

18 September 2019

Anglo Asian Mining plc
Interim Results for the six-months to 30 June 2019
Profit before tax increased to \$10.3 million
Interim dividend for 2019 increased to US cents 3.50 per ordinary share

Anglo Asian Mining plc ("Anglo Asian", the "Company" or the "Group"), 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 2019 ("H1 2019"). Note that all references to "\$" and "cents" are to United States dollars and cents.

The Company also announces its interim dividend in respect of the year ending 31 December 2019 of US cents 3.50 per ordinary share payable on 31 October 2019 to shareholders on record on 4 October 2019. The 2019 interim dividend is a 17 per cent. increase on the interim dividend for 2018.

An updated corporate presentation including the Company's H1 2019 financial results will be available later today on the Anglo Asian web-site: <http://www.angloasianmining.com>.

Highlights

- Continued improvement in H1 2019 total production expressed as gold equivalent ounces ("GEOs") with a seven per cent. year-on-year ("y-o-y") increase to 39,905 GEOs (H1 2018: 37,349 GEOs):
 - Gold production totalled 34,349 ounces (H1 2018: 33,255 ounces)
 - Copper production of 963 tonnes (H1 2018: 587 tonnes)
 - Silver production totalled 84,586 ounces (H1 2018: 84,785 ounces)
- Gold bullion sales in H1 2019 of 26,588 ounces (H1 2018: 25,778 ounces) completed at the same average price of \$1,319 per ounce as H1 2018
- All-in sustaining cost of gold production of \$603 per ounce (H1 2018: \$543 per ounce)
- Total production target for FY 2019 maintained at between 82,000 and 86,000 GEOs when calculated using metal prices at 1 January 2019
- Growth strategy remains on track with successful H1 2019 results from the geological exploration programme announced on 8 August 2019, continuing to confirm significant upside potential:
 - Significant progress on ZTEM targets at Gedabek
 - Mineralisation at depth confirmed in an area below an existing adit of the Gosha underground mine

- Very promising drill programme results at Ordubad

Financials

- Interim dividend of US cents 3.50 per ordinary share declared reflecting the strong cash position and low level of debt
- Cash of \$20.4 million and debt of \$5.2 million equaling net cash of \$15.2 million at 30 June 2019 (31 December 2018: net cash of \$6.1 million)
- Total revenues in H1 2019 of \$43.3 million representing an eight per cent. y-o-y increase on the previous year (H1 2018: \$40.0 million)
- Profit before taxation in H1 2019 of \$10.3 million (H1 2018: \$8.1 million)
- Net cash flow from operating activities in H1 2019 of \$14.5 million, \$10.0 million lower than H1 2018 due to income tax paid of \$5.2 million and an increase in inventories of \$4.7 million:
 - Increase in inventories included increased gold in circuit due to expanding ROM heap leaching

Chairman's Statement

Review of 2019 to date

I am pleased to report on another highly satisfactory six months for Anglo Asian. The Company performed as planned and its excellent financial performance in 2018 continued into 2019 with both revenue and profit increasing compared to the previous half year. Cash generation remains strong and I am delighted to declare a dividend of US cents 3.50 per ordinary share as an interim dividend for the year ending 31 December 2019.

Anglo Asian's main operation at Gedabek is now well-developed and provides stable cash generation for the Group. This cash flow enables the Company to both pay dividends to shareholders and pursue its ambitions to grow the Group into a sustainable, mid-tier gold, copper and silver producer. The JORC reporting for the three mines at Gedabek was completed in the period which, together with recent exploration results, has extended the combined mine life until at least 2024.

A key pillar of the Company's growth strategy is to fully exploit the potential of the over 1,000 square kilometers of land within its three contract areas which the Group believes provide significant upside potential. Last year, the Company embarked upon a comprehensive three-year geological exploration programme which has already yielded numerous targets and potential deposits, which are under active investigation. This demonstrates that the Company is now delivering on its growth strategy.

Operational review

39,905 GEOs were produced in the six months to 30 June 2019 (“H1 2019”), a seven per cent. increase compared to H1 2018. Gold production increased to 34,349 ounces compared to 33,255 ounces in H1 2018 and copper production also increased to 963 tonnes from 587 tonnes in H1 2018. The majority of the increase in gold production and the increase in copper production was due to the independent operation of the Company’s flotation plant throughout H1 2019. Since the installation of its dedicated jaw crusher in July 2018, the flotation plant has operated in parallel with the Company’s agitation leaching plant which has increased the Company’s overall processing capacity.

The Company signed an off-take agreement in late 2018 for flotation concentrate with Trafigura PTE. A second doré refining contract was signed in 2018 with Argor-Heraeus SA in Switzerland and a portion of gold doré production is now shipped to them. These two new contracts have enabled the Group to obtain better commercial terms for both concentrate sales and gold refining.

The Company’s tailings dam was inspected in early June 2019 by Knight Piésold Limited (“KP”), a leading environmental engineering company. KP’s initial observations were that the dam had been properly constructed, showed no visible signs of instability and that seepage is properly controlled. Various minor recommendations, including moving the location of the tailings discharge pipes to better spread sediment within the dam, were made to ensure that the dam operates to best practice. These are now being implemented. KP is now modelling the dam, including dynamic stability and capacity calculations, and upon completion of this work will issue their final report.

Mineral resources and geological exploration

The Company completed its goal of formalising its mineral resource and ore reserves for its three mines at Gedabek in early 2019. Together with recent exploration work, this provides confidence to shareholders of a combined mine life of Anglo Asian’s existing mines to at least 2024.

The geological exploration programme which commenced in 2018 is now ramping up. Over \$2 million was spent on geological exploration in H1 2019 of which over \$1 million was spent at Ordubad. The results so far are highly encouraging. Near mine exploration at Gedabek has revealed mineable extensions which will prolong the life of the Company’s existing mines. The ZTEM aerial survey identified 20 shallow epithermal/porphyry targets, five deep epithermal targets and six porphyry targets which have been ranked and are now being investigated. Mineralisation has already been found at some of the targets.

Work at Gosha is also encouraging as it indicates much more extensive mineralisation within the contract area, including copper. This additional mineralisation is both near to the existing Gosha underground mine and at the new targets Asrikchay and Khatinca. The Ordubad

contract area continues to yield significant copper and gold results, further demonstrating the important potential of this region that is being revealed by the use of modern exploration techniques.

The Company is continuing to vigorously investigate all of the potential targets identified within its three contract areas. The Company has a track record of rapidly developing discoveries and is confident that any new deposits can be swiftly brought into production.

Financial results and dividend

The Company's financial performance in H1 2019 remained strong with revenue increasing by \$3.3 million to \$43.3 million due to both higher gold bullion and copper sales. Profit after tax increased to \$6.6 million compared to \$5.1 million in H1 2018. The all-in sustaining cost ("AISC") per ounce of gold produced increased in H1 2019 to \$603 per ounce reflecting cash costs being higher by \$2.7 million due to mining a higher volume of ore. Some of the additional ore mined has been stockpiled for use in 2020 which will reduce the mining costs next year. Anglo Asian still remains a lowest quartile cost producer.

Revenues continued to be subject to an effective royalty of 12.75 per cent. in H1 2019. The Company anticipates that this effective royalty rate will continue until at least 2023 and further details are set out in the financial review below.

The Company continues not to hedge gold sales. However, the Company's strong balance sheet gives it flexibility in timing the sales of its gold bullion to take advantage of any "spikes" in the price of gold. This enabled the Company to sell its gold bullion in H1 2019 at an average price of \$1,319 per ounce compared to the average market price of gold in H1 2019 of \$1,306 per ounce.

The Company's balance sheet continued to strengthen in H1 2019. Cash flow from operations was \$14.6 million, a decrease of \$10.0 million compared to \$24.6 million in H1 2018. However, this decrease was mainly due to an increase in gold inventory in circuit due to expanding the ROM heap leach operations and the commencement of the payment of corporation taxation. Corporation taxation of \$5.2 million was paid in H1 2019 as the Company had utilised all its tax losses in 2018. Despite the lower cash generation, the Company had \$20.4 million of cash at 30 June 2019 with net cash increasing by \$9.1 million to \$15.2 million in the half year. The Company now has a low level of debt with the \$5.1 million balance of the Pasha Bank refinancing loan currently being the only outstanding loan payable.

The announcement of the interim dividend of US cents 3.50 per ordinary share highlights the continued financial strength of the Company and its ability to generate returns to shareholders.

Outlook

Anglo Asian remains in an enviable position to continue its progression and deliver on its stated growth strategy. Gedabek's operations generate stable cash flow which provides funds for both investment and to pay dividends. The Company's solid balance sheet and excellent relationships with banks in Azerbaijan and elsewhere means loan finance can be easily obtained if required. Together, these advantages mean the Company has ample financial resources to seize any suitable opportunities that may arise.

The Company's geological exploration programme is now well underway. It is both extending the life of Anglo Asian's existing mines and yielding new discoveries. The Group is continuing this programme with vigour with the aim of identifying deposits which can be commercially exploited. The Company is also evaluating several opportunities outside Azerbaijan and will pursue any of these which it believes can be commercially successful.

Anglo Asian continues its concerted effort to meet with many existing and potential investors and the Company believes it has a strong reputation as an attractive investment opportunity. It has also recently launched a new web-site which is in line with today's standards and more accurately represents the Company's ambitions and growth trajectory.

The Company set a production target of between 82,000 and 86,000 GEOs for 2019 calculated using metal prices at the beginning of 2019. However, the increase in the price of gold and decrease in the price of copper since 1 January 2019 have resulted in one tonne of copper decreasing in value from approximately 4.7 to 3.8 GEOs. We are on track to achieve our initial production target, but when translated into GEOs at actual metal prices, the FY 2019 forecast outcome is now around the bottom end of the guidance range. I look forward to updating shareholders with the Company's progress in the coming months.

Anglo Asian has continued to build on its success of previous years. It now has very solid foundations and an exciting growth strategy, driven by exploration, to develop your Company into a mid-tier gold, copper and silver producer. It is therefore with continued optimism that I look forward to the remainder of 2019 and beyond.

Appreciation

I would like to take this opportunity to thank the employees of Anglo Asian, our partners, the Government of Azerbaijan and our advisors for their continued support as we deliver on our strategy of becoming a leading mid-tier gold, copper and silver producer. Finally, I wish to sincerely thank our shareholders for their continued investment and support in Anglo Asian. I look forward to sharing the successes of the remainder of 2019 with you.

Khosrow Zamani

Non-executive Chairman

17 September 2019

Dividend

An interim dividend, in respect of the year ending 31 December 2019, of US cents 3.50 per ordinary share will be paid gross on 31 October 2019 to shareholders that are on the shareholders record at the record date of 4 October 2019. The shares will go ex-dividend on 3 October 2019. All dividends will be paid in cash and a scrip dividend or 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 16:00 BST each day from the 7 to 11 October 2019.

Corporate Governance

A statement of the Company's compliance with the ten principles of corporate governance in the Quoted Companies Alliance Corporate Governance Code ('QCA Code') can be found on the Company's website at http://www.angloasianmining.com/media/pdf/CORPORATE_GOVERNANCE.pdf

Market Abuse (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.

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

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Competent Person Statement

The information in the announcement that relates to exploration results, minerals resources and ore reserves is based on information compiled by Dr Stephen Westhead, who is a full time employee of Anglo Asian Mining with the position of Director of Geology & Mining, who is a Fellow of The Geological Society of London, a Chartered Geologist, Fellow of the Society of Economic Geologists, Member of The Institute of Materials, Minerals and Mining and a Member of the Institute of Directors.

Stephen Westhead has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'; who is a Member or Fellow of a 'Recognised Professional Organisation' (RPO) included in a list that is posted on the ASX website from time to time (Chartered Geologist and Fellow of the Geological Society and Member of the Institute of Material, Minerals and Mining).

Stephen Westhead has sufficient experience, relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking, to qualify as a "competent person" as defined by the AIM rules.

Stephen Westhead has reviewed the resources and reserves included in this announcement and consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

Strategic report

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 Gedabek open pit mine), the Ugur open pit mine and the Gadir 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 2019 and FY 2019 production target

In H1 2019, the Company continued its strategy to increase shareholder value by progressing its strategy of developing Anglo Asian into a mid-tier gold, copper and silver miner. The key pillars of the strategy are as follows:

- Formalise mineral resources and ore reserves for all existing mines
- Optimisation of gold and copper production at its Gedabek site from existing mines
- Increase its production profile by identifying further resources and reserves in proximity to its existing mines
- Pursue a comprehensive geological exploration programme to extensively explore all of the land at its accessible contract areas for new deposits with the potential to become new mines
- Ramp-up exploration at Ordubad which is an untapped value opportunity

In H1 2019, the publication of resource and reserve statements in accordance with the JORC Code (2012) were completed for all the Company's mines. These were announced on 18 June 2019. The Company's three-year geological exploration programme, which commenced in 2018, is now starting to yield very positive results with many new targets and potential deposits identified. The exploration activities at Ordubad have also increased significantly, with over \$1 million spent on exploration at Ordubad in H1 2019.

The Group set a production target for the year to 31 December 2019 expressed as gold equivalent ounces ("GEOs") of between 82,000 GEOs and 86,000 GEOs calculated using metal prices at 1 January 2019, compared to total production for the year to 31 December 2018 of 83,736 GEOs. Although expected production levels have been achieved in H1 2019, the FY 2019 forecast outcome is now at the bottom end of the guidance range due to the value of one tonne of copper decreasing from approximately 4.7 to 3.8 GEOs because of the gold price increase and copper price decrease during 2019.

Gedabek

Introduction

The Gedabek mining operation is located in a 300 square kilometre contract area in the Lesser 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 Gedabek open pit mine, its Ugur open pit mine, its Gadir underground mine and the Company's processing facilities.

Gold was first poured from ore mined from the Gedabek open pit and processed by heap leaching in May 2009, with production commencing fully in September 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 at Gedabek 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 July 2018, a second crusher line was added to the flotation plant to enable independent operation and processing by the agitation leaching plant and the flotation plant.

Mineral resources and ore reserves

Key to the future development of the Gedabek site is the knowledge of the mineral resources and ore reserves within the Company's contract areas. The Group's most recent mineral resources and ore reserves estimates for its Gedabek open pit were published as of 18 September 2018. Full JORC (2012) reporting with unchanged mineral resources and ore reserves estimates was subsequently released on 14 March 2019. The mineral resource estimate showed a total mineral resource (at a cut-off grade of 0.3 grammes per tonne of gold) of approximately 986 thousand ounces of gold, 63.4 thousand tonnes of copper and 8,172 thousand ounces of silver. The economically mineable ore reserves are over 343 thousand ounces of gold and more than 36 thousand tonnes of copper, which has extended the current life of the Gedabek open pit until 2024. Table 1 shows the Gedabek open pit mineral resources estimate at 14 March 2019 and Table 2 shows the Gedabek open pit ore reserves estimate at 14 March 2019.

Table 1 – Gedabek open pit mineral resources estimate at 14 March 2019

Gold (and Copper) Mineral Resources (cut-off grade \geq 0.3 g/t gold)							
Mineral Resources	Tonnage (Mt)	In situ grades			Contained metal		
		Gold Grade (g/t)	Copper Grade (%)	Silver Grade (g/t)	Gold (koz)	Copper (kt)	Silver (koz)
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 and Indicated	29.1	0.9	0.2	7.3	796	53.7	6,811
Inferred	8.5	0.7	0.1	5.0	189	9.7	1,361
Total	37.6	0.8	0.2	6.8	986	63.4	8,172

Some of the totals in the above table do not sum due to rounding

Copper Mineral Resource (Additional to Gold Mineral Resource) (cut-off grade copper $\geq 0.3\%$ and gold < 0.3 g/t)							
Mineral Resources	Tonnage (Mt)	In situ grades			Contained metal		
		Gold Grade (g/t)	Copper Grade (%)	Silver Grade (g/t)	Gold (koz)	Copper (kt)	Silver (koz)
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 and Indicated	6.2	0.1	0.5	2.0	24	30.7	404
Inferred	0.5	0.1	0.4	1.5	1	1.9	23
Total	6.7	0.1	0.5	2.0	25	32.6	426

Some of the totals in the above table do not sum due to rounding

Table 2 - Gedabek open pit ore reserves estimate at 14 March 2019

	Tonnage (Mt)	In situ grades			Contained metal		
		Gold Grade (g/t)	Copper Grade (%)	Silver Grade (g/t)	Gold (koz)	Copper (kt)	Silver (koz)
Proved	10.9	0.89	0.29	8.83	311	31.9	3,084
Probable	1.2	0.82	0.34	9.52	32	4.1	373
Proved and Probable	12.1	0.88	0.30	8.90	343	36.0	3,457

Some of the totals in the above table do not sum due to rounding

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.

The latest JORC (2012) mineral resources and ore reserves statements for the Ugur deposit were completed in 2017. Table 3 shows the Ugur open pit mineral resources estimate and Table 4 shows the Ugur open pit ore reserves estimate.

Table 3 – Ugur open pit mineral resources estimate at 1 August 2017

Mineral Resources (cut-off grade ≥ 0.2 g/t gold)

Mineral resources	Tonnage (Mt)	In situ grades		Contained metal	
		Gold grade (g/t)	silver Grade (g/t)	Gold (oz)	Silver (oz)
Measured	4.12	1.2	6.3	164,000	841,000
Indicated	0.34	0.8	3.9	8,000	44,000
Measured and Indicated	4.46	1.2	6.2	172,000	884,000
Inferred	2.50	0.3	2.1	27,000	165,000
Total	6.96	0.9	4.7	199,000	1,049,000

Some of the totals in the above table do not sum due to rounding

Table 4 – Ugur open pit ore reserves estimate at 1 August 2017

Ore Reserves	Tonnage (Mt)	In situ grades		Contained metal	
		Gold Grade (g/t)	Silver Grade (g/t)	Gold (oz)	Silver (oz)
Proved	3.37	1.3	7.2	142,000	779,000
Probable	0.22	0.8	4.1	5,000	29,000
Proved and Probable	3.59	1.3	7.0	147,000	808,000

Some of the totals in the above table do not sum due to rounding

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.

In March 2019, the Group published the mineral resources statement and ore reserves estimate in accordance with the JORC (2012) Code for its Gadir underground mine. The mineral resources statement showed measured plus indicated mineral resources (at a cut-off grade of 0.5 grammes per tonne of gold) of 1,775,000 tonnes containing 145,200 ounces of gold, 736,100 ounces of silver, 3,295 tonnes of copper and 14,470 tonnes of zinc. Table 5 shows the Gadir underground mine mineral resources estimate as at 20 August 2018. Table 6 shows the Gadir underground mine ore reserves estimate as at 20 August 2018.

Table 5 – Gadir underground mine mineral resources estimate at 20 August 2018

Mineral Resources (cut-off grade \geq 0.5 g/t gold)									
Mineral Resources	Tonnage (kt)	Gold		Silver		Copper		Zinc	
		(g/t)	(koz)	(g/t)	(koz)	(%)	(t)	(%)	(t)
Measured	540	3.70	64.2	17.49	303.6	0.29	1,566	1.01	5,454
Indicated	1,235	2.04	81.0	10.89	432.4	0.14	1,729	0.73	9,016
Measured+Indicated	1,775	2.54	145.2	12.90	736.1	0.21	3,295	0.84	14,470
Inferred	571	1.48	27.2	5.68	104.4	0.10	571	0.52	2,972
Total	2,347	2.29	172.4	11.14	840.4	0.19	3,866	0.78	17,442

Some of the totals in the above table do not sum due to rounding

Table 6 – Gadir underground mine ore reserves estimate at 20 August 2018

Ore Reserves	Tonnage (kt)	Gold		Silver		Copper	
		(g/t)	(koz)	(g/t)	(koz)	(%)	(t)
Proved	222	2.81	25	14.13	101	0.24	535
Probable	575	2.41	45	10.99	203	0.15	852
Proved and Probable	797	2.73	70	11.86	304	0.17	1,387

Some of the totals in the above table do not sum due to rounding

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. Zinc was not estimated as part of this reserve as it is under study at resource level currently.

Mining operations

The principal mining operation at the Gedabek contract area is conventional open-cast mining using truck and shovel from the Gedabek open pit (which comprises several contiguous smaller open pits) and the Ugur open pit. Ore is first drilled and blasted and then transported either to a processing facility or to a stockpile for storage. The major mining activities of blast-hole drilling and haulage of ore and waste rock are carried out by contractors, while blasting and mining activities are carried out by the Company.

Production commenced from the Ugur open pit mine in September 2017. To enable production, a 4.6 kilometre road was constructed between the mine and the Company's

processing facilities. All necessary surface infrastructure, including geology, medical and HSE offices, hygiene facilities, a mechanical workshop, lubricants and spares stores, a weighbridge and a diesel store was also constructed at the mine site. Due to the composition of the Ugur ore, mining of ore in the first few months of operation was by free digging, with drilling and blasting not required. Ore was mined from the Ugur open pit mine throughout 2018 and H1 2019.

Ore is also mined from the Gadir underground mine, the portal of which is situated approximately one kilometre from the Gedabek open pit. Table 7 shows the ore mined in the year ended 31 December 2018 and the six months ended 30 June 2019 from all the Company's mines at Gedabek and Gosha.

Table 7 – Ore mined in the year ended 31 December 2018 and the 6 months to 30 June 2019

Mine	12 months to 31 December 2018		3 months to 31 March 2019		3 months to 30 June 2019	
	Ore mined (tonnes)	Average gold grade (g/t)	Ore mined (tonnes)	Average gold grade (g/t)	Ore mined (tonnes)	Average gold grade (g/t)
Gedabek open pit	362,412	1.06	447,496	0.73	370,153	0.70
Ugur – o/pit	1,245,104	1.27	212,788	1.88	345,461	1.32
Gadir – u/g	125,806	4.53	40,020	2.84	49,902	2.59
Gosha – u/g	10,988	3.44	-	-	-	-
Total	1,744,310	1.47	700,304	1.20	765,516	1.10

Processing operations

Table 8 summarises the amount of ore and its gold grade processed by leaching at Gedabek for the year ended 31 December 2018 and the six months ended 30 June 2019.

Table 8 – Ore and its gold grade processed by leaching at Gedabek for the year ended 31 December 2018 and 6 months ended 30 June 2019

Quarter ended	Ore processed (tonnes)			Gold grade of ore processed (g/t)		
	Heap leach pad (crushed ore)	Heap leach pad (ROM ore)	Agitation leaching plant	Heap leach pad (crushed ore)	Heap leach pad (ROM ore)	Agitation leaching plant
31 March 2018	170,655	188,364	184,846	0.92	0.51	2.07

30 June 2018	150,573	77,493	196,107	0.91	0.51	2.19
30 September 2018	195,957	136,595	196,700	0.91	0.40	2.39
31 December 2018	154,901	131,861	173,332	0.81	0.48	2.26
FY 2018	672,086	534,313	750,985	0.89	0.47	2.23
31 March 2018	127,990	133,194	171,211	0.80	0.51	2.50
30 June 2019	152,173	286,163	176,602	0.90	0.49	2.40
H1 2019	280,163	419,357	347,813	0.85	0.50	2.45

Table 9 summarises the amount of ore and its gold, silver and copper content processed by flotation for the year ended 31 December 2018 and six months ended 30 June 2019.

Table 9 – Ore and its gold, silver and copper content processed by flotation for the year ended 31 December 2018 and six months ended 30 June 2019

Quarter ended	Ore processed (tonnes)	Gold content (ounces)	Silver content (ounces)	Copper content (tonnes)
31 March 2018*	43,159	1,790	21,979	199
30 June 2018*	54,134	2,415	29,236	237
30 September 2018**	131,102	4,818	62,472	587
31 December 2018**	129,102	4,625	70,292	690
FY 2018	357,497	13,648	183,979	1,713
30 June 2019	130,012	3,498	44,810	633
30 June 2019	131,161	2,412	27,288	616
H1 2019	261,173	5,910	72,098	1,249

* During this time the flotation plant was operated in series with the agitation leaching plant processing its tailings.

** During this time the flotation plant was operated independently in parallel to the agitation leaching plant following installation of the second jaw crusher.

Production and sales

Table 10 summarises the gold doré production and sales at Gedabek for the year ended 31 December 2018 and six months ended 30 June 2019.

Table 10 – gold doré production and sales at Gedabek for the year ended 31 December 2018 and six months ended 30 June 2019

Quarter ended	Gold produced* (ounces)	Silver Produced* (ounces)	Gold sales** (ounces)	Gold sales price (\$/ounce)
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31 March 2018	15,750	7,110	14,956	1,328
30 June 2018	15,537	6,014	10,822	1,307
H1 2018	31,287	13,124	25,778	1,319
30 Sept 2018	18,885	7,416	18,637	1,216
31 Dec 2018	15,444	5,646	15,066	1,231
H2 2018	34,329	13,062	33,703	1,223
FY 2018	65,616	26,186	59,481	1,265
31 March 2019	15,547	6,634	13,121	1,306
30 June 2019	16,073	4,734	13,467	1,332
H1 2019	31,620	11,368	26,588	1,319

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

Table 11 summarises copper concentrate production from both its SART and flotation plants at Gedabek for the year ended 31 December 2018 and six months ended 30 June 2019.

Table 11 – copper concentrate production from both its SART and flotation plants at Gedabek for the year ended 31 December 2018 and six months ended 30 June 2019

Year	Concentrate production* (dmt)	Copper content* (tonnes)	Gold content* (ounces)	Silver content* (ounces)
2018				
Quarter ended 31 March				
SART processing	223	114	6	22,118
Flotation	819	141	735	11,587
Total	1,042	255	741	33,705
Quarter ended 30 June				
SART processing	260	137	6	21,800
Flotation	1,136	195	1,226	16,387
Total	1,396	332	1,232	38,187
Quarter ended 30 Sept				
SART processing	162	81	7	17,357
Flotation	2,501	389	2,437	34,573
Total	2,663	470	2,444	51,930
Quarter ended 31 December				
SART processing	109	67	13	14,229

Flotation	3,557	521	2,752	45,947
Total	3,666	588	2,765	60,176
2019				
Quarter ended 31 March				
SART processing	142	63	11	16,201
Flotation	2,871	450	1,687	28,461
Total	3,013	513	1,698	44,662
Quarter ended 30 June				
SART processing	143	67	8	13,066
Flotation	2,252	383	1,068	15,490
Total	2,395	450	1,076	28,556

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.

Table 12 summarises copper concentrate production and sales at Gedabek for the year ended 31 December 2018 and six months ended 30 June 2019. Note that sales of concentrates are initially recorded at provisional amounts until agreement of final assay.

Table 12 – copper concentrate production and sales at Gedabek for the year ended 31 December 2018 and six months ended 30 June 2019

Quarter ended	Concentrate production* (dmt)	Copper content* (tonnes)	Gold content* (ounces)	Silver content* (ounces)	Concentrate sales** (dmt)	Concentrate sales** (\$000)
31 March 2018	1,042	255	741	33,705	608	1,715
30 June 2018	1,396	332	1,232	38,187	1,736	4,221
H1 2018	2,438	587	1,973	71,892	2,344	5,936
30 Sept 2018	2,663	470	2,444	51,930	1,557	3,368
31 Dec 2018	3,666	588	2,765	60,176	3,774	6,131
H2 2018	6,329	1,058	5,209	112,106	5,331	9,499
FY 2018	8,767	1,645	7,182	183,998	7,675	15,435
31 March 2019	3,013	513	1,698	44,662	279	718
30 June 2019	2,395	450	1,076	28,558	4,007	6,713
H1 2019	5,408	963	2,774	73,220	4,286	7,431

* including Government of Azerbaijan's share

** excludes Government of Azerbaijan's share

Health, safety and environmental

The Company continues to invest resources to improve its health, safety and environment (“HSE”) performance to achieve best in class practice. The Lost Time Injury (“LTI”) frequency rate (per million man hours worked) for the six months to 30 June 2019 was 1.94 compared to 1.13 in the comparable period in 2018. The Company continued to implement several initiatives at Gedabek to improve safety in the period.

There were two LTI injuries during the period. Two underground employees sustained injuries while refilling underground blasting drill-holes. During the refilling, the roof of the sublevel stoped-out area collapsed. The employees suffered injury as they jumped from a three metres high bucket to avoid the roof fall. As a result of the incident, additional training has been given to all staff on the task and the level of experience/seniority of the staff authorised to carry out such work increased. In the second incident, a welder suffered first degree face burns while cutting an excavator tooth in a cone crusher. The procedures to carry out such tasks have subsequently been revised and training given on them to staff and long cutting torches are now utilised to improve the safety of the procedures.

Geological exploration activity

Gedabek

The objectives of the geological exploration programme at Gedabek in H1 2019 were as follows:

- Continued exploration of the copper potential at the Gedabek open pit
- Exploration of the mineralisation potential at Gedabek underground
- Expanded drilling at Gadir to test lateral and down-dip extents
- To rank all ZTEM targets and commence exploration work over those considered ‘high-priority’

Gedabek open pit

Nine diamond drill-holes were completed at the Gedabek open pit area during H1 2019 totalling 1,085 metres. Eight of the drill-holes were to increase the data density around zones to provide continuity confidence of copper mineralisation and their locations were focused around the north-western and south-eastern margins of the open pit. The results will be utilised in the next Gedabek Mineral Resource update. Notable intersections include:

<i>Drill-hole</i>	<i>Depth (metres)</i>	<i>Downhole length (metres)</i>	<i>Gold grade (grammes per tonne)</i>	<i>Silver grade (grammes per tonne)</i>	<i>Copper grade (per cent.)</i>
<i>19GBD04</i>	85.00	1.00	1.17	22.00	2.07
	97.00	1.00	1.94	28.00	1.19

19GBD07	58.00	9.00	5.07	63.53	-
19GBD08	147.90	4.90	11.05	76.08	-
	154.50	1.00	2.29	51.88	2.25

An additional diamond drill-hole was completed for geotechnical assessment in preparation for construction of the ventilation shaft (which is now complete); this will allow for continued tunnelling below the open pit and exploration drilling to take place.

A total of 63 reverse circulation (“RC”) drill-holes were also completed during H1 2019 proximal to the open pit, for grade control and near-mine exploration purposes. These were focused around regions where modelling of the copper ore body required constraining, in preparation for the next Mineral Resource Estimation and mine planning.

Gadir underground mine

A total of 101 diamond drill-holes were completed:

- three deep exploration drill-holes from surface targeting lateral extensions of the deposit;
- 33 underground exploration drill-holes of either HQ (63.5 millimetre) or NQ (47.6 millimetre) diameter, which targeted previously untested areas; and
- 65 shorter underground drill-holes producing BQ-sized (36.5 millimetre) core, designed to increase confidence around sites due for stoping.

In-house geological wireframe modelling of the results has commenced. Notable intersections include:

Drill-hole	Depth (metres)	Downhole length (metres)	Gold grade (grammes per tonne)	Silver grade (grammes per tonne)
19GUD02	42.70	0.80	9.11	-
19GUD09	58.40	1.60	4.45	-
19GUD10	99.50	1.20	11.09	-
19GUD14	94.60	1.00	1.32	49.00
19GUD17	19.00	13.50	4.47	25.21
19GUD17	36.00	1.00	6.02	92.00
19GUD29	25.00	49.50	0.78	-
19GDD02	363.00	1.00	5.86	-

ZTEM Study

Significant progress was made with the ZTEM targeting; primary ranking was completed during H1 2019, with exploration work starting over the region. Targets currently under study include Korogly, Zehmet and Gyzyljadag/Yagublu (ZS8 and ZS9). Gyzyljadag and Yagublu are being evaluated concurrently due their close proximity to each other.

Over each target, detailed field mapping is ongoing in tandem with outcrop sample collection. At all targets, a total of 443 field outcrop samples were collected and have been assayed. Trenching has commenced at Zehmet, with 506 samples collected during H1 2019. Samples are being submitted to the AIMC laboratory where they will be assayed for gold, silver, copper and zinc. Positive field observations have included jasperoid-bearing veins found on surface and malachite found within both quartz vein and volcanic samples.

The Company has received results for all outcrop samples with excellent results from Korogly and Zehmet, including one sample showing strong limonitic alteration with a gold grade of 95.40 grammes per tonne as previously reported. Follow-up work is being completed at all areas by way of further outcrop sampling, trenching or ground-based magnetic surveying.

Gosha

The Group's second mining project, in the 300 square kilometer Gosha contract area is located in western Azerbaijan, 50 kilometres north-west of Gedabek. Gosha is the location of a small, high grade underground mine. No mining was carried out at the Gosha mine in the six months ended 30 June 2019.

Geological exploration activity

The objectives of the geological exploration programme at Gosha in H1 2019 were as follows:

- to assess the potential depth extensions of mineralisation beneath current development at the underground Gosha mine
- to increase data collection around Asrikchay (including outcrop sampling, potential further diamond drilling) in order to establish a mineralisation model and further geological understanding of the area
- to identify potential new areas of mineralisation and drill targets for drilling in 2019 through mapping and outcrop sampling

Near mine exploration

A total of nine diamond drill-holes were planned at the Gosha near-mine area during 2019. The aim of this drill programme is to test the Gosha vein system at depth below an existing adit development ("Zone 5"). One drill-hole (GSHDDA01) was completed early, in Q4 2018, and the results have been previously reported. During H1 2019, a further six drill-holes were completed and the two remaining drill-holes are currently in progress.

During H1 2019, a total of 1,896 metres of core was drilled at Gosha and assayed at the Gedabek laboratory. Significant drill-hole intersections include the following:

<i>Drill-hole</i>	<i>Depth (metres)</i>	<i>Downhole length (metres)</i>	<i>Gold grade (grammes per tonne)</i>
GSHDD02	361.8	0.20	3.59

<i>GSHDD06</i>	259.8	11.2	0.47
<i>With notable intersection</i>	265.2	0.10	5.92
<i>GSHDD06</i>	282.2	0.30	4.27

Preliminary analysis of these latest drilling results confirms the dominance of gold mineralisation in the vicinity of Gosha, with minor elevated silver and rare copper grades also intersected.

Asrikchay

Asrikchay is a recent polymetallic mineralisation discovery within the Gosha contract area. It is approximately seven kilometres north of the existing Gosha underground mine within the Asrikchay valley.

No further drilling was conducted during H1 2019 at Asrikchay, however interpretation of the previous drill results is in progress.

The target has been divided into two adjacent areas – “QS” and “ASKL”. 19 and 8 outcrop samples were obtained during H1 2019 from areas QS and ASKL, respectively. Some notable grades were obtained from the QS area samples as follows:

<i>Sample number</i>	<i>Gold grade (grammes per tonne)</i>	<i>Silver grade (grammes per tonne)</i>	<i>Copper grade (per cent.)</i>
<i>QS02</i>	2.77	33.50	9.75
<i>QS03</i>	0.82	19.00	0.19
<i>QS04</i>	4.13	30.72	10.32
<i>QS14</i>	0.08	31.97	0.38
<i>QS16</i>	7.46	99.34	9.26
<i>QS17</i>	2.52	22.27	0.98
<i>QS18</i>	4.38	38.77	0.10
<i>QS19</i>	1.82	35.36	0.54

Due to grades obtained, exploration will now focus on the QS area.

Khatinca

Exploration commenced in H1 2019. Khatinca is a target one kilometre from the village of Khatyndzhan and approximately four kilometres from the existing Gosha mine. Khatinca has been selected for its favourable geology, which is similar to the Gosha mine and its easy surface conditions for access. 22 outcrop samples were obtained during H1 2019, but none returned notable grades. Further work at Khatinca is planned.

Ordubad

The 462 square kilometre Ordubad contract area is located in Nakhchivan, South West Azerbaijan and contains numerous targets including Shakardara, Piyazbashi, Misdag, Agyurt, Shalala and Diakchay, all of which are located within a five-kilometre radius of each other.

Geological exploration activity

The objectives of the geological exploration programme at Ordubad in H1 2019 were as follows:

- to assess the extent of the copper, gold and associated mineralisation potential of Ordubad
- to bring new mineral occurrence targets into the resource and reserve development pipeline
- to identify potential new areas of mineralisation and drill targets for drilling in 2019
- to determine the logistical requirements for future production

Shakardara and surrounding area (copper, gold and silver prospects)

Results have now been returned for all 5,504 litho-geochemical samples obtained during 2018, collected over the Shakardara, Dirnis and Keleki targets. All samples passed QAQC checks and the data are currently being interpreted in-house. 48 element multi-element analysis and gold determination were completed on each sample and show positive results. Study of these results to define anomaly trends with integration of other geological data is ongoing.

Dirnis (copper and silver prospect)

The Dirnis prospect is located approximately 2.5 kilometres west of the village of Dirnis. A diamond drill programme was completed in H1 2019. 18 drill-holes totalling 3,642 metres were completed ahead of schedule. Assaying is being conducted at the AIMC laboratory and data for some drill-holes have been returned. Significant intersections are as follows:

<i>Drill-hole</i>	<i>Depth (metres)</i>	<i>Downhole length (metres)</i>	<i>Silver grade (grammes per tonne)</i>	<i>Copper grade (per cent.)</i>
<i>DRDD03</i>	101.10	0.90	37.01	0.95
<i>DRDD04</i>	102.40	0.60	47.64	3.80
	108.40	1.00	19.91	0.76
<i>With notable intersection</i>	109.00	0.40	24.39	1.19
	115.00	2.00	18.48	1.29

Results for the remainder of the holes will be reported once available.

Keleki (gold prospect)

A drill programme was completed at Keleki in H1 2019. Ten diamond drill-holes totalling 1,765 metres were completed. The programme was due to commence during H2 2019, however rig availability due to the early completion of the Dirnis drilling allowed acceleration of the Keleki programme. The entire programme was finished by June of 2019. Assaying is being conducted at the AIMC laboratory and the results are expected to be available during Q3 2019.

Destabashi

A small-scale surface geochemical sampling campaign was completed during Q1 2019 in the southwest of Ordubad. The total area covered was 4.2 square kilometres, spread over two zones. In total, 244 samples were collected, and detailed geological mapping was completed of the sampling area. 82 samples were collected from 'Zone 1' (approximately two kilometres southeast of the village of Khanagha) whilst 162 samples were obtained from 'Zone 2' (adjacent to the village of Desta). Samples were collected 100 metres apart along profile lines spaced 200 metres apart. All samples have been forwarded to Baku for sample preparation. The material has been shipped to the ALS Minerals "OMAC" laboratory in Ireland for multi-element geochemical analysis.

Sale of the Group's products

Important to the Group's success is the ability to transport its products to market and sell them without disruption.

Until late 2018, the Group shipped all its gold doré to MKS Finance SA in Switzerland for refining. In late 2018, the Group signed an additional contract with Argor-Heraeus SA, also in Switzerland, for the refining of gold doré. The Group contracted with a second refiner to ensure refining services are obtained on the best commercial terms. The Group now ships its gold doré to both refiners. The logistics of transport and sale are well established and gold doré shipped from Gedabek arrives in Switzerland within three to five days. The proceeds of the estimated 90 per cent. of the gold content of the doré can be settled within one to two days of receipt of the doré, or the Group, at its discretion, can sell the resulting refined gold bullion to the refiner following refining of the doré. The Group experienced very minor delays to its export of gold doré in H1 2019 due to delays in obtaining export permission following a reorganisation of the Ministry of Finance of the Government of Azerbaijan. The delays had no significant effect on the operations of the Group and the protocol for gold export was subsequently amended by the Government of Azerbaijan. Since the protocol was amended, no delay in the export of gold doré has been experienced.

The Gedabek mine site has good road transportation links and the Company's copper and precious metal concentrate is collected by truck from the Gedabek site by the purchaser. In

2014, the Group commenced selling its copper concentrate produced by SART processing to Industrial Minerals SA, a Swiss-based integrated trading, mining and logistics group, under an exclusive three year contract. This contract has been subsequently renewed and expanded to include copper concentrate produced by flotation, in addition to the SART concentrate. The latest renewal of the contract was signed on 1 January 2019 for a period of one year, but the contract will automatically extend unless terminated by either party.

In June 2018, the Group signed a contract with Trafigura PTE. Limited (“Trafigura”) for the sale of copper concentrates produced by flotation processing. The contract has no expiry date unless terminated by either party and the first shipment of concentrate was made under the contract in September 2018. Trafigura purchase all concentrate produced by flotation and Industrial Minerals SA all concentrate produced by SART processing. The Group experienced minor delays in the shipment of flotation concentrates in H1 2019 whilst Trafigura established its logistical procedures. These have now been settled and no delays are now being experienced in the sale of concentrates.

Financial Review

Group statement of income

The Group generated revenues in the six months ended 30 June 2019 (“H1 2019”) of \$43.3m (H1 2018: \$40.0m) from the sales of gold and silver bullion and copper and precious metal concentrate.

The revenues in H1 2019 included \$35.2m (H1 2018: \$34.1m) generated from the sales of gold and silver bullion from the Group's share of the production of doré bars. Bullion sales in H1 2019 were 26,588 ounces of gold and 10,155 ounces of silver (H1 2018: 25,778 ounces of gold and 13,493 ounces of silver) at the same average price of gold as H1 2018 of \$1,319 per ounce and an average price of silver of \$15 per ounce (H1 2018: \$1,319 per ounce and \$17 per ounce respectively). In addition, the Group generated revenue in H1 2019 of \$8.1m (H1 2018: \$5.9m) from the sale of 4,286 dry metric tonnes (H1 2018: 2,344 dry metric tonnes) of copper and precious metal concentrate.

Total cost of sales for H1 2019 increased by \$1.6m to \$29.1m compared to \$27.5m in H1 2018. Cash costs in H1 2019 increased by \$2.7m to \$22.3m compared to \$19.6m in H1 2018 due to higher costs for consumables and spare parts, haulage and excavation. These higher costs were partially offset by lower drilling costs. Depreciation increased by \$2.7m from \$9.1m in H1 2018 to \$11.8m in H1 2019 due to higher gold production, a small decrease in the minable reserves and increased depreciation in respect of deferred stripping. 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.

Administration expenses in both H1 2019 and H1 2018 were \$2.5m. The Group's administration expenses comprise the cost of the administrative staff and associated costs at the Gedabek mine site, the Baku office and maintaining the Group's listing on AIM.

Finance costs in H1 2019 were \$0.5m (H1 2018: \$1.0m) and comprise interest on loans, interest on letters of credit and accretion expenses on the rehabilitation provision. The costs reduced in H1 2019 compared to H1 2018 due to a significant reduction in the average debt in H1 2019 as the Pasha Bank refinancing loan was paid down.

The Group had a taxation charge in H1 2019 of \$3.6m (H1 2018: \$3.0m). This comprised a current income tax charge of \$4.2m (H1 2018: \$2.5m) offset by a deferred tax credit of \$0.6m (H1 2018: charge of \$0.5m). The current income tax charge of \$4.2m was incurred by R.V. Investment Group Services ("RVIG") in Azerbaijan. RVIG had no taxable losses brought forward at 1 January 2019 and the charge is therefore its estimated taxable profits for H1 2019 of \$13.2m taxed at 32 per cent. (the rate stipulated in the Group's production sharing agreement). However, the Group's 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 of RVIG arising in Azerbaijan.

All-in sustaining cost of production

The Group produced gold at an all-in sustaining cost ("AISC") per ounce in H1 2019 of \$603 compared to \$543 in H1 2018. The Group reports its cash cost as an AISC calculated in accordance with the World Gold Council's guidance which is a standardised metric in the industry and includes the credit from the sales of silver and copper.

The reason for the increase in H1 2019 compared to H1 2018 was due to an additional \$2.7 million cash costs of mining a higher volume of ore. Some of the additional ore mined has been stockpiled for use in 2020 which will reduce mining costs next year.

Group statement of financial position

Non-current assets decreased from \$98.6m at 31 December 2018 to \$90.6m at 30 June 2019. The main reason for the decrease was property, plant and equipment being lower by \$9.0m due to depreciation in the period. Intangible assets increased from \$17.0m at 31 December 2018 to \$18.1m at 30 June 2019 due to expenditure on geological exploration and evaluation of \$2.0m partially offset by amortisation.

Net current assets were \$46.1m at 30 June 2019 compared to \$33.5m at 31 December 2018. The main reasons for the increase was an increase in cash of \$5.9m and an increase in

inventory of \$4.8m. The Group's cash balances at 30 June 2019 were \$20.4m (31 December 2018: \$14.5m). Surplus cash is maintained in US dollars and placed on fixed deposit with several banks at tenors of between one to three months at interest rates of around 2.0 to 2.5 per cent.

Shareholders' equity of the Group at 30 June 2019 was \$105.0m (31 December 2018: \$98.4m). The increase was due to the profit retained in the period as there were no shares issued in H1 2019.

The Group is financed by a mixture of equity and debt and the only loans outstanding at 30 June 2019 were the remaining balance of \$5.1m of the Pasha Bank refinancing loan and a short-term facility of \$0.2m with Yapi Credit Bank. Yapi Credit Bank provide letters of credit to the Group for purchases and the facility was to collateralise an outstanding letter of credit.

Group cash flow statement

Operating cash inflow before movements in working capital for H1 2019 was \$23.6m (H1 2018: \$18.5m). The main source of operating cash flow was operating profit before the non-cash charges of depreciation and amortisation in H1 2019 of \$23.6m (H1 2018: \$18.5m).

Working capital movements in H1 2019 absorbed cash of \$3.9m (H1 2018: generated cash of \$6.0m) largely due to an increase in inventories of \$4.8m (H1 2018: decrease of \$2.9m). The increase in inventories at 30 June 2019 was mainly due to higher gold doré inventory and gold being processed due to increased heap leaching.

Cash flows from operations in H1 2019 at \$19.7m was lower than \$24.6m in H1 2018 due to the cash absorbed by the increase in inventory in H1 2019.

The Group paid corporation tax in H1 2019 of \$5.2m (H1 2018: \$nil) in Azerbaijan. These were payments on account of RVIG's liability for the year ending 31 December 2019 of \$1.4m and a final settlement in respect of the year ended 31 December 2018 of \$3.8m

Expenditure on property, plant and equipment and mine development in H1 2019 was \$3.0m (H1 2018: \$8.2m). The main items of expenditure in H1 2019 were mine development costs of \$1.5m (H1 2018: \$0.5m) and capitalisation of deferred stripping costs of \$0.9m (H1 2018:\$4.9m).

Exploration and evaluation expenditure was incurred and capitalised in H1 2019 of \$2.0m (H1 2018: \$0.1m). This arose on exploration at the Gedabek, Gosha and Ordubad contract areas. The expenditure was \$0.7m, \$0.3m and \$1.0m respectively.

Dividends

The directors have announced a policy to 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 and in H1 2019 was \$9.6m (H1 2018: \$16.3m).

The Group paid an interim and final dividend in respect of the year ended 31 December 2018 totalling \$0.07 per share. The Group declares its dividends in United States dollars but pays the dividends in United Kingdom pounds sterling. The dividends declared are converted into United Kingdom pounds sterling using a five day average of the daily sterling closing mid-price exchange rate published by the Bank of England at 4 pm each day for a week prior to the payment of each dividend. The week used for the averaging is announced at the same time as the dividend.

Despite the reduced free cash flow in H1 2019, the directors have declared an interim dividend of \$0.035 per share in respect of the financial year ending 31 December 2019 reflecting the strong cash position and low level of debt in the Group. The dividend will be paid on 31 October 2019 and will cost the Group \$4.0m but has not been accrued in the H1 2019 financial statements.

Production sharing agreement

In accordance with 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 both the year to 31 December 2018 and the six months to 30 June 2019. The Government’s share of production in the six months to 30 June 2019 (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 2019 of 12.75 per cent. (six months to 30 June 2018: 12.75 per cent.) of the value of its production.

The Group can recover the following costs in accordance with the PSA for its Gedabek contract area:

- 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 methodology for the calculation of the unrecovered costs for the Gosha and Ordubad contract areas is the same as for the Gedabek contract area. The total unrecovered costs for the Gedabek, Gosha and Ordubad contract areas at 30 June 2019 were \$70.0m, \$24.4m and \$24.0m respectively (31 December 2018: \$76.9m, \$23.3m and \$22.2m 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 2019. 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.

Going concern

The directors have prepared the Group financial statements on a going concern basis after reviewing the Group's forecast cash position for the period to 30 September 2020 and satisfying themselves that the Group will have sufficient funds on hand to meet its obligations as and when they fall due over the period of their assessment. Appropriate rigour and diligence has been applied by the directors who believe the assumptions are prepared on a realistic basis using the best available information.

The Group had cash balances of \$20.4 million and debt of \$5.2 million at 30 June 2019. The Group is able to fund its working capital requirements and service its borrowings from cash generated from its operations at Gedabek. The Group's borrowings are unsecured and without any financial covenants and all payments of interest and principal in 2018 and 2019 to date have been made in accordance with the terms of the relevant loan agreements. The Group has access to local sources of both short and long term finance should this be required.

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 the strategic report above. The financial position of the Group, its cash flow, liquidity position and borrowing facilities are discussed within this financial review.

After making due enquiry, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the Condensed Group Financial Statements for the 6 months to 30 June 2019.

Anglo Asian Mining plc
Condensed group statement of income
Six months ended 30 June 2019

	Notes	6 months to 30 June 2019 (unaudited) \$000	6 months to 30 June 2018 (unaudited) \$000
Revenue		43,333	39,967
Cost of sales		(29,132)	(27,528)
Gross profit		14,201	12,439
Other income		-	9
Administrative expenses		(2,505)	(2,492)
Other operating expense		(1,004)	(899)
Operating profit		10,692	9,057
Finance income		73	19
Finance costs		(488)	(1,010)
Profit before tax		10,277	8,066
Income tax	3	(3,636)	(2,990)
Profit attributable to the equity holders of the parent		6,641	5,076
Profit per share attributable to the equity holders of the parent		6,641	5,076
Basic (US cents per share)	4	5.81	4.46
Diluted (US cents per share)	4	5.81	4.45

Anglo Asian Mining plc
Condensed group statement of comprehensive income
Six months ended 30 June 2019

	6 months to 30 June 2019 (unaudited) \$000	6 months to 30 June 2018 (unaudited) \$000
Profit for the period	6,641	5,076
Total comprehensive profit for the period	6,641	5,076
Attributable to the equity holders of the parent company	6,641	5,076

Anglo Asian Mining plc

Condensed group statement of financial position

30 June 2019

	Notes	30 June 2019 (unaudited) \$000	30 June 2018 (unaudited) \$000	31 December 2018 (audited) \$000
Non-current assets				
Intangible assets	5	18,139	15,251	17,031
Property, plant and equipment	6	72,192	85,966	81,150
Other receivables	7	293	1,259	436
		90,624	102,476	98,617
Current assets				
Inventory	8	38,916	31,033	34,159
Trade and other receivables	7	15,846	15,113	8,496
Cash and cash equivalents		20,481	12,547	14,540
		75,243	58,693	57,195
Total assets		165,867	161,169	155,812
Current liabilities				
Trade and other payables	9	(21,147)	(21,387)	(13,224)
Taxes payable		(2,714)	(2,526)	(3,700)
Interest-bearing loans and borrowings	10	(5,248)	(10,382)	(6,750)
		(29,109)	(34,295)	(23,674)
Net current assets		46,134	24,398	33,521
Non-current liabilities				
Provision for rehabilitation		(9,247)	(9,524)	(9,028)
Interest-bearing loans and borrowings	10	-	(5,063)	(1,688)
Deferred tax liability		(22,465)	(21,858)	(23,017)
		(31,712)	(36,445)	(33,733)
Total liabilities		(60,821)	(70,740)	(57,407)
Net assets		105,046	90,429	98,405
Equity				
Share capital	11	2,016	2,008	2,016
Share premium account	12	33	32,484	33
Share-based payment reserve		-	74	-
Merger reserve		46,206	46,206	46,206
Retained earnings		56,791	9,657	50,150
Total equity		105,046	90,429	98,405

Anglo Asian Mining plc

Condensed group statement of cash flows

Six months ended 30 June 2019

	6 months to 30 June 2019 (unaudited) \$000	6 months to 30 June 2018 (unaudited) \$000
Cash flows from operating activities		
Profit before taxation	10,277	8,066
Adjustments to reconcile profit before tax to net cash flows:		
Finance income	(73)	(19)
Finance costs	488	1,010
Depreciation of property, plant and equipment	11,998	8,456
Amortisation of mining rights and other intangible assets	871	986
Write down of unrecoverable inventory	-	34
Operating cash flow before movements in working capital	23,561	18,533
(Increase) / decrease in trade and other receivables	(162)	437
(Increase) / decrease in inventories	(4,757)	2,912
(Increase) / decrease in taxes payable	(986)	2,526
Increase in trade and other payables	2,053	172
Cash flows from operations	19,709	24,580
Income tax paid	(5,173)	-
Net cash flow from operating activities	14,536	24,580
Cash flows from investing activities		
Expenditure on property, plant and equipment and mine development	(3,000)	(8,183)
Investment in exploration and evaluation activities	(1,979)	(91)
Interest received	73	19
Net cash used in investing activities	(4,906)	(8,255)
Cash flows from financing activities		
Proceeds from borrowing	403	13,995
Repayment of borrowings	(3,593)	(19,199)
Interest paid	(499)	(1,108)
Net cash used in financing activities	(3,689)	(6,312)
Net increase in cash and cash equivalents	5,941	10,013
Cash and cash equivalents at beginning of period	14,540	2,534
Cash and cash equivalents at end of the period	20,481	12,547

Anglo Asian Mining plc

Condensed group statement of changes in equity

Six months ended 30 June 2019

(unaudited)

	Notes	Share capital \$000	Share premium \$000	Share-based payment reserve \$000	Merger reserve \$000	Retained earnings \$000	Total equity \$000
1 January 2019		2,016	33	-	46,206	50,150	98,405
Profit for the period		-	-	-	-	6,641	6,641
30 June 2019		2,016	33	-	46,206	56,791	105,046

Six months ended 30 June 2018

(unaudited)

	Notes	Share capital \$000	Share premium \$000	Share-based payment reserve \$000	Merger reserve \$000	Retained earnings \$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
30 June 2018		2,008	32,484	74	46,206	9,657	90,429

Year ended 31 December 2018

(audited)

	Notes	Share capital \$000	Share premium \$000	Share-based payment reserve \$000	Merger reserve \$000	Retained earnings \$000	Total equity \$000
1 January 2018		2,008	32,484	74	46,206	4,581	85,353
Profit for the year		-	-	-	-	16,335	16,335
Shares issued	11,12	8	141	-	-	-	149
Share options exercised		-	-	(74)	-	74	-
Share premium reduction	12	-	(32,592)	-	-	32,592	-
Cash dividends paid	13	-	-	-	-	(3,432)	(3,432)
31 December 2018		2,016	33	-	46,206	50,150	99,405

Anglo Asian Mining plc

Notes to the condensed group financial statements

Six months ended 30 June 2019

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 2019 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 2019 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 2018 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 preparation of the half-yearly condensed Group financial statements for 2019 are consistent with those followed in the preparation of the Group's annual report and accounts for 2018, except for the adoption of new standards that became effective from 1 January 2019. The Group has not adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applied, for the first time, IFRS 16 – "Leases" but did not restate previous financial statements as the adoption of the standard did not have a material effect on the Group's financial statements. IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet mode similar to the accounting for finance leases under IAS 17.

The Group adopted IFRS 16 using the full retrospective method of adoption, with the date of initial application of 1 January 2019. IFRS 16 includes two recognition exemptions for lessees - leases of 'low-value' assets (i.e. personal computers) and short-term leases (i.e. leases with a lease term of 12 months or less). The Group analysed all of its lease contracts outstanding in 2018 and in the 6 months to 30 June 2019. With the exception of one lease contract, all contracts qualify for the exemption of recognition for leases either because the leases are of low value or are short term leases. The accounting for the one contract recognised as a lease under IFRS 16 had no material effect on the Group's financial statements for either the year ending 31 December 2018 or the 6 months ending 30 June 2019 as the amount of the lease was immaterial. The Group does not carry out any activities which would make it a lessor.

The amendments and interpretations listed below also apply for the first time in 2019. None of the standards have an impact on the interim condensed consolidated financial statements of the Group.

- IFRIC Interpretation 23 – "Uncertainty over Income Tax Treatments"
- Amendments to IFRS 9 – "Prepayment Features with Negative Compensation"
- Amendments to IAS 28 – "Long-term Interests in Associates and Joint Ventures"
- Amendments to IAS 19 – "Plan Amendment, Curtailment or Settlement"

- Annual IFRS Improvement Process
 - IFRS 3 Business Combinations - Previously held Interests in a joint operation
 - IFRS 11 Joint Arrangements - Previously held Interests in a joint operation
 - IAS 12 Income Taxes - Income tax consequences of payments on financial instruments classified as equity
 - IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation

Going concern

The directors have prepared the Group financial statements on a going concern basis after reviewing the Group's forecast cash position for the period to 30 September 2020 and satisfying themselves that the Group will have sufficient funds on hand to meet its obligations as and when they fall due over the period of their assessment. Appropriate rigour and diligence has been applied by the directors who believe the assumptions are prepared on a realistic basis using the best available information.

The Group had cash balances of \$20.4 million and debt of \$5.2 million at 30 June 2019. The Group is able to fund its working capital requirements and service its borrowings from cash generated from its operations at Gedabek. The Group's borrowings are unsecured and without any financial covenants and all payments of interest and principal in 2018 and 2019 to date have been made in accordance with the terms of the relevant loan agreements. The Group has access to local sources of both short and long term finance should this be required.

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 the strategic report above. The financial position of the Group, its cash flow, liquidity position and borrowing facilities are discussed within the financial review above.

After making due enquiry, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the Condensed Group Financial Statements for the 6 months to 30 June 2019.

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 two customers who also refine the Group's gold, MKS Finance SA and Argor-Heraeus SA, both based in Switzerland. Copper concentrate is sold to Industrial Minerals SA and Trafigura PTE Ltd.

3 Income tax

The income taxation charge in the 6 months ended 30 June 2019 represents a current income tax charge of \$4.2m (2018 :\$2.5m) and a deferred taxation credit of \$0.6m (2018: charge of \$0.5m). 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 30 June 2019, 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 per ordinary share

Profit per ordinary share	6 months to 30 June 2019 (unaudited) \$000	6 months to 30 June 2018 (unaudited) \$000
Profit after tax for the period	6,641	5,076
Basic profit per share (US cents)	5.81	4.46
Diluted profit per share (US cents)	5.81	4.45

Weighted average number of shares	Number	Number
For basic earnings per share	114,392,024	113,761,024
For diluted earnings per share	114,392,024	114,080,623

5 Intangible assets

	Exploration & evaluation Gedabek (unaudited) \$000	Exploration & evaluation Gosha (unaudited) \$000	Exploration & evaluation Ordubad (unaudited) \$000	Mining rights (unaudited) \$000	Other intangible assets (unaudited) \$000	Total (unaudited) \$000
Cost						
1 January 2018	1,110	-	4,153	41,925	529	47,717
Additions	2,326	350	192	-	8	2,876
31 December 2018	3,436	350	4,345	41,925	537	50,593
Additions	683	221	1,075	-	-	1,979
30 June 2019	4,119	571	5,420	41,925	537	52,572
Amortisation and impairment						
1 January 2018	-	-	-	31,207	365	31,572
Charge for year	-	-	-	1,948	42	1,990
31 December 2018	-	-	-	33,155	407	33,562
Charge for period	-	-	-	849	22	871
30 June 2019	-	-	-	34,004	429	34,433
Net book value						
31 December 2018	3,436	350	4,345	8,770	130	17,031
30 June 2019	4,119	571	5,420	7,921	108	18,139

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
Cost				
1 January 2018	21,899	188,972	4,381	215,252
Additions	2,205	10,091	3,722	16,018
Transfer to producing mines	-	7,581	(7,581)	-
Disposal	-	-	(209)	(209)
Decrease in provision for rehabilitation	-	(1,089)	-	(1,089)
31 December 2018	24,104	205,555	313	229,972
Additions	283	2,436	321	3,040
30 June 2019	24,387	207,991	634	233,012

Depreciation and impairment

1 January 2018	16,421	111,444	-	127,865
Charge for year	1,751	19,206	-	20,957
31 December 2018	18,172	130,650	-	148,822
Charge for period	892	11,106	-	11,998
30 June 2019	19,064	141,756	-	160,820

Net book value

31 December 2018	5,932	74,905	313	81,105
30 June 2019	5,323	66,235	634	72,192

7 Trade and other receivables

	30 June 2019 (unaudited) \$000	30 June 2018 (unaudited) \$000	31 December 2018 (audited) \$000	1 January 2018 (audited) \$000
Non-current assets				
Advances for fixed asset purchases	293	1,244	436	860
Loans	-	15	-	15
	293	1,259	436	875
Current assets				
Gold held due to the Government of Azerbaijan	10,087	11,720	2,898	7,445
VAT refund due	776	206	312	206
Other tax receivable	1,583	811	1,016	891
Trade receivables – amortised cost	-	56	250	440
Trade receivables – fair value	1,135	938	1,988	-
Prepayments and advances	2,160	1,275	1,927	2,187
Loans	105	107	105	107
	15,846	15,113	8,496	11,276

* Trade receivables not subject to provisional pricing.

**Trade receivables subject to provisional pricing

Trade receivables (not subject to provisional pricing) are for sales of gold and silver to the refiner and are non interest-bearing and payment is usually received one to two days after the date of sale.

Trade receivables (subject to provisional pricing) are for sales of gold and copper concentrate and are non interest-bearing, but are exposed to future commodity price movements over the quotational period ("QP") and, hence, fail the 'solely payments of principal and interest' test and are measured at fair value up until the date of settlement. These trade receivables are initially measured at the amount which the Group expects to be entitled, being the estimate of the price expected to be received at the end of the QP. Approximately 90 per cent. of the provisional invoice (based on the provisional price) is received in cash within one to two weeks from when the concentrate is collected from site, which reduces the initial receivable recognised under IFRS 15. The QPs can range between one and four months post shipment and final payment is due between 30-90 days from the end of the QP.

The Group does not consider any trade or other receivable as past due or impaired. All receivables at amortised cost have been received shortly after the balance sheet date and therefore the Group does not consider that there is any credit risk exposure. No provision for any expected credit loss has therefore been established at 30 June 2018 and 2019 and 31 December 2018.

The VAT refund due at 30 June 2018 and 2019 and 31 December 2018 relates to VAT paid on purchases.

Gold bullion held and transferable to the Government 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. A corresponding liability to the Government is included in trade and other payables shown in note 9.

8 Inventory

	30 June 2019 (unaudited) \$000	30 June 2018 (unaudited) \$000	31 December 2018 (audited) \$000
Cost			
Finished goods - bullion	1,214	3,610	319
Finished goods - metal in concentrate	946	82	458
Metal in circuit	16,113	12,044	14,105
Ore stockpiles	7,273	3,699	6,371
Spare parts and consumables	13,370	11,598	12,906
Total current inventories	38,916	31,003	34,159
Total inventories at the lower of cost and net realisable value	38,916	31,003	34,159

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 2019 (unaudited) \$000	30 June 2018 (unaudited) \$000	31 December 2018 (audited) \$000
Accruals and other payables	5,729	4,777	5,581
Trade creditors	3,779	3,595	3,065
Gold held due to the Government of Azerbaijan	10,087	11,720	2,898
Payable to the Government of Azerbaijan from copper concentrate joint sale	1,552	1,295	1,680
	21,147	21,387	13,224

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 2019 (unaudited) \$000	30 June 2018 (unaudited) \$000	31 December 2018 (audited) \$000
Pasha Bank – refinancing loan	5,063	11,813	8,438
Pasha Bank – other loans	-	2,632	-
Yapi Credit	185	-	-
Kapital Bank	-	1,000	-
Total interest bearing loans and borrowings	5,248	15,445	8,438
Loans repayable in less than one year	5,248	10,382	6,750
Loans repayable in more than one year	-	5,063	1,688
Total interest bearing loans and borrowings	5,248	15,445	8,438

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

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 was payable monthly and the principal was repayable in 5 equal installments of \$600,000 payable in April, July, August and October 2018 and January 2019.

Yapi Credit

In June 2019, the Group entered into a one year credit facility for \$185,000 with Yapi Credit to finance letters of credit issued by Yapi Credit for the purchase of cyanide. The facility was for 1 year at an interest rate of 6 per cent. per annum. The facility was fully utilised at 30 June 2019 but was repaid and closed subsequent to 30 June 2019.

Kapital Bank

On 17 May 2017, the Group entered into a \$1 million working capital loan facility with Kapital Bank. The term of the loan was for 18 months at an interest rate of 8 per cent. Interest on the loan was payable monthly with the principal repayable at the end of the loan. The loan was fully repaid during the year ended 31 December 2018.

Unused credit facilities

The Group had a \$2 million credit facility from Yapi Credit Bank at 30 June 2019 (31 December 2018 - \$2 million, 30 June 2018 - \$nil).

11 Share capital

	Ordinary shares of 1 pence each	\$000
Ordinary shares issued and fully paid:		
1 January 2018	113,761,024	2,008
Exercise of share options	631,000	8
31 December 2018 and 30 June 2019	114,392,024	2,016

12 Share premium account

	Six months ended 30 June 2019 \$000	Year ended 31 December 2018 \$000
1 January	33	32,484
Issue of shares	-	141
Court approved reduction	-	(32,592)
31 December 2018 and 30 June 2019	33	33

On 13 July 2018, the Company issued a circular to its shareholders proposing a resolution to reduce its share premium account to \$nil. This resolution was passed by its shareholders at a meeting of its shareholders on 30 July 2018.

The reduction in the share premium account to \$nil was approved by the court on 28 August 2018. The share premium account of \$33,000 at 31 December 2018 is the share premium on shares issued subsequent to the court approved reduction.

13 Distributions made and proposed

	Six months ended 30 June 2019 \$000	Year ended 31 December 2018 \$000
Cash dividends on ordinary shares declared and paid		
Interim dividend for 2018: 3 US cents* per share	-	3,432
Final dividend for 2018: 4 US cents** per share	-	-
Cash dividends proposed on ordinary shares		
Interim dividend for 2019: 3.5 US cents*** per share	4,004	-

* the dividend was declared in United States dollars but paid in Sterling in the amount of 2.2864 pence per ordinary share.

** the dividend was declared in United States dollars but paid in Sterling in the amount of 3.1797 pence per ordinary share on 25 July 2019.

*** to be paid in Sterling on 31 October 2019 at a rate to be announced.

The final dividend on ordinary shares for the year ended 31 December 2018 and the proposed interim dividend for the year ending 31 December 2019 are not recognised as liabilities in the Group statements of financial position at 31 December 2018 or 30 June 2019.

14 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.

There were no significant operating lease and no capital lease commitments at 30 June 2019 (30 June 2018 and 31 December 2018: \$nil).

15 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 2019 of \$710,000 (6 months to 30 June 2018: \$843,000) 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 advance to PMDI of \$35,000 at 30 June 2019 (30 June 2018: payable of \$400,000 and 31 December 2018: payable of \$51,000).
- b) Total payments in the 6 months to 30 June 2019 of \$852,000 (6 months to 30 June 2018: \$nil) were made for equipment and spare parts purchased from F&H Group LLC ("F&H"), an entity in which the chief technical officer of Azerbaijan International Mining Company has a direct ownership interest. There is an outstanding payable to F&H of \$260,000 at 30 June 2019 (30 June 2018: \$nil and 31 December 2018: \$nil).

16 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 2019 were authorised for issue in accordance with a resolution of the directors on 17 September 2019.

****ENDS****

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 83,736 gold equivalent ounces ('GEOs') for the year ended 31 December 2018. 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 dore 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. A second dedicated crusher line has been commissioned and is now in operation for the flotation plant to enable it to operate independently of, and in parallel with, the agitation leaching plant.

The Company has forecast metal production for FY 2019 of between 82,000 to 86,000 GEOs for the year ending 31 December 2019.

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.

