

19 September 2018

**Anglo Asian Mining plc**  
**Interim Results for the six-month period to 30 June 2018**  
**Maiden dividend of US cents 3.00 per share**

Anglo Asian Mining plc ("Anglo Asian" or the "Company"), the AIM listed gold, copper and silver producer in Azerbaijan, is pleased to announce its interim results for the six-month period ended 30 June 2018 ("H1 2018"). Note that all references to "\$" and "cents" are to United States dollars and cents.

Together with these interim results for the six months ended 30 June 2018, the Company also announces its maiden dividend. This is an interim dividend in respect of the year ending 31 December 2018 of US cents 3.00 per share payable on 8 November 2018 to shareholders of record on 12 October 2018.

An updated corporate presentation on the Company's H1 2018 financial results will be available later today on the Anglo Asian web-site: <http://www.angloasianmining.com>.

#### **Dividend**

- Maiden dividend declared of US cents 3.00 per share following move into a net cash position subsequent to 30 June 2018

#### **Production Overview**

- Continued improvement in H1 2018 total production expressed as gold equivalent ounces ("GEOs") with a 22 per cent. year-on-year ("y-o-y") increase to 37,349 GEOs (H1 2017: 30,561 GEOs) due to mining from the new Ugur open-pit mine and the successful implementation of operational initiatives at the existing Gedabek open-pit and Gadir underground mines:
  - Gold production totalled 33,255 ounces – 31,282 ounces contained within gold doré, 12 ounces from SART processing and 1,961 ounces from flotation (H1 2017: total 23,218 ounces)
  - Copper production of 587 tonnes – 251 tonnes from SART processing and 336 tonnes from flotation (H1 2017: total 1,322 tonnes)
  - Silver production totalled 84,785 ounces – 13,124 ounces contained within gold doré, 43,687 ounces from SART processing and 27,974 ounces from flotation (H1 2017: total 85,087 ounces)

- Target production for the 12 months to 31 December 2018 remains at between 78,000 and 84,000 GEOs compared to FY 2017 actual total production of 71,461 GEOs

### **Sales Overview**

- Increased sales of gold bullion offset by reduced sales of copper concentrate:
  - Gold bullion sales of 25,778 ounces at an average of \$1,319 per ounce (H1 2017: 15,689 ounces at an average of \$1,238 per ounce)
  - Copper concentrate shipments to the customer totalled 2,344 dry metric tonnes (“dmt”) with a sales value of \$5.9 million (excluding Government of Azerbaijan production share) (H1 2017: 5,396 dmt with a sales value of \$10.3 million)

### **Financial Overview**

- The Company is currently in a net cash position
- Revenue increased to \$40.0 million (H1 2017: \$29.8 million) due to higher production and increases in average metal selling prices
- All in sustaining cost (“AISC”) of production per ounce of gold (including the Government of Azerbaijan's share) of \$543 per ounce, a decrease of 4 per cent. compared to H1 2017 of \$564 per ounce
- Profit before taxation of \$8.1 million (H1 2017: loss of \$1.3 million) due to higher revenues, a lower AISC and reduced interest expense
- Cash generated from operations of \$24.6 million (H1 2017: \$10.8 million)
- Capital expenditure of \$8.2 million (H1 2017: \$3.4 million) mainly on deferred stripping (\$4.9 million), the new crusher plant (\$2.0 million) and underground mining equipment (\$0.8 million)
- Free cash flow of \$16.4 million (H1 2017: \$7.4 million)
- Net debt decreased to \$2.9 million at 30 June 2018 (31 December 2017: \$18.1 million)
- Cash of \$12.5 million at 30 June 2018 (31 December 2017: \$2.5 million)

### **Operational Overview**

- Updated JORC (2012) mineral resource for the Gedabek open pit published with over one million ounces of gold to provide further mine life of around five to six years
- 3 year geological exploration programme identified further mineralisation at Gedabek with an airborne geophysical survey to be carried out over the entire Gedabek contract area
- Ugur open-pit mine operated throughout H1 2018 producing 461,382 tonnes of ore grading 1.3 grammes per tonne of ore
- Second crusher now in operation allowing independent operation of agitation leaching and flotation plants

- Various initiatives underway at Gedabek to improve efficiency and working practices including recruitment of specialist managers and improvements to roads

## **CHAIRMAN'S STATEMENT**

### ***Review of 2018 to date***

Due to an outstanding financial performance as the Company continues to successfully deliver its operational objectives, I am delighted to report the declaration of a maiden dividend to our shareholders of US cents 3.00 per share. This is both to reward our shareholders and to demonstrate the Board's confidence in the future.

The Company's operational performance has also been excellent with production growing due to mining from Ugur, our new open-pit mine, and the optimisation initiatives undertaken in 2017. Our three-year geological exploration programme, which commenced this year, is already giving insights into the further potential of the Company's contract areas and the significant upside offered by our targets. An updated JORC resource of over one million ounces of gold for the Gedabek open pit confirms a further mine life of five to six years. With this in mind, we continue to develop and enlarge our production facilities and the second crusher line, which is now in operation, has increased the Company's production capacity.

A total of 37,349 gold equivalent ounces ("GEOs") was produced during the period, a 22 per cent. year-on-year increase compared to 30,561 GEOs in 2017. Gold production in H1 2018 was 33,255 ounces compared to 23,218 ounces in H1 2017. However, this increase was offset by lower production of copper and silver. Copper production in H1 2018 was 587 tonnes compared to 1,322 tonnes in H1 2017 and silver production in H1 2018 of 84,785 ounces was marginally lower compared to 85,087 ounces in H1 2017. The higher gold production arose from increased gold doré production due to processing higher grade Ugur ores through the agitation leaching plant. However, Ugur ore does not contain copper, which reduced the amount of tailings feedstock to the flotation plant, resulting in lower copper and silver production.

Revenues in H1 2018 at \$40.0 million were \$10.2 million higher than in H1 2017. The higher revenues were due to both higher production and higher average metal selling prices. The average gold price in H1 2018 was \$1,318 per ounce compared to \$1,238 per ounce in H1 2017 and the average copper price in H1 2018 was \$6,924 per metric tonne compared to \$5,755 per metric tonne in H1 2017. Although there has been a decrease in the price of both gold and copper since the end of June 2018, the Company's low cost of production in the lower quartile of comparable companies ideally positions us to trade satisfactorily through periods of lower metal prices.

The Company continued to be subject to an effective royalty on its revenues in H1 2018 of 12.75 per cent. of the value of its production, and the basis of this royalty is explained in the financial review below. The Company will continue to be subject to this effective royalty of 12.75 per cent. until all its unrecovered costs for Gedabek are utilised. Unrecovered costs for Gedabek at 30 June 2018 totaled \$83 million (30 December 2017: \$95 million) and our current business plans indicated that these costs will not be fully recovered at the earliest until 2023, limiting the effective royalty to 12.75 per cent. during this period.

The Company's all in sustaining cost ("AISC") per ounce of gold produced reduced marginally to \$543 per ounce in H1 2018 compared to \$564 per ounce in H1 2017. The increased gold production in H1 2018 benefitted the AISC but this was offset by higher sustaining capital costs and lower by-product credits.

Cash from operating activities in H1 2018 increased to \$24.6 million from \$10.8 million in H1 2017 and net debt was reduced from \$18.1 million at the end of 2017 to \$2.9 million at 30 June 2018. The Company also refinanced \$13.5 million of its debt in early 2018 with a two-year syndicated loan from banks primarily in Azerbaijan. This was a sign of the confidence that banks in Azerbaijan have in our business and the new loan substantially reduced our borrowing costs. It also increased cash availability by \$8.4 million in 2018 by extending the repayment of debt principal into 2019. The new loan has no financial covenants and is unsecured. We were pleased to repay in full the loan from our Chief Executive, Reza Vaziri in March 2018 and I would like to thank him for his confidence and commitment to the Company which has proved to be amply justified. The Company also repaid certain other borrowings in early July 2018.

The Company continues to develop its processing facilities and a second crusher line commenced operation in July 2018. The new crusher, together with the already upgraded grinding circuit, removes a large processing bottleneck and enables the agitation leaching and flotation plants to operate independently at their individual design capacities. The second crusher also increases the flexibility of our processing plants.

Various operational initiatives were commenced at Gedabek during the period. They are more fully described in the strategic report below but include improvements in ore handling and improving transport logistics by building a new road between the main open-pit mine and processing plants. Additionally, the operational team at Gedabek has also been strengthened by the recruitment of highly experienced managers in several key areas to improve working practices. More minor improvements are continuously being undertaken. These initiatives are all contributing to a more professional and efficient working environment at Gedabek which will both lower cost and result in safer working.

The Company continues to formalise all its resources and ore reserves and classify them according to the JORC Code of reporting. The recently published updated JORC resource for

the Gedabek open pit of circa one million ounces of gold further extends the life of the open pit by a further five to six years. The Company anticipates that it will publish a JORC resource for the Gadir underground mine by the end of 2018.

The Company's three-year geological exploration programme has made an excellent start confirming additional mineralisation at Gedabek. The presence of further mineable copper and gold ores in the Gedabek open pit was established which will provide additional ore for the flotation plant. Significant gold grades of up to three ounces per tonne were intersected in drilling and confirmed by tunneling in the Gadir ore body and the presence of mineralisation beneath the open pit was established. The Group will shortly carry out an airborne geophysical survey of the entire Gedabek contract area using the Z-Axis Tipper Electromagnetic system ("ZTEM"). This will be the first such survey carried out in Azerbaijan and I was very pleased a Ministry of the Government of Azerbaijan have agreed to assist us by providing helicopter services.

The Company's health and safety ("HSE") record continues to improve with a reduction in the Lost Time Injury ("LTI") rate in the six months to 30 June 2018 to 1.13 compared to 1.21 in the comparable period in 2017. The basis of the calculation of the LTI rate is set out in the Strategic Report below. We continue to undertake actions to improve HSE performance and full risk assessments of the three main processing plants were carried out during the period. Emergency safety equipment including breathing apparatus is now in place at Gedabek.

### ***Dividend***

Following the circular to shareholders proposing a resolution to reduce the Company's share premium account to \$nil, and the general meeting held on 30 July 2018 which approved the resolution, the Court granted an order on 28 August 2018 to cancel the Company's share premium account at that date of \$32.6 million to \$nil. This currently gives the Company the capacity to pay dividends to its shareholders of up to a total of \$13.5 million. Profits generated by the Group can be transferred to the Company by intercompany dividends which will further increase this capacity.

The board will target a distribution to shareholders each year comprising approximately 25 per cent. of the Group's free cash flow. This distribution will be made in two approximately equal installments comprising an interim and final dividend. The amounts and timing of payment of the interim and final dividends will be announced each year along with the Group's interim and final results respectively. The board will review this policy each year taking into account the financing needs of the business at that time. Free cash flow is defined as net cash flow from operating activities less capital expenditure.

I am therefore delighted to announce the maiden dividend of the Company of US cents 3.00 per share. This is an interim dividend in respect of the year ending 31 December 2018 and

will be payable on 8 November 2018 to shareholders on the record date of 12 October 2018. The dividend will be payable in pounds sterling as set out below.

### ***Outlook***

It is with continued optimism that I look forward to the rest of 2018 and beyond and the declaration of our maiden dividend demonstrates the Board's confidence in the future. During the latter part of 2017 and in 2018 to date, we have opened Ugur, a new open-pit mine, significantly increased production and revenues, reduced our AISC and debt and added to the Company's resources. We have installed a second crusher and carried out other initiatives to maintain and increase production from our existing mines. We have started a three-year exploration programme to further explore and develop the potential of Gedabek and Ordubad and published an updated JORC resource for the Gedabek open pit extending the mine life for a further around five to six years. This progress has enabled us to target significantly higher production for 2018 compared to production in the previous two years and we are on track to achieve this target.

The Group has a production target for 2018 of between 78,000 ounces and 84,000 GEOs, an increase of over 13 per cent. compared to total production of 71,461 GEOs in 2017. This includes between 64,000 ounces and 70,000 ounces of gold and between 2,100 tonnes and 2,300 tonnes of copper. I look forward to updating our shareholders on our progress over the remainder of 2018.

### ***Appreciation***

I would like to take this opportunity to thank our Anglo Asian employees, our partners, the Government of Azerbaijan, advisers and fellow directors for their continued support as we continue to build the Company into a leading and sustainable gold, copper and silver producer in Azerbaijan and Caucasia. I would also like to especially thank our shareholders for their invaluable support as we look forward to a successful completion of 2018 and beyond.

***Khosrow Zamani***

***Non-executive Chairman***

***18 September 2018***

### **DIVIDEND**

An interim dividend of US\$0.03 per share will be paid gross in respect of the year ending 31 December 2018 to shareholders on 8 November 2018 that are on the shareholders record at the record date of 12 October 2018. The shares will go ex-dividend on 11 October 2018. All dividends will be paid gross and in cash. A scrip dividend or any other dividend reinvestment plan will not be offered by the Company.

The dividend will be payable in pounds sterling. The dividend will be converted to pounds sterling using the average of the sterling closing mid-price using the exchange rate published by the Bank of England at 4pm each day from the 15 to 19 October 2018.

## **STRATEGIC REVIEW**

### **Principal activities**

The principal activity of Anglo Asian Mining PLC (the “Company”) is that of a holding company and a provider of support and management services to its main operating subsidiary R.V. Investment Group Services LLC. The Company, together with its subsidiaries (the “Group”), owns and operates gold, silver and copper producing properties in the Republic of Azerbaijan (“Azerbaijan”). It also explores for and develops other potential gold and copper deposits in Azerbaijan.

The Group has a 1,962 square kilometre portfolio of gold, silver and copper properties in western Azerbaijan, at various stages of the development cycle. The Group’s primary operating site is Gedabek, which is the location of the Group’s main gold, silver and copper open pit mine; the Ugur open pit mine and Gadir, an underground mine. The Group’s processing facilities to produce gold doré and copper, silver and gold concentrates are also located at Gedabek. Gosha, the Group’s second underground gold and silver mine, is located 50 kilometres away from Gedabek. Ordubad, the Group’s early stage gold and copper exploration project is located in Nakhchivan, South West Azerbaijan.

### **Overview of H1 2018 and FY 2018 production target**

The Company successfully completed various initiatives in 2017 to ensure sustainable long-term production at Gedabek. These included both production optimisation and exploration of its existing open pit and underground mines and the commencement of production from Ugur. These initiatives all benefitted production in H1 2018.

The Company also completed other initiatives in H1 2018 to improve the operational efficiency at Gedabek. These include improving the roads and improving workshop facilities for on-site maintenance. Several specialist managers have also been recruited to improve working practices in areas such as general mining practice, drill and blast and equipment maintenance. A considerable amount of investment has been made in in both plant and drill rigs. A second crusher line has also been installed for the agitation and flotation plants. This both improves the flexibility of the processing facilities and increases their production capacity.

The Group has a production target for the year to 31 December 2018 of 64,000 ounces to 70,000 ounces of gold and 2,100 tonnes to 2,300 tonnes of copper. The total production target for the year to 31 December 2018 expressed as gold equivalent ounces (“GEOs”) is

between 78,000 GEOs and 84,000 GEOs, compared to total production for the year to 31 December 2017 of 71,461 GEOs.

## **Gedabek**

### ***Introduction***

The Gedabek mining operation is located in a 300 square kilometre contract area in the Lower Caucasus mountains in western Azerbaijan on the Tethyan Tectonic Belt, one of the world's most significant copper and gold-bearing geological structures. Gedabek is the location of the Group's open pits and underground mines and its processing facilities.

Gold was first poured from ore mined from the main open pit mine and processed by heap leaching in May 2009. Copper and precious metal concentrate production began in 2010 when the Sulphidisation, Acidification, Recycling and Thickening (SART) plant was commissioned. The Group's agitation leaching plant commenced production in 2013 and its flotation plant in 2015. Underground extraction of ore started in June 2015 when the Gadir mine was opened. During 2017, the Group brought Ugur, a newly discovered gold deposit three kilometres north-west of its processing facilities, into production as an open pit mine. In 2018, the Company installed a second crusher line to enable separate operation of the agitation and flotation processing plants.

### ***Mineral resources and ore reserves***

Key to the future development of the Gedabek site is our knowledge of the mineral resources and ore reserves within the contract area. In September 2018, the Group published updated Mineral Resources and Ore Reserves for the Gedabek open pit. These are shown in Tables 1 and 2 below.

The mineral resource and reserves are prepared in accordance with JORC Code (2012), which is the current edition of the JORC Code. After a transition period, the 2012 edition came into mandatory operation from 1 December 2013. The resources and reserves stated below are in-situ.



**Table 1 – Mineral resources for the Gedabek Open pit**

<b>Gold (+ Copper) Mineral Resources (cut-off 0.3g/t gold)</b>							
<b>Mineral Resource</b>	<b>Tonnage</b>	<b>Gold</b>	<b>Copper</b>	<b>Silver</b>	<b>Gold</b>	<b>Copper</b>	<b>Silver</b>
	<b>(Mt)</b>	<b>Grade (g/t)</b>	<b>Grade (%)</b>	<b>Grade (g/t)</b>	<b>('000 ounces)</b>	<b>('000 Tonnes)</b>	<b>('000 ounces)</b>
Measured	18.0	0.9	0.2	8.3	532	38.0	4,800
Indicated	11.1	0.7	0.1	5.6	264	15.7	2,011
Measured+Indicated	<b>29.1</b>	<b>0.9</b>	<b>0.2</b>	<b>7.3</b>	<b>796</b>	<b>53.7</b>	<b>6,811</b>
Inferred	8.5	0.7	0.1	5.0	189	9.7	1,361
Total	<b>37.6</b>	<b>0.8</b>	<b>0.2</b>	<b>6.8</b>	<b>986</b>	<b>63.4</b>	<b>8,172</b>
<b>Copper Mineral Resource (Additional to Gold Mineral Resource) (gold &lt;0.3g/t and copper &gt;0.3%)</b>							
<b>Mineral Resources</b>	<b>Tonnage</b>	<b>Gold</b>	<b>Copper</b>	<b>Silver</b>	<b>Gold</b>	<b>Copper</b>	<b>Silver</b>
	<b>(Mt)</b>	<b>Grade (g/t)</b>	<b>Grade (%)</b>	<b>Grade (g/t)</b>	<b>('000 ounces)</b>	<b>('000 Tonnes)</b>	<b>('000 ounces)</b>
Measured	5.3	0.1	0.5	2.1	21	26.3	356
Indicated	0.9	0.1	0.5	1.6	3	4.4	48
Measured+Indicated	<b>6.2</b>	<b>0.1</b>	<b>0.5</b>	<b>2.0</b>	<b>24</b>	<b>30.7</b>	<b>404</b>
Inferred	0.5	0.1	0.4	1.5	1	1.9	23
Total	<b>6.7</b>	<b>0.1</b>	<b>0.5</b>	<b>2.0</b>	<b>25</b>	<b>32.6</b>	<b>426</b>

**Table 2 – Ore Reserves for the Gedabek Open Pit**

<b>Ore Reserves</b>	<b>Tonnage</b>	<b>Gold</b>	<b>Copper</b>	<b>Silver</b>	<b>Gold</b>	<b>Copper</b>	<b>Silver</b>
	<b>(Mt)</b>	<b>Grade (g/t)</b>	<b>Grade (%)</b>	<b>Grade (g/t)</b>	<b>('000 ounces)</b>	<b>('000 Tonnes)</b>	<b>('000 ounces)</b>
<b>Proved</b>	<b>10.9</b>	<b>0.9</b>	<b>0.3</b>	<b>8.8</b>	<b>311</b>	<b>31.9</b>	<b>3,084</b>
<b>Probable</b>	<b>1.2</b>	<b>0.8</b>	<b>0.3</b>	<b>9.5</b>	<b>32</b>	<b>4.1</b>	<b>373</b>
<b>Proved+Probable</b>							

	<b>12.1</b>	<b>0.9</b>	<b>0.3</b>	<b>8.9</b>	<b>343</b>	<b>36.0</b>	<b>3,457</b>
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The above Proved and Probable Ore Reserves estimate is based on that portion of the Measured and Indicated Mineral Resource of the deposit within the scheduled mine designs that may be economically extracted, considering all “Modifying Factors” in accordance with the JORC (2012) Code.

During 2017, the Group completed the JORC (2012) mineral resource and ore reserve statements for the Ugur deposit. Table 3 shows the mineral resource estimate for the Ugur deposit and Table 4 shows the ore reserve estimate for the Ugur deposit.

**Table 3 – Ugur mineral resource estimate at 1 August 2017**

Resource category	Mineral resource				
	In situ (tonnes)	In situ grades		Contained metal	
		Au (g/t)	Ag (g/t)	Au (ounces)	Ag* (ounces)
Measured	4,120,000	1.2	6.3	164,000	841,000
Indicated	340,000	0.8	3.9	8,000	44,000
<b>Measured and indicated</b>	<b>4,460,000</b>	<b>1.2</b>	<b>6.2</b>	<b>172,000</b>	<b>884,000</b>
Inferred	2,500,000	0.3	2.1	27,000	165,000
<b>Total</b>	<b>6,960,000</b>	<b>0.9</b>	<b>4.7</b>	<b>199,000</b>	<b>1,049,000</b>

\* does not add due to rounding

**Table 4 – Ugur ore reserves estimate at 1 August 2017**

Reserve category	Ore reserves				
	In situ (tonnes)	In situ grades		Contained metal	
		Au (g/t)	Ag (g/t)	Au (ounces)	Ag (ounces)
Proved	3,370,000	1.3	7.2	142,000	779,000
Probable	220,000	0.8	4.1	5,000	29,000
<b>Proved and probable</b>	<b>3,590,000</b>	<b>1.3</b>	<b>7.0</b>	<b>147,000</b>	<b>808,000</b>

### Operational review

The Company mined the following ore in the six months ended 30 June 2018:

Mine	12 months to 31 December 2017		3 months to 31 March 2018		3 months to 30 June 2018	
	Ore	Average	Ore	Average	Ore	Average

	<b>mined (tonnes)</b>	<b>gold grade (g/t)</b>	<b>mined (tonnes)</b>	<b>gold grade (g/t)</b>	<b>mined (tonnes)</b>	<b>gold grade (g/t)</b>
<b>Open pit</b>	712,444	1.18	28,326	0.92	22,732	0.99
<b>Ugur – o/pit</b>	238,818	3.20	288,214	0.96	173,168	1.87
<b>Gadir – u/g</b>	80,614	3.56	19,948	5.86	25,411	4.43
<b>Gosha – u/g</b>	28,284	3.99	-	-	-	-
<b>Total</b>	<b>1,060,160</b>	<b>1.89</b>	<b>336,488</b>	<b>1.25</b>	<b>221,311</b>	<b>2.07</b>

As previously reported, low grade ore (less than 1.5 grammes per tonne of gold) is being treated by heap leaching, whilst higher grade ore (more than 1.5 grammes per tonne of gold) is being processed through the combined agitation leaching and flotation plants.

Anglo Asian stacked 321,228 tonnes of dry crushed ore on to heap leach pads with an average gold content of 0.92 grammes per tonne during H1 2018 (H1 2017: 272,495 tonnes with an average gold content of 1.03 grammes per tonne). The Company also heap leached uncrushed (Run of Mine - "ROM") ore. During H1 2018, Anglo Asian stacked 265,857 tonnes of ROM ore on to heap leach pads with an average gold content of 0.51 grammes per tonne (H1 2017: 219,181 tonnes with an average gold content of 0.88 grammes per tonne).

380,306 tonnes of ore with an average gold content of 2.08 grammes per tonne were processed through the agitation leaching plant in H1 2018 (H1 2017: 360,872 tonnes of ore with an average gold content of 1.62 grammes per tonne).

Gold doré containing 31,282 ounces of gold and 13,124 ounces of silver at Gedabek was produced in H1 2018 (H1 2017: 18,389 ounces of gold and 5,713 ounces of silver). The agitation leaching plant produced 21,087 and 8,988 ounces of gold and silver, respectively, and the heap leach operations produced 10,195 and 4,136 ounces of gold and silver, respectively. The increased gold doré production in H1 2018 compared to H1 2017 was due to the higher grade of the Ugur ore processed in H1 2018.

The flotation plant processed 95,907 tonnes of feed-stock in H1 2018 (H1 2017: 275,581 tonnes). The gross metal contained within this feed-stock was 4,144 ounces of gold, 50,483 ounces of silver and 430 tonnes of copper (H1 2017: 10,317 ounces of gold, 149,588 ounces of silver and 1,340 tonnes of copper.) Copper concentrate of 1,955 dmt was produced containing 336 tonnes of copper and 1,961 ounces of gold (H1 2017: Copper concentrate of 5,515 dmt was produced containing 925 tonnes of copper and 4,820 ounces of gold). SART processing produced 483 dmt of copper concentrate containing 251 tonnes of copper and 12 ounces of gold (H1 2017: 847 dmt of copper concentrate containing 397 tonnes of copper and 9 ounces of gold).

The Company sold 2,344 dmt of copper concentrate in H1 2018 for \$5.9 million compared to 5,396 dmt for \$10.3 million in H1 2017 (excluding Government of Azerbaijan production share).

The following table summarises gold doré production and sales at Gedabek for FY 2017 and H1 2018:

	<b>Gold produced*</b> <i>(ounces)</i>	<b>Silver Produced*</b> <i>(ounces)</i>	<b>Gold sales**</b> <i>(ounces)</i>	<b>Gold Sales price</b> <i>(\$/ounce)</i>
<b>Quarter ended</b>				
31 March 2017	9,258	2,447	8,283	1,220
30 June 2017	9,131	3,266	7,406	1,258
<b>H1 2017</b>	<b>18,389</b>	<b>5,713</b>	<b>15,689</b>	<b>1,238</b>
30 Sept 2017	12,221	4,381	9,287	1,286
31 Dec 2017	21,924	12,634	18,520	1,278
<b>H2 2017</b>	<b>34,145</b>	<b>17,015</b>	<b>27,807</b>	<b>1,281</b>
<b>FY 2017</b>	<b>52,534</b>	<b>22,728</b>	<b>43,496</b>	<b>1,265</b>
31 March 2018*	15,750	7,110	14,956	1,328
30 June 2018	15,532	6,014	10,822	1,307
<b>H1 2018</b>	<b>31,282</b>	<b>13,124</b>	<b>25,778</b>	<b>1,319</b>

Note that some of the figures in the above table may differ from previously reported due to agreement of final assay.

\* including Government of Azerbaijan's share

\*\* excludes Government of Azerbaijan's share

The following table summarises copper concentrate production from both its SART and flotation plants at Gedabek for FY 2017 and H1 2018:

	<b>Concentrate production*</b> <i>(dmt)</i>	<b>Copper content*</b> <i>(tonnes)</i>	<b>Gold content*</b> <i>(ounces)</i>	<b>Silver content*</b> <i>(ounces)</i>
<b>2017</b>				
<b>Quarter ended 31 March</b>				
SART processing	428	210	5	5,523
Flotation	2,312	396	1,815	31,399
<b>Total</b>	<b>2,740</b>	<b>606</b>	<b>1,820</b>	<b>36,922</b>
<b>Quarter ended 30 June</b>				
SART processing	419	187	4	4,717
Flotation	3,203	529	3,005	37,735
<b>Total</b>	<b>3,622</b>	<b>716</b>	<b>3,009</b>	<b>42,452</b>
<b>Quarter ended 30 Sept</b>				
SART processing	333	165	4	9,097
Flotation	2,379	385	2,243	26,810
<b>Total</b>	<b>2,712</b>	<b>550</b>	<b>2,247</b>	<b>35,907</b>

<b>Quarter ended 31 December</b>				
SART processing	256	119	7	34,844
Flotation	-	-	-	-
<b>Total</b>	<b>256</b>	<b>119</b>	<b>7</b>	<b>34,844</b>
<b>2018</b>				
<b>Quarter ended 31 March</b>				
SART processing	223	114	6	21,887
Flotation	819	141	735	11,587
<b>Total</b>	<b>1,042</b>	<b>255</b>	<b>741</b>	<b>33,474</b>
<b>Quarter ended 30 June</b>				
SART processing	260	137	6	21,800
Flotation	1,136	195	1,226	16,387
<b>Total</b>	<b>1,396</b>	<b>332</b>	<b>1,232</b>	<b>38,187</b>

\* including Government of Azerbaijan's share.

The following table summarises copper concentrate production and sales at Gedabek for FY 2017 and H1 2018. Note that sales of concentrates are initially recorded at provisional amounts until agreement of final assay:

	<b>Concentrate production*</b> <i>(dmt)</i>	<b>Copper content*</b> <i>(tonnes)</i>	<b>Gold content*</b> <i>(ounces)</i>	<b>Silver content*</b> <i>(ounces)</i>	<b>Concentrate sales**</b> <i>(dmt)</i>	<b>Concentrate sales**</b> <i>(\$000)</i>
<b>Quarter ended</b>						
31 March 2017	2,740	606	1,820	36,922	2,230	4,220
30 June 2017	3,622	716	3,009	42,452	3,166	6,104
<b>H1 2017</b>	<b>6,362</b>	<b>1,322</b>	<b>4,829</b>	<b>79,374</b>	<b>5,396</b>	<b>10,324</b>
30 Sept 2017	2,712	550	2,247	35,907	2,905	5,480
31 Dec 2017	256	119	7	34,844	198	854
<b>H2 2017</b>	<b>2,968</b>	<b>669</b>	<b>2,254</b>	<b>70,751</b>	<b>3,103</b>	<b>6,334</b>
<b>FY 2017</b>	<b>9,330</b>	<b>1,991</b>	<b>7,083</b>	<b>150,125</b>	<b>8,499</b>	<b>16,658</b>
31 March 2018	1,042	255	741	33,474	608	1,715
30 June 2018	1,396	332	1,232	38,187	1,736	4,221
<b>H1 2018</b>	<b>2,438</b>	<b>587</b>	<b>1,973</b>	<b>71,661</b>	<b>2,344</b>	<b>5,936</b>

\* including Government of Azerbaijan's share

\*\* excludes Government of Azerbaijan's share

### **Gedabek – operational update**

The major improvement to Gedabek operations in the period was the commencement of operation of the second crusher plant. This has a budgeted capacity of 95 tonnes per hour compared to the existing crusher of up to 120 tonnes per hour. This removes a large bottleneck and enables independent operation of the agitation leaching and flotation plants

from separate sources of feedstock. The addition of this second crusher not only significantly increases the capacity of our processing plants but also their flexibility. Various other initiatives have been undertaken during 2018 to improve the operational efficiency at site:

- The Company has started to reconfigure its ROM stockpile pads. This will enable more efficient (and therefore lower cost) handling of plant feed and this work is expected to be completed by the end of 2018.
- Transportation logistics are being improved with a new spur road link between the main open pit mine and processing plant now under construction. This new road will reduce haulage distances between the mine and the processing plant.
- An expansion of the on-site maintenance facilities and workshop is now being planned.
- Several specialist managers have been recruited to improve working practices. These are in the areas of mining, drill and blast, equipment operation and maintenance.
- A diesel filtration system has been installed to improve the quality of fuel used which will improve the efficient operation of equipment.
- A new solution sprinkling system has been installed to better distribute cyanide on heaps which are being leached.

### ***Health, Safety and environment***

The Company continues to invest resources to improve its health, safety and environment (“HSE”) performance to achieve best in class practice. The Company’s safety record continues to improve and the Lost Time Injury (“LTI”) frequency rate for the six months to 30 June 2018 was 1.13 compared to 1.21 in the comparable period in 2017. The LTI frequency rate for any period is calculated as the number of lost time injuries in the period divided by the total man hours worked in the period multiplied by one million. The Company has implemented several initiatives at Gedabek to improve safety in the period including completing comprehensive risk assessments of the agitation leaching, SART and flotation plants. Institution of Occupational Safety and Health training - “IOSH Managing Safety” was also completed for all HSE department employees. Emergency response equipment including breathing apparatus is now in place at Gedabek.

There was one LTI injury during the period. An employee suffered a broken leg in the Gadir underground mine whilst assisting in changing a tyre of a loader. The flange of the tyre came loose and hit his leg whilst the tyre was being inflated. Various procedures have been implemented following the accident to prevent such incidents re-occurring including implementing safer procedures for changing tyres and installing safety locks to tyres.

### ***Gedabek - Geological update***

The Group’s three-year geological exploration programme commenced during the year. The major results from the programme for the six months to 30 June 2018 are as follows:

- There is increased confidence in the short to medium term production profile at the Gadir underground mine (“Gadir”) following confirmation of continuation of the Gadir ore-body down-dip and potentially along strike.
- Significant gold grades of up to three ounces per tonne (93 grammes per tonne) were intersected in drilling and confirmed by underground tunneling at Gadir.
- Numerous areas of high grade mineralisation adjacent to the current Gadir operation were identified. It is expected a resource and reserve estimate for Gadir will be published in Q4 2018.
- Additional mineralisation beneath the Gedabek open pit was confirmed which will be the subject of further underground evaluation accessed by tunnels developed from the Gadir mine.
- Extensive alteration zones of porphyry style previously discovered at Ordubad with confirmation of copper and gold mineralisation, are now the subject of an extensive geochemical sampling programme.

## **FINANCIAL REVIEW**

### ***Group statement of income***

Revenue of \$40.0m was generated from the sales of Anglo Asian's share of gold and silver bullion, refined from gold doré bars, and copper and precious metal concentrate in the six months ended 30 June 2018. Sales of gold and silver bullion were \$34.1m which comprised 25,778 ounces of gold and 13,493 ounces of silver sold at an average price of \$1,319 and \$17 per ounce respectively. Sales of copper and precious metal concentrate were \$5.9m. No hedging of gold bullion sales was undertaken in the six months to 30 June 2018.

Total cost of sales for the six months ended 30 June 2018 increased by \$1.6m to \$27.5m compared to \$25.9m in H1 2017. Cash costs decreased by \$0.6m to \$19.7m compared to \$20.5m in H1 2017 due to lower reagent and other consumable costs as a result of processing “cleaner” oxide Ugur ores and a lower throughput through the flotation plant. This was partially offset by higher drilling and employee costs. Depreciation increased by \$2.1m from \$7.0m in H1 2017 to \$9.1m in H1 2018 due to higher gold production. Accumulated mine development costs within producing mines are depreciated and amortised on a unit-of-production basis over the economically recoverable reserves of the mine concerned, except in the case of assets whose useful life is shorter than the life of the mine, in which case the straight line method is applied. The unit of account for run of mine (“ROM”) costs and for post-ROM costs are recoverable ounces of gold.

Administrative expenses for the six months ended 30 June 2018 increased to \$2.5m compared to \$2.3m in H1 2017. Administrative expenses comprise the cost of the Company's office in Baku, directors and other administrative staff salaries, professional fees and the cost of maintaining the Company's listing on the AIM market.

The finance costs for the six months ended 30 June 2018 of \$1.0m comprise interest on loans of \$0.8m and accretion expense on the rehabilitation provision of \$0.2m. Finance costs were lower in the period due to both lower average borrowings and borrowing costs in the period. There were no borrowing costs capitalised in the six months ended 30 June 2018.

The Group had a taxation charge in the six months ended 30 June 2018 of \$3.0m (H1 2017: \$1.4m). This comprised a current income tax charge of \$2.5m (H1 2017: \$nil) and a deferred tax charge of \$0.5m (H1 2017: \$1.4m). The Group had a current taxation charge in the six months ended 30 June 2018 as the taxable profits incurred by its operating company in Azerbaijan exceeded taxable losses brought forward from previous years. The Company therefore had no unused taxable losses carried forward at 30 June 2018. The Company expects to pay corporation tax in the year ending 31 December 2018 and future years. The taxable profits of the operating company in Azerbaijan are taxed at 32 per cent. However, the overall tax rate is higher than 32 per cent. because the UK administrative costs and depreciation of mining rights in Azerbaijan cannot be offset against the taxable profits arising in Azerbaijan.

#### ***All in sustaining cost of production***

The Group produced gold bullion at an all in sustaining cost ("AISC") for the six months ended 30 June 2018 of \$543 per ounce compared to \$564 per ounce for the six months ended June 2017 and \$604 for the full year 2017. AISC for the period ended 30 June 2018 was lower than 2017 due to the higher amount of gold produced partially offset by higher costs of sustaining capital and lower by-product sales. There are no royalty costs included in the Company's AISC calculation as the Production Sharing Agreement with the Government of Azerbaijan is structured as a revenue sharing arrangement. Therefore, the Company's AISC is calculated using a cost of sales which is the cost of producing 100 per cent. of the gold and such costs are allocated to total gold production including the Government of Azerbaijan's share.

#### ***Group statement of financial position and cash flows***

The Company had cash at 30 June 2018 of \$12.5m and total debt at amortised cost of \$15.4m, giving net debt of \$2.9 million.

In February 2018, the Group entered into a refinancing agreement with Pasha Bank OJSC, as arranger, for a syndicated loan facility for up to \$15m to refinance the majority of the Group's existing loans. The significant terms of the loan were as follows:

- Two-year term loan facility for up to \$15m at 7 per cent. per annum fixed interest rate;
- The loan facility is unsecured and there are no financial covenants;
- Total arrangement fee of 0.25 per cent. of the amount borrowed; and



- Early repayment is permitted.

A total of \$13.5m of the facility was drawn-down and used to repay the loans from Amsterdam Trade Bank and Gazprombank Switzerland totaling \$7.4m, the Chief Executive Officer of \$3.9m and \$2.2m of loans from Yapi Credit Bank.

The Company had no unused credit facilities at 30 June 2018.

Operating cash inflow before movements in working capital for the six months to June 2018 was \$18.5m (H1 2017: \$8.7m). The main source of operating cash flow was the profit before taxation before the non-cash charges of depreciation and amortisation in the six months ended 30 June 2018 of \$17.5m (H1 2017: \$6.6m). The increase in H1 2018 compared to H1 2017 reflects the return to profitability of the Group in the period.

Working capital movements in the six months to 30 June 2018 increased cash by \$6.0m (H1 2017: \$2.1m) primarily due to a decrease in inventories of \$2.9m and an increase in taxes payable of \$2.5m.

Capital expenditure of \$8.2m for the six months ended 30 June 2018 was mainly in respect of capitalised deferred stripping costs of \$4.9m; expenditure on the new crusher plant of \$2.0m and underground equipment of \$0.8m.

Capitalised exploration and evaluation expenditure of \$0.1m was incurred in the six months ended 30 June 2018 which was mainly exploration in the Ordubad contract area.

### ***Production sharing agreement***

Under the terms of the Production Sharing Agreement (“PSA”) with the Government of Azerbaijan (“Government”), the Group and the Government share the commercial products of each mine. The Government’s share is 51 per cent. of “Profit Production”. Profit Production is defined as the value of production, less all capital and operating cash costs incurred during the period when the production took place. Profit Production for any period is subject to a minimum of 25 per cent. of the value of the production. This is to ensure the Government always receives a share of production. The minimum Profit Production is applied when the total capital and operating cash costs (including any unrecovered costs from previous periods) are greater than 75 per cent. of the value of production. All operating and capital cash costs in excess of 75 per cent. of the value of production can be carried forward indefinitely and set off against the value of future production.

Profit Production for the Group has been subject to the minimum 25 per cent. since commencement of production including 2017 and the six months to 30 June 2018. The Government’s share of production in the six months to 30 June 2018 (as in all previous periods) was therefore 12.75 per cent. being 51 per cent. of 25 per cent. with the Group entitled to the remaining 87.25 per cent. The Group was therefore subject to an effective

royalty on its revenues in the six months to 30 June 2018 of 12.75 per cent. of the value of its production.

The Group can recover the following costs in accordance with the PSA:

- all direct operating expenses of the Gedabek mine;
- all exploration expenses incurred on the Gedabek contract area;
- all capital expenditure incurred on the Gedabek mine;
- an allocation of corporate overheads - currently, overheads are apportioned to Gedabek according to the ratio of direct capital and operating expenditure at the Gedabek contract area compared with direct capital and operational expenditure at the Gosha and Ordubad contract areas; and
- an imputed interest rate of United States Dollar LIBOR + 4 per cent. per annum on any unrecovered costs.

Unrecovered costs are calculated separately for the three contract areas of Gedabek, Gosha and Ordubad and can only be recovered against production from their respective contract areas. The total unrecovered costs for the Gedabek and Gosha contract areas at 30 June 2018 were \$82.7m and \$22.6m respectively (31 December 2017: \$94.6m and \$21.8m respectively).

#### **Foreign currency exposure**

The Group reports in US dollars and a substantial proportion of its business is conducted in either US dollars or the Azerbaijan Manat ("AZN") which has been stable at AZN 1 equalling approximately \$0.58 during the six months ended 30 June 2018. In addition, the Company's revenues and the majority of its interest-bearing debt are denominated in US dollars. The Company currently does not have any significant exposure to foreign exchange fluctuations and the situation is kept under review.

## **Anglo Asian Mining plc**

### **Condensed group statement of income**

Six months ended 30 June 2018

Notes	6 months to 30 June 2018 (unaudited) \$000	6 months to 30 June 2017 (unaudited) \$000
Revenue	39,967	29,838
Cost of sales	(27,528)	(25,928)
<b>Gross profit</b>	<b>12,439</b>	<b>3,910</b>
Other income	9	8
Administrative expenses	(2,492)	(2,316)
Other operating expense	(899)	(996)
<b>Operating profit</b>	<b>9,057</b>	<b>606</b>
Finance income	19	-
Finance costs	(1,010)	(1,930)
<b>Profit / (loss) before tax</b>	<b>8,066</b>	<b>(1,324)</b>

Income tax	3	(2,990)	(1,418)
<b>Profit / (loss) attributable to the equity holders of the parent</b>		5,076	(2,742)
<b>Profit / (loss) per share attributable to the equity holders of the parent</b>		5,076	(2,742)
Basic (US cents per share)	4	4.46	(2.44)
Diluted (US cents per share)	4	4.45	(2.43)

**Anglo Asian Mining plc**  
**Condensed group statement of comprehensive income**  
Six months ended 30 June 2018

	6 months to 30 June 2018 (unaudited) \$000	6 months to 30 June 2017 (unaudited) \$000
Profit / (loss) for the period	5,076	(2,742)
<b>Total comprehensive profit / (loss) for the period</b>	5,076	(2,742)
Attributable to the equity holders of the parent company	5,076	(2,742)

**Anglo Asian Mining plc**  
**Condensed group statement of financial position**  
30 June 2018

	Notes	30 June 2018 (unaudited) \$000	30 June 2017 (unaudited) \$000	31 December 2017 (audited) \$000
<b>Non-current assets</b>				
Intangible assets	5	15,251	16,283	16,145
Property, plant and equipment	6	85,966	94,012	87,387
Other receivables	7	1,259	1,272	875
		102,476	111,567	104,407
<b>Current assets</b>				
Inventory	8	31,033	34,229	33,980
Trade and other receivables	7	15,113	18,421	11,276
Cash and cash equivalents		12,547	1,527	2,534
		58,693	54,177	47,790
<b>Total assets</b>		161,169	165,744	152,197
<b>Current liabilities</b>				
Trade and other payables	9	(21,387)	(26,534)	(15,170)
Taxes payable		(2,526)	-	-
Interest-bearing loans and borrowings	10	(10,382)	(26,047)	(20,051)
		(34,295)	(52,581)	(35,221)
<b>Net current assets</b>		24,398	1,596	12,569
<b>Non-current liabilities</b>				
Provision for rehabilitation		(9,524)	(9,138)	(9,629)

Interest-bearing loans and borrowings	10	(5,063)	(4,466)	(600)
Deferred tax liability		(21,858)	(19,648)	(21,394)
		(36,445)	(33,252)	(31,623)
<b>Total liabilities</b>		(70,740)	(85,833)	(66,844)
<b>Net assets</b>		90,429	79,911	85,353
<b>Equity</b>				
Share capital	11	2,008	1,993	2,008
Share premium account		32,484	32,325	32,484
Share-based payment reserve		74	161	74
Merger reserve		46,206	46,206	46,206
Retained earnings / (loss)		9,657	(774)	4,581
<b>Total equity</b>		90,429	79,911	85,353

**Anglo Asian Mining plc**  
**Condensed group statement of cash flows**  
Six months ended 30 June 2018

	<b>6 months to 30 June 2018 (unaudited) \$000</b>	<b>6 months to 30 June 2017 (unaudited) \$000</b>
<b>Cash flows from operating activities</b>		
Profit / (loss) before taxation	8,066	(1,324)
<b>Adjustments to reconcile profit / (loss) before tax to net cash flows:</b>		
Finance income	(19)	-
Finance costs	1,010	1,930
Depreciation of property, plant and equipment	8,456	7,290
Amortisation of mining rights and other intangible assets	986	673
Share-based payment expense	-	7
Write down of unrecoverable inventory	34	107
<b>Operating cash flow before movements in working capital</b>	<b>18,533</b>	<b>8,683</b>
Decrease in trade and other receivables	437	1,391
Decrease / (increase) in inventories	2,912	(318)
Increase in taxes payable	2,526	-
Increase in trade and other payables	172	1,029
<b>Cash from operations</b>	<b>24,580</b>	<b>10,785</b>
Income tax paid	-	-
<b>Net cash flow from operating activities</b>	<b>24,580</b>	<b>10,785</b>
<b>Cash flows from investing activities</b>		
Expenditure on property, plant and equipment and mine development	(8,183)	(3,404)
Investment in exploration and evaluation activities	(91)	(109)
Interest received	19	-
<b>Net cash used in investing activities</b>	<b>(8,255)</b>	<b>(3,513)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowing	13,995	6,651
Repayment of borrowings	(19,199)	(12,283)
Interest paid	(1,108)	(1,492)

<b>Net cash used in financing activities</b>	(6,312)	(7,124)
<b>Net increase in cash and cash equivalents</b>	10,013	148
<b>Cash and cash equivalents at beginning of period</b>	2,534	1,379
<b>Cash and cash equivalents at end of the period</b>	12,547	1,527

## Anglo Asian Mining plc

### Condensed group statement of changes in equity

Six months ended 30 June 2018  
(Unaudited)

	Share capital \$000	Share premium \$000	Share-based payment reserve \$000	Merger reserve \$000	Retained earnings/ (loss) \$000	Total equity \$000
1 January 2018	2,008	32,484	74	46,206	4,581	85,353
Profit for the period	-	-	-	-	5,076	5,076
Share based payment	-	-	-	-	-	-
<b>30 June 2018</b>	<b>2,008</b>	<b>32,484</b>	<b>74</b>	<b>46,206</b>	<b>9,657</b>	<b>90,429</b>

Six months ended 30 June 2017  
(Unaudited)

	Share capital \$000	Share premium \$000	Share-based payment reserve \$000	Merger reserve \$000	Retained earnings/ (loss) \$000	Total equity \$000
1 January 2017	1,993	32,325	154	46,206	1,968	82,646
Loss for the period	-	-	-	-	(2,742)	(2,742)
Share based payment	-	-	7	-	-	7
<b>30 June 2017</b>	<b>1,993</b>	<b>32,325</b>	<b>161</b>	<b>46,206</b>	<b>(774)</b>	<b>79,911</b>

## Anglo Asian Mining plc

### Notes to the condensed group financial statements

Six months ended 30 June 2018

#### 1 General information

Anglo Asian Mining plc (the "Company") is a company incorporated in England and Wales under the Companies Act 2006. The Company's ordinary shares are traded on the AIM market of the London Stock Exchange plc. The Company is a holding company. The principal activity of the Company and its subsidiaries (the "Group") is operating a portfolio of mining operations and metal production facilities within Azerbaijan.

#### *Basis of preparation*

The condensed group financial statements for the six month period ending 30 June 2018 have 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 2018 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 2017 has

been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditor drew attention by way of an emphasis of matter and did not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006. The condensed group financial statements have not been audited.

The condensed group financial statements have been prepared under the historical cost convention except for the treatment of share based payments. The condensed group financial statements are presented in United States dollars (“\$”) and all values are rounded to the nearest thousand except where otherwise stated. In the condensed group financial statements “£” and “pence” are references to the United Kingdom pound sterling and “AZN” is a reference to the Azerbaijan New Manat.

### **Accounting policies**

The annual financial statements of Anglo Asian Mining plc are prepared in accordance with IFRSs as issued by the International Accounting Standards Board and as adopted by the European Union. The condensed group financial statements included in this half-yearly financial report have been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board and adopted by the European Union.

The accounting policies adopted in the 2018 half-yearly condensed group financial statements are the same as adopted in the 2017 annual report and accounts, other than those in respect of new and revised standards that became effective from 1 January 2018 as follows:

#### ***IFRS 9 'Financial Instruments'***

In July 2014, the IASB issued the final version of IFRS 9 'Financial Instruments' that replaces IAS 39 and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for the financial instruments project; classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Except for hedge accounting, retrospective application is required, but the provision of comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group adopted the new standard on the required effective date. The Group assessed the impacts of implementing IFRS 9 but these were not significant. The Group's only significant financial instruments are cash and cash equivalents, trade and other debtors, interest bearing loans payable and trade creditors. The Group does not have any long term loans, equity instruments or "non-vanilla" financial assets or liabilities or currently carry out any hedging activity. All financial instruments are included in the Group's statement of financial position at values which approximate to their fair value. IFRS 9 has not had any effect on the classification, initial recognition or subsequent measurement of the Group's financial instruments.

IFRS 9 requires the Group to use an expected credit loss model for its trade receivables measured at amortised cost. The Group has applied the simplified approach and record lifetime expected losses on all trade receivables measured at amortised cost. The short term nature of these receivables means that these changes did not have a significant impact.

#### ***IFRS 15 'Revenue from Contracts with Customers'***

IFRS 15 was issued in May 2014 and amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

The Group adopted the new standard on the required effective date using the modified retrospective method. The Group assessed the impact of the changes of IFRS 15, but these were not materially significant. The only significant revenues of the Group are sales of gold and silver bullion to its gold refiner and sales of copper concentrate to its off-taker. In both cases, sales are only recognised when the buyer takes physical possession of the goods and priced at the current market price as follows:

- Sales of gold and silver bullion are only made when the precious metals are physically at the refinery and at the spot metal price on date of sale.
- Sales of each shipment of copper concentrate are invoiced when the off-taker takes physical delivery of each shipment at the Group's factory gate and provisionally priced using a recent prior period average metal price. A final invoice for each shipment is issued within the next one to two months and is again priced using a recent prior period average metal price. The Group does not separately account for the embedded derivative in each transaction as the short one to two month transaction cycle would result in any change to the Group's financial statements being immaterial.

The adoption of these standards has had no material impact on the 2018 half-yearly condensed group financial statements. The Group also plans to implement IFRS 16 "leases" for accounting periods commencing after 1 January 2019:

#### **IFRS 16 'Leases'**

IFRS 16 was issued in January 2016 and it replaces IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a lease', SIC - 15 'Operating Leases - Incentives' and SIC -27 'Evaluation the Substance of Transactions Involving the Legal Form of a lease', IFRS 16 sets out the principles for the recognition measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g. personal computers) and short-term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term or a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

As disclosed in note 12 below, the Group has no significant leases and therefore IFRS 16 is not expected to have any materially significant effect on its financial statements.

#### **Going concern**

The directors have prepared the condensed group financial statements on a going concern basis after reviewing the Group's forecast cash position for the period to 30 September 2019 and satisfying themselves that the Group will have sufficient funds on hand to realise its assets and meet its obligations as and when they fall due.

The Group's cash resources have substantially increased and its liquidity improved in the six months to 30 June 2018. The Group has generated significant amounts of cash and reduced its indebtedness and currently has net cash. The majority of its remaining debt has been refinanced with a syndicated loan at a lower interest rate. The Group no longer has any borrowings which are subject to financial covenants and all debt is unsecured.

The Group's business activities, together with the factors likely to affect its future development, performance and position, can be found within the chairman's statement and strategic report above. The financial position of the Group, its cash flow, liquidity position and borrowing facilities are discussed in the financial review above.

After making due enquiry, the directors have satisfied themselves that it is appropriate to adopt the going concern basis in preparing the condensed group financial statements.

## **2 Operating segments**

The Group determines operating segments based on the information that is internally provided to the Group's chief operating decision maker. The chief operating decision maker has been identified as the board of directors. The board of directors currently considers consolidated financial information for the entire Group and reviews the business based on the Group income statement and Group statement of financial position in their entirety. Accordingly, the Group has only one operating segment, mining operations. The mining operations comprise the Group's major producing asset, the open cast and underground mines located at the Gedabek and Gosha licence areas, which account for all the Group's revenues and the majority of its cost of sales, depreciation and amortisation. The Group's mining operations are all located within Azerbaijan and therefore all within one geographic segment.

All sales of gold and silver bullion are made to one customer, the Group's gold refinery, MKS Finance SA, based in Switzerland. Copper concentrate is sold to Industrial Minerals SA.

### 3 Income tax

The income taxation charge in the 6 months ended 30 June 2018 represents a current income tax charge of \$2.5m (2017:\$nil) and a deferred taxation charge of \$0.5m (2017:\$1.4m). These current and deferred taxation charges are in respect of the representative office registered in Azerbaijan of RV Investment Group Services LLC (a wholly owned subsidiary of the Company). The taxable profits of the operating company in Azerbaijan are taxed at 32 per cent. However, the overall tax rate is higher than 32 per cent. because the UK administrative costs and depreciation of mining rights in Azerbaijan cannot be offset against the taxable profits arising in Azerbaijan.

The deferred taxation asset or liability is calculated at the taxation rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred taxation 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 taxation is also dealt with in equity.

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

At the statement of financial position date, the Group has unused taxation losses within the Company and a subsidiary (Anglo Asian Operations Limited) available for offset against future profits. No deferred taxation asset has been recognised in respect of such losses due to the unpredictability of future profit streams. Unused taxation losses may be carried forward indefinitely.

### 4 Profit / (loss) per ordinary share

	6 months to 30 June 2018 (unaudited) \$000	6 months to 30 June 2017 (unaudited) \$000
<b>Profit / (loss) per ordinary share</b>		
Profit / (loss) after tax for the period	<b>5,076</b>	(2,742)
Basic profit / (loss) per share (US cents)	<b>4.46</b>	(2.44)
Diluted profit / (loss) per share (US cents)	<b>4.45</b>	(2.43)

<b>Weighted average number of shares</b>	<b>Number</b>	<b>Number</b>
For basic earnings per share	<b>113,761,024</b>	112,661,024
For diluted earnings per share	<b>114,080,623</b>	112,741,024

### 5 Intangible assets

	Exploration & evaluation Gedabek (unaudited) \$000	Exploration & evaluation Ordubad (unaudited) \$000	Mining rights (unaudited) \$000	Other intangible assets (unaudited) \$000	Total (unaudited) \$000
<b>Cost</b>					
1 January 2017	191	4,028	41,925	498	46,642
Additions	919	125	-	31	1,075
31 December 2017	1,110	4,153	41,925	529	47,717
Additions	-	92	-	-	92
<b>30 June 2018</b>	<b>1,110</b>	<b>4,245</b>	<b>41,925</b>	<b>529</b>	<b>47,809</b>



**Amortisation and impairment**

1 January 2017	-	-	29,469	325	29,794
Charge for year	-	-	1,738	40	1,778
31 December 2017	-	-	31,207	365	31,572
Charge for period	-	-	970	16	986
<b>30 June 2018</b>	-	-	<b>32,177</b>	<b>381</b>	<b>32,558</b>

**Net book value**

31 December 2017	1,110	4,153	10,718	164	16,145
<b>30 June 2018</b>	<b>1,110</b>	<b>4,245</b>	<b>9,748</b>	<b>148</b>	<b>15,251</b>

**6 Property, plant and equipment**

	Plant and equipment and motor vehicles (unaudited) \$000	Producing mines (unaudited) \$000	Assets under construction (unaudited) \$000	Total (unaudited) \$000
<b>Cost</b>				
1 January 2017	21,465	183,433	435	205,333
Additions	434	4,559	5,175	10,168
Transfer to producing mines	-	1,229	(1,229)	-
Decrease in provision for rehabilitation	-	(249)	-	(249)
31 December 2017	21,899	188,972	4,381	215,252
Additions	147	4,946	2,291	7,384
Transfer to producing mines	-	4,235	(4,235)	-
Decrease in provision for rehabilitation	-	(349)	-	(349)
<b>30 June 2018</b>	<b>22,046</b>	<b>197,804</b>	<b>2,437</b>	<b>222,287</b>

**Depreciation and impairment**

1 January 2017	14,656	92,201	-	106,857
Charge for year	1,765	19,243	-	21,008
31 December 2017	16,421	111,444	-	127,865
Charge for period	788	7,668	-	8,456
<b>30 June 2018</b>	<b>17,209</b>	<b>119,112</b>	<b>-</b>	<b>136,321</b>

**Net book value**

31 December 2017	5,478	77,528	4,381	87,387
<b>30 June 2018</b>	<b>4,837</b>	<b>78,692</b>	<b>2,437</b>	<b>85,966</b>

**7 Trade and other receivables**

	30 June 2018 (unaudited) \$000	30 June 2017 (unaudited) \$000	31 December 2017 (audited) \$000
<b>Non-current assets</b>			
Advances for fixed asset purchases	1,244	1,228	860
Loans	15	44	15
	<b>1,259</b>	1,272	875

## Current assets

Gold held due to the Government of Azerbaijan	<b>11,720</b>	13,640	7,445
VAT refund due	<b>206</b>	217	206
Other tax receivable	<b>811</b>	908	891
Trade receivables	<b>994</b>	1,159	440
Prepayments and advances	<b>1,275</b>	2,409	2,187
Loans	<b>107</b>	88	107
	<b>15,113</b>	18,421	11,276

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

The VAT refunds due relate to VAT paid on purchases.

Gold bullion held and transferable to the Government of Azerbaijan is bullion held by the Group due to the Government of Azerbaijan. The Group holds the Government's share of the product from its mining activities and from time to time transfers that product to the Government of Azerbaijan. A corresponding liability to the Government of Azerbaijan is included in trade and other payables as disclosed in note 9.

The Group does not consider any trade and other receivables as past due or impaired.

## 8 Inventory

	30 June 2018 (unaudited) \$000	30 June 2017 (unaudited) \$000	31 December 2017 (audited) \$000
<b>Cost</b>			
Finished goods - bullion	<b>3,610</b>	1,264	2,059
Finished goods - metal in concentrate	<b>82</b>	755	489
Metal in circuit	<b>12,044</b>	13,763	13,476
Ore stockpiles	<b>3,699</b>	7,921	6,753
Spare parts and consumables	<b>11,598</b>	10,526	11,203
Total current inventories	<b>31,003</b>	34,229	33,980
Total inventories at the lower of cost and net realisable value	<b>31,003</b>	34,229	33,980

Current ore stockpiles consist of high-grade and low-grade oxide ores that are expected to be processed during the 12 months subsequent to the balance sheet date.

Inventory is recognised at lower of cost or net realisable value.

## 9 Trade and other payables

	30 June 2018 (unaudited) \$000	30 June 2017 (unaudited) \$000	31 December 2017 (audited) \$000
Accruals and other payables	<b>4,777</b>	3,626	3,979
Trade creditors	<b>3,595</b>	6,931	3,431
Gold held due to the Government of Azerbaijan	<b>11,720</b>	13,640	7,445
Payable to the Government of Azerbaijan from copper concentrate joint sale	<b>1,295</b>	2,337	315
	<b>21,387</b>	26,534	15,170

Trade creditors primarily comprise amounts outstanding for trade purchases and ongoing costs. Trade creditors are non-interest bearing. Accruals and other payables mainly consist of accruals made for accrued but not paid salaries, bonuses, related payroll taxes and social contributions, accrued interest on borrowings, and services provided but not billed to the Group by the end of the reporting period. The directors consider that the carrying amount of trade and other payables approximates to their fair value.

The amount payable to the Government of Azerbaijan from copper concentrate joint sale represents the portion of cash received from the customer for the government's portion from the joint sale of copper concentrate.

## 10 Interest-bearing loans and borrowings

### *Amortised cost*

	30 June 2018 (unaudited) \$000	30 June 2017 (unaudited) \$000	31 December 2017 (audited) \$000
International Bank of Azerbaijan – agitation leaching plant loan	-	3,875	1,640
International Bank of Azerbaijan – loan facilities	-	510	481
Gazprombank (Switzerland) Ltd	-	6,180	3,700
Amsterdam Trade Bank	-	6,180	3,700
Atlas Copco – vendor financing	-	550	303
Yapi Kredit Bank	-	2,623	2,254
Pasha Bank – refinancing loan	11,813	-	-
Pasha Bank – other loans	2,632	6,190	3,713
Kapital Bank	1,000	545	1,000
Director	-	3,860	3,860
<b>Total interest bearing loans and borrowings</b>	<b>15,445</b>	<b>30,513</b>	<b>20,651</b>
Loans repayable in less than one year	10,382	26,047	20,051
Loans repayable in more than one year	5,063	4,466	600
<b>Total interest bearing loans and borrowings</b>	<b>15,445</b>	<b>30,513</b>	<b>20,651</b>

### **International Bank of Azerbaijan (“IBA”)**

#### ***Agitation leaching plant loan***

In 2012 and 2013, the Group borrowed \$49.5 million under a series of loan agreements to finance the construction of its agitation leaching plant. The annual interest rate for each agreement is 12 per cent. The repayment of principal began two years from the withdrawal date for each agreement. The loans were partially repaid by the proceeds of a refinancing loan from Amsterdam Trade Bank. Repayment commenced on 31 March 2015 and the loans were fully repaid in the period ended 30 June 2018.

#### ***Loan facilities***

In 2016, the Group entered into two credit facilities with IBA:

- AZN1 million at an annual interest rate of 18 per cent. The interest and principal were repayable on a reducing balance basis in 12 equal monthly installments of AZN92,000. The final installment was repaid in January 2017.
- \$1.5 million at an annual interest rate of 12 per cent. The interest and principal are repayable on a reducing balance basis in 24 equal monthly installments of \$71,000 and the final installment was repaid in February 2018.

### **Amsterdam Trade Bank (“ATB”) and Gazprombank (Switzerland) Ltd (“GPBS”)**

During 2013, the Group entered into a loan agreement for \$37.0 million to refinance its agitation leaching plant loan from IBA. The annual interest rate is 8.25 per cent. plus LIBOR. Principal is repayable in 15 equal quarterly installments of \$2,467,000. The first payment of principal commenced in February 2015 with the final installment payable in August 2018. The Group has pledged to ATB its present and future claims against MKS Finance SA, the Group’s sole buyer of gold doré until termination of the loan agreement.

On 15 February 2017, a transaction was finalised to transfer 50 per cent. of the balance of the loan being \$8.6 million to GPBS. The terms of the loan and security remained unchanged and ATB will act as agent to administer the loan on behalf of ATB and GPBS.

The balance of the loans payable to ATB and GPBS was repaid early in the six months to 30 June 2018. Following repayment, the pledge to ATB over the Group’s present and future claims against MKS Finance SA was cancelled.

### **Atlas Copco**

The amounts outstanding are in respect of vendor equipment financing. The amount outstanding at 31 December 2015 was repaid in July 2016. In 2016, the Group entered into further vendor equipment financing for Euro 1.1 million at an annual interest rate of 8.14 per cent. The principal was repayable quarterly in 8 equal installments which commenced on 31 August 2016 with the final repayment on 31 May 2018.

#### **Yapi Credit Bank, Azerbaijan (“YCBA”)**

The Group has entered into several credit facilities with YCBA. The annual interest rate for each facility is 10 to 11 per cent. and each facility is repayable in 12 equal monthly installments on a reducing balance basis starting one month after drawdown. In 2016, new credit facilities were entered into totaling \$1,488,000 (2015: \$1,929,000).

In the 6 months to 30 June 2017, the Group entered into further credit facilities with YCBA. These totaled \$2.7 million and the interest rate for each loan was 9.5 per cent. One loan for \$0.5 million, which commenced in January 2017, is repayable in 12 equal monthly installments. The remaining loans totaling \$2.2 million are all for a duration of 12 months with repayment of principal at the end of the loan with interest payable monthly.

All outstanding loans with YCBA were repaid in the six months ended 30 June 2018.

#### **Pasha Bank**

##### ***Refinancing loan***

On 8 February 2018 a subsidiary of the Group, Azerbaijan International Mining Company Limited, entered into a refinancing agreement with Pasha Bank OJSC, as arranger, for a syndicated loan facility for up to \$15 million to refinance the majority of the Group’s existing loans. The significant terms of the loan were as follows:

- Two-year term loan facility for up to \$15 million at 7 per cent. per annum fixed interest rate;
- The loan facility is unsecured and there are no financial covenants;
- Total arrangement fee of 0.25 per cent. of the amount borrowed; and
- Early repayment is permitted.

A total of \$13.5 million of the facility was drawn-down on the 9 and 12 of February 2018 and used to repay the following loans:

- \$2.2 million to Yapi Credit Bank;
- \$3.7 million to Amsterdam Trade Bank N. V.;
- \$3.7 million to Gazprombank (Switzerland) Ltd; and
- \$3.9 million to the Chief Executive.

The transaction was completed by the end of March 2018.

##### ***Other loans***

The Group entered into loans with Pasha Bank in 2016 at annual interest rates and maturities as in the following table. No principal repayment had been made in respect of any of these loans in 2016.

<b>Loan value \$000</b>	<b>Term (months)</b>	<b>Interest rate (per cent.)</b>	<b>Principal repayment</b>
1,000	18	7	2 equal instalments in March and September 2017
1,500	12	9	November 2017
916	24	7	7 equal instalments, 2017 - \$525,000; 2018 - \$391,000
2,100	2	14	2 equal instalments January and February 2017
419	2	18	2 equal instalments January and February 2017

All of the above loans were repaid in 2017 with the exception of the loan for \$916,000 of which \$713,000 was outstanding at 31 December 2017.

In 2017, the Group entered into a \$3.0 million loan agreement with Pasha Bank at an interest rate of 8.5 per cent. The interest is payable monthly and the principal is repayable in 5 equal installments of \$600,000 payable in in April, July, August and October 2018 and January 2019.

#### **Kapital Bank**

In December 2016, the Group entered into a working capital credit facility for \$1 million with Kapital Bank. The facility is for one year with an annual interest rate of 7 per cent. Interest is payable monthly and the principal is repayable by 4 equal quarterly monthly installments commencing March 2017. The loan was renewed in December 2017 on the same terms but early repayment of the balance of the loan was made in July 2018.

## Director

On 20 May 2015, the chief executive of Anglo Asian Mining PLC provided a \$4 million loan facility to the Group. Any loan from the facility was repayable on 8 January 2016 at an interest rate of 10 per cent. The loan was extended during 2016 and 2017 on the same terms till 8 January 2018. On January 2018, the term of the loan was extended for one year until 8 January 2019. The interest rate on the loan was reduced to 7 per cent., and all other terms of the loan remained unchanged. In March 2018, the loan was repaid from the proceeds of the Pasha Bank OSJC refinancing loan.

## Unused credit facilities

The Group had no unused credit facilities at 30 June 2018 (30 June 2017: \$nil; 31 December 2017: \$nil).

## 11 Share capital

	shares	US\$000
<b>Ordinary shares issued and fully paid:</b>		
1 January 2017	112,661,024	1,993
Exercise of share options	1,100,000	15
31 December 2017 and 30 June 2018	113,761,024	2,008

## 12 Contingencies and commitments

The Group undertakes its mining operations in the Republic of Azerbaijan pursuant to the provisions of the Agreement on the Exploration, Development and Production Sharing for the Prospective Gold Mining Areas: Gedabek, Gosha, Ordubad Group (Piazbashi, Agyurt, Shakardara, Kiliyaki), Soutely, Kyzilbulag and Vejnali Deposits dated year ended 20 August 1997 (the "PSA"). The PSA contains various provisions relating to the obligations of the R.V. Investment Group Services LLC ("RVIG"), a wholly owned subsidiary of the Company. The principal provisions are regarding the exploration and development programme, preparation and timely submission of reports to the Government, compliance with environmental and ecological requirements. The Directors believe that RVIG is in compliance with the requirements of the PSA. The Group has announced a discovery on Gosha Mining Property in February 2011 and submitted the development programme to the Government according to the PSA requirements, which was approved in 2012. In April 2012 the Group announced a discovery on the Ordubad Group of Mining Properties and submitted the development programme to the Government for review and approval according to the PSA requirements. The Group and the Government are still discussing the formal approval of the development programme.

The mining licence on Gedabek expires in March 2022, with the option to extend the licence by ten years conditional upon satisfaction of certain requirements stipulated in the PSA.

RVIG is also required to comply with the clauses contained in the PSA relating to environmental damage. The directors believe RVIG is substantially in compliance with the environmental clauses contained in the PSA.

In accordance with a pledge agreement signed on 24 July 2013, the Group is a guarantor for one of its suppliers, Azerinterpartlayish-X MMC for a loan from the International Bank of Azerbaijan in the amount of AZN500,000 for an initial 36 months. The pledge agreement was extended in 2016 till 1 July 2018. The amount of the loan at outstanding at 30 June 2018 was AZN23,000 (30 June 2017: AZN 271,000 and 31 December 2017: AZN 125,750).

There were no significant operating lease and no capital lease commitments at 30 June 2018 (30 June 2017 and 31 December 2017: \$nil).

## 13 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) Total payments in the 6 months to 30 June 2018 of \$843,000 (6 months to 30 June 2017: \$442,000) were made for equipment and spare parts purchased from Proses Muhendislik Danismanlik Inshaat ve Tasarim Anonim Shirket ("PMDI"), an entity in which the chief technical officer of Azerbaijan International Mining Company has a direct ownership interest. There is an outstanding payable to PMDI of \$400,000 at 30 June 2018 (30 June 2017: advance of \$35,000 and 31 December 2017: advance of \$34,000).
- b) On 20 May 2015, the chief executive made a \$4 million loan facility available to the Group. The interest accrued and unpaid at 30 June 2017 was \$672,000 (30 June 2016: \$394,000 and 31 December 2016: \$385,000). The loan was fully repaid in the six months ended 30 June 2018.

#### 14 Post Balance sheet events

On 13 July, 2018 a circular was sent to shareholders - "Proposed Capital Reduction and Notice of General Meeting". A resolution was included in the circular that proposed the Company's share premium account be cancelled. This resolution was approved by shareholders on 30 July, 2018 and by the court on 28 August, 2018. The cancellation of the entire share premium account resulted in the amount of \$32.6 million (being the amount of the share premium account at 28 August 2018) being credited to the retained earnings of the Company and Group.

The directors have declared an interim dividend in respect of the year ending 31 December 2018 of US cents 3 per share payable on 8 November 2018.

#### 15 Approval of condensed group financial statements

The condensed group financial statements of Anglo Asian Mining plc and its subsidiaries for the six month period ended 30 June 2018 were authorised for issue in accordance with a resolution of the directors on 18 September 2018.

#### Market Abuse Regulation (MAR) Disclosure

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

**\*\*ENDS\*\***

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**Notes:**

Anglo Asian Mining plc (AIM:AAZ) is a gold, copper and silver producer in Central Asia with a broad portfolio of production and exploration assets in Azerbaijan. The Company has a 1,962 square kilometre portfolio, assembled from analysis of historic Soviet geological data and held under a Production Sharing Agreement modelled on the Azeri oil industry.

The Company's main operating location is the Gedabek contract area ("Gedabek") which is a 300 square kilometre area in the lesser Caucasus mountains in western Azerbaijan. The Company developed Azerbaijan's first operating gold/copper/silver mine at Gedabek which commenced gold production in May 2009. Mining at Gedabek was initially from its main open pit which is an open cast mine with a series of interconnected pits. The Company also operates the high grade Gadir underground mine which is co-located at the Gedabek site, In September 2017, production commenced at the Ugur open pit mine, a recently discovered gold ore deposit at Gedabek. The Company has a second underground mine, Gosha, which is 50 kilometres from Gedabek. Ore mined at Gosha is processed at Anglo Asian's Gedabek plant.

The Company produced 71,461 gold equivalent ounces ('GEOs') for the year ended 31 December 2017. Gedabek is a polymetallic ore deposit that has gold together with significant concentrations of copper in the main open pit mine, and an oxide gold-rich zone at Ugur. The Company therefore employs a series of flexible processing routes to optimise metal recoveries and efficiencies. The Company produces gold doré through agitation and heap leaching operations, copper concentrate from its Sulphidisation, Acidification, Recycling, and Thickening (SART) plant and also a copper and precious metal concentrate from its flotation plant, which is processing tailings from the agitation leach plant. A second dedicated crusher line has recently been commissioned and is now in operation for the flotation plant to enable it to operate independently of the agitation leaching plant.

The Company has forecast production for FY 2018 of between 78,000 to 84,000 GEOs an increase for the mid-point of this guidance of over 13 per cent. compared to FY 2017 production of 71,461 GEOs.

Anglo Asian is also actively seeking to exploit its first mover advantage in Azerbaijan to identify additional projects, as well as looking for other properties in order to fulfil its expansion ambitions and become a mid-tier gold and copper metal production company.