for the rest of the year and looking forward into 2011, I believe there will be many value-driving developments. Quarterly gold production figures (Q3 2010) for the three months ending 30 September 2010 are expected to be in line with management expectations. We will also be continuing the expansion of our resource delineation which will prove the economic viability of our flagship mine Gedabek. In addition to this we remain committed to our longer-term strategy of developing multiple gold mines within our portfolio and strengthening our asset base to enhance shareholder value.

I would finally like to thank the employees, my fellow Directors, advisors and shareholders, for their continued support through what has been a transformational period for the Company and I look forward to updating shareholders regularly on the progress of what is now a profitable, cash generative, producing gold company.

Khosrow Zamani
Non-executive Chairman
31 August 2010

Financials

Consolidated Income Statement

For the 6 months ended 30 June 2010

	Notes	**Unaudited Six months to 30 June 2010 US$**	Unaudited Six months to 30 June 2009 US$
Revenue		**28,400,909**	—
Cost of sales		**(16,149,858)**	—
Gross profit		**12,251,051**	—
Administrative expenses		**(2,273,163)**	(1,962,039)
Other operating expense		**(334,696)**	—
Operating profit/(loss)		**9,643,192**	(1,962,039)
Finance income		—	793
Finance costs		**(3,408,929)**	—
Profit/(loss) before tax		**6,234,263**	(1,961,246)
Income tax expense	3	**—**	—
Profit/(loss) for the period attributable to the equity holders of the parent		**6,234,263**	(1,961,246)
Profit/(loss) per share for the period attributable to the equity holders of the parent			
Basic cents per share	4	**5.69**	(1.91)
Diluted cents per share	4	**5.61**	(1.91)

Consolidated statement of comprehensive income

For the 6 months ended 30 June 2010

	Unaudited Six months to 30 June 2010 US$	Unaudited Six months to 30 June 2009) US$
Profit/(loss) for the year	**6,234,263**	(1,961,246)
Other comprehensive income	**—**	—
Total comprehensive profit/(loss) for the year	**6,234,263**	(1,961,246)
Attributable to the equity holders of the parent	**6,234,263**	(1,961,246)

Consolidated balance sheet

As at 30 June 2010

	Notes	Unaudited As at 30 June 2010 US$	Audited As at 31 December 2009 US$
Non-current assets			
Intangible assets	5	**36,356,328**	38,745,095
Property, plant and equipment	6	**47,065,817**	48,298,659
Non-current prepayments		**350,284**	79,200
		83,772,429	87,122,954
Current assets			
Trade and other receivables		**4,831,166**	3,836,685
Inventories		**14,405,616**	10,276,024
Cash and cash equivalents		**1,328,431**	809,548
		20,565,213	14,922,257
Total assets		**104,337,642**	102,045,211
Current liabilities			
Trade and other payables		**(11,270,735)**	(14,951,262)
Interest bearing loans and borrowings	7	**(15,053,329)**	(19,097,540)
		(26,324,064)	(34,048,802)
Net current liabilities		**(5,758,851)**	(19,126,545)
Non-current liabilities			
Provision for rehabilitation		**(2,018,892)**	(1,530,978)
Interest bearing loans and borrowings	7	**(27,081,874)**	(23,885,796)
		(29,100,766)	(25,416,774)
Total liabilities		**(55,424,830)**	(59,465,576)
Net assets		**48,912,812**	42,579,635
Equity			
Share capital	8	**1,944,991**	1,934,363
Share premium account		**32,024,407**	31,939,385
Share-based payment reserve		**625,066**	621,802
Merger reserve		**46,206,390**	46,206,390
Accumulated loss		**(31,888,042)**	(38,122,305)
Total equity		**48,912,812**	42,579,635

Consolidated cash flows statement

For the six months ended 30 June 2010

	Notes	Unaudited Six months to 30 June 2010 US$	Unaudited Six months to 30 June 2009 US$
Net cash inflow generated from operating activities	9	**13,093,504**	3,233,561
Investing activities			
Expenditure on property, plant and equipment and mine development		**(7,285,202)**	(19,502,447)
Expenditure on intangible assets		**(1,021,703)**	(783,549)
Interest received		**—**	793

Net cash used in investing activities	**(8,306,905)**	(20,285,203)
Financing activities		
Proceeds from borrowings	**3,099,598**	18,524,290
Repayment of borrowings	**(3,947,731)**	—
Interest paid	**(3,419,583)**	(2,000,694)
Net cash (used in)/generated from financing activities	**(4,267,716)**	16,523,596
Net increase/(decrease) in cash and cash equivalents	**518,883**	(528,046)
Cash and cash equivalents at beginning of period	**809,548**	738,722
Cash and cash equivalents at end of period	**1,328,431**	210,676

Consolidated statement of changes in equity

For the six months ended 30 June 2010

	Share capital US$	Share premium US$	Share-based payment reserve US$	Merger reserve US$	Accumulated Loss US$	Total Equity US$
At 1 January 2009 (Restated)	1,851,516	30,911,013	569,729	46,206,390	(26,398,395)	53,140,253
Loss for the period	—	—	—	—	(1,961,246)	(1,961,246)
Other comprehensive income	—	—	—	—	—	—
Total comprehensive income	—	—	—	—	(1,961,246)	(1,961,246)
Shares issued	7,735	96,364	—	—	—	104,099
Share-based payment charge for period	—	—	39,247	—	—	39,247
At 30 June 2009	1,859,251	31,007,377	608,976	46,206,390	(28,359,641)	51,322,353
Loss for the period	—	—	—	—	(9,762,664)	(9,762,664)
Other comprehensive income	—	—	—	—	—	
Total comprehensive income	—	—	—	—	(9,762,664)	(9,762,664)
Shares issued	75,112	932,008	—	—	—	1,007,120
Share-based payment charge for period	—	—	12,826	—	—	12,826
At 31 December 2009	1,934,363	31,939,385	621,802	46,206,390	(38,122,305)	42,579,635
Profit for the period	—	—	—	—	6,234,263	6,234,263
Other comprehensive income	—	—	—	—	—	—
Total comprehensive income	—	—	—	—	6,234,263	6,234,263
Shares issued	10,628	85,022	—	—	—	95,650
Share-based payment charge for period	—	—	3,264	—	—	3,264
At 30 June 2010	**1,944,991**	**32,024,407**	**625,066**	**46,206,390**	**(31,888,042)**	**48,912,812**

Notes to the financial statements

1. Going Concern

The Directors' assumptions over the projected gold and silver prices, mine operating costs and levels of production from the Gedabek mine are crucial to Anglo Asian Mining PLC and its subsidiaries (the "Group") meeting its forecast cash flows for the period to 30 September 2011. There is no longer a risk of delay in commencement of production as initial production commenced in July 2009. There still remains a risk that future production levels may be lower than anticipated due to unforeseen operational difficulties, however, the Directors remain confident in their projections and if production and pricing continues at the same levels the mine has exhibited since March 2010, the Group will either meet or exceed its forecast production targets for the period to 30 September 2011.

The Group has previously been reliant on debt financing from the International Bank of Azerbaijan to cover its day-to-day working capital requirements, however, this reliance has decreased as a result of the Group becoming cash generative. Since the year end, the Group has renegotiated the terms of its debt with the International Bank of Azerbaijan and other banks and repayments commenced from May 2010.

After making enquiries, the Directors have formed a judgement, which assumes at the time of approving the consolidated financial statements, that there is a reasonable expectation that the Group can access adequate resources to continue in operation and remain in existence for the foreseeable future. These resources include the anticipated revenues from the projected gold, silver and copper production at Gedabek existing cash balances and the Group's ability to raise further funds through either debt or equity should market prices for gold fall, production levels fall or be delayed or if operating costs increase. The current forecasts demonstrate that with the existing cash resources and the level of production and sales prices for the period expected, it will provide sufficient funds for the Group to meet its liabilities as they become due.

The Board is aware of the difficulties involved in accurately forecasting mine operating costs, the price of gold and levels of production. If there are either cost overruns or reduced revenues then the Board will have to take steps to ensure that there is adequate funding for the 12 month period subsequent to the date of the approval of these consolidated financial statements. In the event of any such instances the Board has sufficient options available to preserve cash including major shareholders on the Board having confirmed that they would be willing to provide additional funding in such an event, deferral of discretionary capital expenditure and exploration expenditure and if required, the Board also consider that extended working capital facilities could be negotiated with Bank Standard JSC.

For these reasons the Directors continue to adopt the going concern basis of preparing the consolidated financial statements.

2. Basis of preparation

The financial information has been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board. The information for the half year ended 30 June 2010 does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. A copy of the statutory accounts for the year ended 31 December 2009 has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified and did not contain statements under section 498(2) or 498(3) of the Companies Act 2006.

The financial information has not been audited and has been prepared on the historical cost basis. The principal accounting policies adopted are consistent with those adopted in the annual accounts to 31 December 2009.

The preparation of financial information in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results ultimately may differ from those estimates.

The impact on seasonality or cyclicality on operations is not regarded as significant to the interim financial statements.

The interim report was approved by the Board of Directors on 31 August 2010.

3. Deferred tax

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

At the balance sheet date, the Group has substantial unused tax losses available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. Unused tax losses may be carried forward indefinitely.

4. Earnings per ordinary share

	Unaudited 6 months to 30-Jun-10	Unaudited 6 months to 30-Jun-09
	US$	US$
Earnings per ordinary share		
Profit/(loss)	**6,234,263**	(1,961,246)
Basic earnings per share	**5.69**	(1.91)
Diluted earnings per share	**5.61**	(1.91)
	Number	Number
Weighted average number of shares:		
For basic earnings per share	**109,592,494**	102,820,723
For diluted earnings per share	**111,211,011**	102,820,723

5. Intangible assets

Evaluation and exploration assets

	Gedabek US$	Gosha US$	Ordubad US$	Total US$
Cost:				
As at 1 January 2009 (restated)	160,328	608,922	1,134,881	1,904,131
Additions	586,629	162,117	936,396	1,685,142
Provisions for impairment	—	—	(773,180)	(773,180)
As at 31 December 2009	746,957	771,039	1,298,097	2,816,093
Additions	268,523	471,911	157,853	898,287
Provision for impairment	—	—	—	—
As at 30 June 2010	**1,015,480**	**1,242,950**	**1,455,950**	**3,714,380**

Mining rights and other intangible assets

	Mining rights	Other intangible assets	Total
Cost:	US$	US$	US$
As at 1 January 2009 (restated)	41,925,262	298,120	**42,223,382**
Provision for impairment	(5,000,000)	—	**(5,000,000)**
Additions	—	16,125	**16,125**
Amortisation	(1,293,360)	(17,145)	**(1,310,505)**
As at 31 December 2009	35,631,902	297,100	**35,929,002**
Amortisation	(3,254,430)	(32,624)	**(3,287,054)**
As at 30 June 2010	**32,377,472**	**264,476**	**32,641,948**
Total intangible assets			
As at 31 December 2009			38,745,095
As at 30 June 2010			**36,356,328**

6. Property, plant and equipment

	Temporary buildings US$	Plant and Equipment US$	Producing mines US$	Motor Vehicles US$	Office equipment US$	Leasehold improvements US$	Assets under Construction US$	Total US$
Cost								
As at 31 December 2008 (Restated)	302,530	3,649,001	—	388,343	1,014,685	438,357	30,294,100	36,087,016
Development – Gedabek	—	—	—	—	—	—	1,989,472	1,989,472
Capitalisation of interest	—	—	—	—	—	—	1,631,889	1,631,889
Additions	227	1,263,100	1,504,647	97,945	227,784	—	10,518,506	13,612,209
Transfer to producing mines	—	1,111,710	38,079,581	—	—	—	(39,191,291)	—
Disposals	—	—	(170,000)	(53,350)	—	—	—	(223,350)
As at 31 December 2009	302,757	6,023,811	39,414,228	432,938	1,242,469	438,357	5,242,676	53,097,236
Capitalisation of interest	—	—	—	—	—	—	81,842	81,842
Additions	—	159,224	1,365,762	119,699	226,037	8,489	2,343,729	4,222,940
Transfer to producing mines	—	—	7,668,247	—	—	—	(7,668,247)	—
As at 30 June 2010	**302,757**	**6,183,035**	**48,448,237**	**552,637**	**1,468,506**	**446,846**	—	**57,402,018**
Accumulated depreciation and impairment								
As at 31 December 2008 (Restated)	(114,765)	(307,584)	—	(116,266)	(294,292)	(196,340)	—	(1,029,247)
Charge for year	(37,837)	(812,018)	(2,605,092)	(101,934)	(213,979)	(54,795)	—	(3,825,655)
Depreciation on disposals	—	—	38,958	17,367	—	—	—	56,325
As at 31 December 2009	(152,602)	(1,119,602)	(2,566,134)	(200,833)	(508,271)	(251,135)	—	(4,798,577)
Charge for year	(18,922)	(308,342)	(4,987,848)	(59,098)	(135,762)	(27,652)	—	(5,537,624)
As at 30 June 2010	**(171,524)**	**(1,427,944)**	**(7,553,982)**	**(259,931)**	**(644,033)**	**(278,787)**	—	**(10,336,201)**
Carrying amount								
As at 31 December 2009	150,155	4,904,209	36,848,094	232,105	734,198	187,222	5,242,676	48,298,659
As at 30 June 2010	**131,233**	**4,755,091**	**40,894,255**	**292,706**	**824,473**	**168,059**	—	**47,065,817**

7. Interest-bearing loans and borrowings

	Unaudited As at 30 June 2010 US$	Audited **As at 31 December 2009 US$**
Loans from IBA	**41,136,540**	40,969,133
Loan from Bank Standard JSC	—	410,529
Loan from Pasha Bank	—	450,000
Loan from Reza Vaziri	**998,663**	995,040
Advance from Reza Vaziri – non-interest bearing	—	158,634
Total interest bearing loans and borrowings	**42,135,203**	42,983,336
Loans repayable in less than one year	**15,053,329**	19,097,540
Loans repayable in more than one year	**27,081,874**	23,885,796
Total more than one year	**27,081,874**	23,885,796

Loans with the International Bank of Azerbaijan carry an interest rate of 15% per annum. There is no penalty for early repayment of any of the loans from International Bank of Azerbaijan.

During the period, the Group agreed with the International Bank of Azerbaijan to reschedule loan repayments on three of its loans. The table below shows the repayment schedule before and after the loan repayment schedule agreement for the aggregate of all loans with the International Bank of Azerbaijan:

	2010 US$	**2011 US$**	**2012 US$**	**2013 US$**	**Total US$**
Repayment schedule for IBA loans as at 31 December 2009	17,083,337	18,592,663	6,176,000	2,048,000	**43,900,000**
Impact of agreement to reschedule loan repayments	(8,416,665)	(3,583,335)	12,000,000	—	—
Repayment schedule for IBA loans as at 1 September 2010	**8,666,672**	**15,009,328**	**18,176,000**	**2,048,000**	**43,900,000**

As at 30 June 2010, the Group had made repayments to the International Bank of Azerbaijan of $2.5 million.

In the previous year, the Group obtained a US$1 million unsecured loan with its CEO, Mr Reza Vaziri, to provide additional working capital for the Group. Under the terms of the loan agreement, an all inclusive annual interest rate of 8% per annum will be applied. On 31 March 2010, the repayment terms of this loan were rescheduled so that the entire amount is repayable on 30 November 2010.

In the previous year, the Group obtained a credit line from Bank Standard JSC for an amount of $1.0 million repayable on 11 December 2010. Interest is payable on the credit line at 19% per annum. As at 30 June 2010, all funds obtained from the credit line had been repaid.

In the previous year, the Group obtained a loan from Pasha Bank for $450,000 for the purposes of purchasing two mining fleet vehicles. Interest was payable at 17%. As at 30 June 2010, the loan had been fully repaid.

8. Equity

	shares	US$
Ordinary shares issued and fully paid:		
At 1 January 2009	**102,721,921**	1,851,516
Issued to directors in lieu of salary, fees and expenses	**889,137**	14,239
Issued to a trade creditor in lieu of cash payment	**3,011,863**	30,929
Issued to Mr Reza Vaziri in satisfaction of a loan repayment	**1,973,028**	31,983
Exercise of stock options	**350,000**	5,696

At 31 December 2009	**108,945,949**	1,934,363
Issued to directors in lieu of salary, fees and expenses	**604,188**	9,624
Issued to a trade creditor in lieu of cash payment	**66,667**	1,004
At 30 June 2010	**109,616,804**	1,944,991

9. Notes to the cash flow statement

	Unaudited Six months to 30 June 2010 US$	**Unaudited Six months to 30 June 2009 US$**
Profit/(loss) before tax	**6,234,263**	(1,961,246)
Adjustments for:		
Finance income	—	(793)
Finance costs	**3,408,929**	—
Depreciation of property, plant and equipment	**5,629,993**	1,552,910
Amortization of mining rights and other intangible assets	**3,287,054**	—
Share-based payment expense	**3,264**	39,248
Shares issued in exchange for salaries and fees	**95,650**	104,098
Operating cash flows before movements in working capital	**18,659,153**	(265,783)
Increase in trade and other receivables	**(994,481)**	(673,677)
Increase in inventories	**(4,129,592)**	—
Increase/(decrease) in trade and other payables	**(441,576)**	4,173,021
Cash generated from operations	**13,093,504**	3,233,561
Income taxes paid	—	—
Net cash generated from operating activities	**13,093,504**	3,233,561

10. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and other related parties are disclosed below.

Trading transactions

During the period, there were no trading transactions between group companies and related parties who are not members of the Group.

Other related party transactions

a) Mr Reza Vaziri, a director of the company, retains an indirect interest in the lease of the office in Baku, Azerbaijan. The cost of the lease in the period was $45,765.
b) In January 2010, 604,188 shares were issued to Governor John Sununu, a director of the Company, in lieu of directors' fees.
c) During the period $119,109 was paid to Mr Reza Vaziri for consultancy services.
d) During the period, an outstanding loan of $158,634 due to Mr Reza Vaziri was fully repaid.
e) During the period, $39,618 of interest was accrued on the loan of $998,663 from Mr Reza Vaziri.
f) During the period, $5,054 was paid to Professor John Monhemius, a director of the company, for consultancy services.

****ENDS****