

Anglo Asian Mining PLC



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ANGLO ASIAN MINING PLC (‘Anglo Asian’ or ‘the Company’)

INTERIM RESULTS FOR THE SIX MONTHS TO 30 JUNE 2006 AND DRILLING UPDATE

Highlights for the period

- Drilling at Gedabek progressing on target with encouraging results
- SRK Consulting retained to assist with the implementation of the drilling programme
- Contract to dismantle and containerise CIL gold processing plant in Australia completed
- Graham Mascall appointed as Chairman in March 2006

Subsequent events

- Encouraging results continue at Gedabek and a scoping study is underway
- Gordon Lewis appointed as Chief Executive in July 2006

Graham Mascall, Chairman of Anglo Asian, commented: ‘The operating loss of \$1.8m for the 6 month period to 30 June 2006 arose from the charging of administrative expenses and crediting an exchange gain. In the period, the Company also invested \$3.0m in exploration expenses and \$5.8m in the form of capital expenditure primarily to acquire, dismantle and containerise the CIL plant in Australia.’

Mr Mascall continued: ‘The drilling programme at Gedabek went well during the period and according to plan. We released the initial encouraging results in early June and today release further results, which continue to support the prospect of developing the Gedabek property. We anticipate announcing a resource estimate for Gedabek in the fourth quarter of this year. I am also particularly pleased to see the arrival of Gordon Lewis as Chief Executive. Following the recent strengthening of the Board, Robert Jeffcock has considered this an appropriate time to step down from the Board in order to concentrate on his other business interests. I thank Robert for his contribution to the Company.’

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INTERIM RESULTS FOR THE SIX MONTHS TO 30 JUNE 2006 AND DRILLING UPDATE

Chairman's statement

General

The reported six month period has been an important one for Anglo Asian, with the strategic focus shifting from the Ordubad region to the Gedabek project in the West of Azerbaijan which was considered to be the best prospect for an early production decision, based on the available data and initial reconnaissance work. In addition the Board has been strengthened with individuals who have significant mining experience, which along with the retention of SRK has led to a more focused approach to the Company's various activities and prospects. As a result of the continuing encouraging results from Gedabek, which are summarised below, the Company will now progress this prospect to early development.

Gedabek

Drilling commenced early in 2006 using three of the four available rigs. This has now been increased to five rigs. The drilling programme has progressed well and according to plan with SRK being retained to assist with the implementation of the programme. Results remain encouraging.

To date 24 diamond drill holes, 17 reverse circulation holes ('RC') and 46 holes combining RC at the top with diamond drilling at the bottom have been drilled on a 55 metre grid. The holes completed and available assays continue to indicate the presence of significant copper and gold mineralisation at Gedabek. Assay results received, since the results released on 2 June 2006, are summarised in the table attached (at the end of the text of the announcement prior to the financial statements). A gold equivalent cut-off grade of 0.50 grams per tonne (g/t) was used to define each of the intervals. Gold equivalent conversion is based on a ratio of 1g/t gold to 60 g/t silver and 1% copper to 2.3g/t gold.

The Company plans to complete further infill and boundary drilling to supplement the current drill programme as required. Completion of this drill programme and receipt of the assay data will allow Anglo Asian and their consultants SRK Consulting to develop a resource estimate for Gedabek in the fourth quarter of 2006.

A scoping study is also now underway on Gedabek which is expected to be completed by January 2007. The study will incorporate the resource evaluation, mining plan, metallurgy and process flowsheet, geotechnical assessment, environmental management, assessment of operating and capital costs and a preliminary economic model. The results of the scoping study will enable the Board to establish the financing requirements for the project and the need for a full feasibility study and the ability to fast track project development.

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The local population and government of Gedabek have been very supportive of the Company's activities. The mine previously operated between 1849 and 1917. Since 1960, the Soviets and the Azeris carried out exploration activity including mapping, sampling, trenching, drilling and underground exploration.

Gosha

Limited adit sampling has been carried out at Gosha, confirming the presence of two large vein-like structures which contain grades and thicknesses, in line with the Soviet data. Assessment of this resource will continue through a combination of further sampling, geological modelling and drilling as required.

Ordubad

The drilling programme at Piyazbashi was completed in March of this year. The results of the drilling and the adit sampling provided confirmation of gold grade in the veins broadly in line with the Soviet data. The final resource modelling and assessment need to be completed and the classification is expected to improve but the Company's consultants, SRK Consulting have advised that the greater potential of the Gedabek property meant that focus for a first feasibility study should be switched to there. Piyazbashi will therefore not be a first priority for a feasibility study and progression towards early production as was envisaged in the Admission Document.

On completion of the drilling at Piyazbashi a diamond drill rig was moved to Shakardara. Shortly after a short drilling campaign there, it was considered that the rig could be better utilised by speeding up the programme at Gedabek and it was therefore moved to that property.

The drilling and assessment programme at Ordubad is now effectively on hold, but further work is required in order to obtain a full assessment of the prospects in particular at Misdag and Shakardara.

CIL plant

The contract to dismantle, containerise and store the CIL plant within the close proximity of Mackay port in Australia was completed in the period.

DHL Global Forwarding Projects, our preferred freight forwarder, has carried out a full route survey to the Gedabek site and estimate a transit time of 8 to 10 weeks from Mackay to the site.

Financial results

The Group reported an unaudited operating loss of \$1,820,561 (\$662,745) for the six months to 30 June 2006 (six months to 31 July 2005). The operating loss resulted from the charging of administrative expenses of \$2,044,385 (\$756,575) and crediting an exchange gain of \$223,824 (\$93,830). The six month comparative period to 31 July 2005 was almost entirely prior to the IPO which occurred on 29 July 2005 and the increase of expenditure in the current interim period reflects the increase in activity following the IPO.

The net interest credit in the period of \$370,378 (interest charge \$3,732) arose from interest received on deposits.

Exploration and evaluation expenditures of \$2,973,376 (\$1,199,199) were capitalised in the period. Further payments were made to acquire, dismantle and containerise the CIL plant in Australia amounting to \$5,384,707 (\$nil) and other capital expenditure was incurred of \$423,819 (\$52,373).

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The Group at the period end retained cash balances of \$11,750,911 (\$81,966) and an asset with significant value in the CIL plant with the dismantling and containerisation complete. \$50,000 remains outstanding to complete the purchase of the equipment.

Directors and management

The Company continued to strengthen the Board with individuals who possess significant experience in the mining sector. I joined the Company in March 2006 as Chairman and Gordon Lewis joined as Chief Executive in July 2006. Gordon has a depth of operating experience in various locations throughout the world, where he has taken gold mining projects through from feasibility to construction and production. Gordon is putting in place an experienced management team based in Azerbaijan to continue the push towards early production at Gedabek.

I also announce that Robert Jeffcock, one of the founding members, is resigning from the Board with immediate effect. Robert has also undertaken other business ventures and believes that following the recent appointments the Company rests in good hands. Robert will continue to support the Company as a shareholder and I would like to take this opportunity to thank him for his contribution to Anglo Asian.

The future

The Group is poised to transform as it moves towards the development of the Gedabek project. We remain adequately funded for the work in progress with an experienced Board and management team now in place.

I look forward to updating the shareholders with progress over the coming months.

Graham Mascall

Chairman

23 August 2006

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Table of Assay Results from Gedabek Drilling Programme

Hole No.	Type	TD (m)	From (m)	To (m)	Interval (m)	Au Eq. (g/t)	Au (g/t)	Ag (g/t)	Cu (%)	
GDDD14	Core	200.0	66.0	74.2	8.2	1.56	1.14	2.85	0.16	
and			74.2	76.0	1.8	Void				
and			76.0	110.0	34.0	2.14	1.10	5.27	0.41	
and			116.0	124.0	8.0	2.93	1.25	10.68	0.65	
GDDD15	Core	190.0	26.0	44.0	18.0	4.41	3.12	14.61	0.45	
and			62.0	78.0	16.0	1.82	0.20	2.06	0.69	
with			68.0	74.0	6.0				1.52	
GDDD16	Core	180.0	No Intersections with AuEq grade above 0.5 g/t							
GDDD17	Core	185.0	10.0	36.0	26.0	2.18	1.32	15.12	0.27	
and			42.0	62.0	20.0	1.35	0.26	2.39	0.46	
with			48.0	52.0	4.0				1.35	
and			66.0	78.0	12.0	0.84	0.08	1.17	0.32	
GDDD18	Core	183.0	32.0	40.0	8.0	0.79	0.11	3.40	0.27	
and			122.0	134.0	12.0	0.82	0.21	1.48	0.26	
GDDD19	Core	See GDRC09a								
GDDD20	Core	210.0	20	26.0	6.0	1.09	0.96	4.52	0.02	
and			74	80.0	6.0	0.88	0.33	2.07	0.23	
GDDD21	Core	10.0 Abandoned - not assayed								
GDRC08	RC	204.0	38.0	61.0	22.0	6.17	4.91	57.58	0.13	
Excluding			46.0	47.0	1.0	No Sample				
and			64.0	73.0	9.0	8.78	5.34	17.97	1.36	
and			77.0	88.0	11.0	1.24	0.42	4.35	0.32	
and			92.0	96.0	4.0	1.58	0.09	0.58	0.64	
and			131.0	138.0	7.0	1.98	0.47	2.74	0.64	
GDRC09	RC	47.0	Abandoned - not assayed							
GDRC09a										
/ GDDD19	RC / Core	89.0/223.0	0.0	3.0	3.0	0.66	0.44	6.17	0.05	
and			23.0	27.0	4.0	1.00	0.91	1.82	0.03	
and			32.0	49.0	17.0	3.65	2.37	14.97	0.45	
GDRC10	RC	194.0	45.0	84.0	39.0	0.77	0.13	1.15	0.27	
GDRC11	RC	153.0	13.0	63.0	50.0	2.83	2.40	9.79	0.12	
with			16.0	22.0	6.0		7.20	34.19		
and			111.0	120.0	9.0	7.58	7.24	17.27	0.02	
with			112.0	116.0	4.0		14.32	34.14		
and			143.0	146.0	3.0	1.25	1.04	3.65	0.06	
GDRC12	RC	165.0	14.0	27.0	13.0	6.33	5.17	8.12	0.45	
and			35.0	52.0	17.0	1.57	0.10	0.33	0.64	
and			63.0	69.0	6.0	1.66	0.07	0.25	0.69	
GDRC13	RC	145.0	81.0	95.0	14.0	1.33	0.05	0.32	0.55	
GDRC14	RC	145.0	24.0	29.0	5.0	1.15	0.19	0.86	0.41	
and			35.0	67.0	32.0	0.82	0.06	0.85	0.32	
GDRC15	RC	102.0	24.0	30.0	6.0	1.47	0.22	2.10	0.53	
and			36.0	56.0	20.0	0.80	0.03	0.27	0.34	

Ms. L Mach of SRK Consulting has reviewed and approved the information, pertaining to Gedabek, contained in this press release for the purposes of Part Two of the "Guidance Note for Mining, Oil and Gas Companies" dated March 2006 issued by the London Stock Exchange. Ms. Mach is a Certified Professional Geologist (American Institute of Professional Geologists) and is considered a Qualified Person within the meaning of NI 43-101 and JORC. SRK Consulting is an international minerals consultancy group, independent of Anglo Asian.

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Notes:

1. All holes are drilled vertically and reported intervals are drill-hole lengths; true widths of mineralisation intercepts have not yet been calculated.
2. The diamond drill cores are predominately HQ-sized (63.5mm diameter), with some holes reduced to NQ (47.6mm diameter). The RC holes GDRC08 to GDRC09a are 115mm in diameter and later holes are 135mm.
3. The core is split on-site and one half is shipped to OMAC Laboratories Ltd in Loughrea, Ireland. RC chips are reduced to a nominal 2 kilogram sample on-site and also sent to OMAC. Gold is analysed by fire assay (30 gram) with atomic absorption finish. Copper and silver are analysed with a 46 element ICP procedure. A laboratory quality assurance/quality control programme is in place with blanks and duplicate samples inserted into the sample stream. External check assays will be done at ALS Chemex in Vancouver, British Columbia, Canada.

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Interim financial statements for the 6 month period to 30 June 2006

Consolidated Profit and Loss Account

		Unaudited	Unaudited	Audited
		6 months to 30 Jun 2006	6 months to 31 Jul 2005	Period from 1 Feb 2005 to 31 Dec 2005
	Note	US\$	US\$	US\$
TURNOVER		-	-	-
Administration expenses		(2,044,385)	(756,575)	(2,867,951)
Exchange gain		223,824	93,830	208,112
OPERATING LOSS		(1,820,561)	(662,745)	(2,659,839)
Interest received and similar income		370,391	986	613,400
Interest payable and similar charges		(13)	(4,718)	(8,325)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,450,183)	(666,477)	(2,054,764)
Tax on loss on ordinary activities		-	-	-
LOSS FOR THE PERIOD		(1,450,183)	(666,477)	(2,054,764)
Basic and diluted loss per ordinary share (cents)	3	1.46	0.67	2.07

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Consolidated Balance Sheet

		Unaudited	Unaudited	Audited
		As at	As at	As at
		30 Jun 2006	31 Jul 2005	31 Dec 2005
		US\$	US\$	US\$
	Note			
FIXED ASSETS				
Intangible assets	4	51,525,289	48,124,462	48,551,913
Tangible assets	5	10,562,016	53,977	453,184
TOTAL FIXED ASSETS				
		62,087,305	48,178,439	49,005,097
CURRENT ASSETS				
Debtors - amounts falling due within one year	6	372,897	35,523,679	5,246,275
Cash at bank		11,750,911	81,966	21,345,703
TOTAL CURRENT ASSETS				
		12,123,808	35,605,645	26,591,978
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR				
	7	(935,606)	(7,616,338)	(798,213)
NET CURRENT ASSETS				
		11,188,202	27,989,307	25,793,765
NET ASSETS				
		73,275,507	76,167,746	74,798,862
CAPITAL AND RESERVES				
Called up share capital		1,782,605	1,782,605	1,782,605
Share premium account		30,279,301	30,279,301	30,279,301
Merger reserve		46,206,390	46,206,390	46,206,390
Profit and loss account		(4,992,789)	(2,100,550)	(3,469,434)
CAPITAL EMPLOYED				
		73,275,507	76,167,746	74,798,862

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Consolidated Cash Flow Statement

		Unaudited	Unaudited	Audited
		6 months to 30 Jun 2006	6 months to 31 Jul 2005	Period from 1 Feb 2005 to 31 Dec 2005
		US\$	US\$	US\$
	Note			
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	8	(1,183,268)	(303,293)	(7,461,090)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received		370,391	986	613,400
Interest paid		(13)	-	(8,325)
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		370,378	986	605,075
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS				
Purchase of tangible fixed assets		(5,808,526)	(52,373)	(486,097)
Exploration and evaluation expenditure		(2,973,376)	(1,199,199)	(1,626,651)
Purchase of subsidiary undertaking		-	-	(2,000,000)
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS		(13,131,902)	(1,251,572)	(4,112,748)
NET CASH OUTFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING		(9,594,792)	(1,553,879)	(10,968,763)
FINANCING				
Issue of ordinary shares, net of expenses		-	30,736,901	30,736,901
Funds due from share issue, net of expenses		-	(30,736,901)	-
Shares issued for cash in subsidiary		-	663,539	663,539
Repayment of loans		-	-	(58,280)
(DECREASE)/INCREASE IN CASH FOR THE PERIOD		(9,594,792)	(890,340)	20,373,397
RECONCILIATION OF CASH BALANCES				
Cash at start of period		21,345,703	972,306	972,306
(Decrease)/Increase in cash for the period		(9,594,792)	(890,340)	20,373,397
CASH AT END OF THE PERIOD		11,750,911	81,966	21,345,703

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Notes to the financial statements

1.

Basis of preparation

Anglo Asian Mining PLC ("Anglo Asian" or the "Company") was incorporated on 9 September 2004 and its Ordinary Shares were listed on the AIM market of the London Stock Exchange on 29 July 2005 (the "Listing") having become the new parent company of Anglo Asian Operations Limited Group on 24 June 2005. Anglo Asian Operations Limited was incorporated on 5 February 2004.

To provide information which is meaningful to the Company's shareholders, the Directors believe that it is necessary to prepare the results on the basis that the Anglo Asian Group had existed from the date of incorporation of Anglo Asian Operations Limited. The Directors believe that this information reflects the ongoing operations of the Group more clearly. The combination of Anglo Asian with the Anglo Asian Operations Group has been accounted for as a group reconstruction under the provisions of FRS 6 ("Mergers and Acquisitions") and is presented as if the Company had been the holding company and intermediate holding company, respectively, of the Group for each period presented.

These June 2006 interim consolidated statements are for the six months ended 30 June 2006 and have been prepared in accordance with applicable United Kingdom accounting standards. The accounting policies are consistent with those disclosed in the Annual Report and Accounts for the eleven months to December 2005.

These interim financial statements have been prepared under the historical cost convention.

2.

Comparative period

The Comparative period accounts for 31 December were drawn up for the 11 month period from 1 February 2005 to 31 December 2005 following the change in the accounting reference date from 31 January to 31 December. The Comparative period for 31 July 2005 is for the 6 month period from 1 February 2005 to 31 July 2005.

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3.

Earnings per ordinary share

Basic earnings per share on the loss for the period

	Unaudited	Unaudited	Audited
	6 months to 30 Jun 2006	6 months to 31 Jul 2005	Period from 1 Feb 2005 to 31 Dec 2005
Loss for the financial period (US\$)	(1,450,183)	(666,477)	(2,054,764)
Number of shares of the Company in issue	99,171,800	99,171,800	99,171,800
Proforma loss per share for the period (US cents)	(1.46)	(0.67)	(2.07)

The proforma loss per share ("EPS") calculation has assumed that the number of Ordinary Shares in issue immediately after Listing (being 99,171,800) had been in issue from 1 February 2005. The Directors believe that this proforma EPS provides a more meaningful comparison of the Group's ongoing business than using the statutory EPS which would only reflect shares issued at the date of Listing. Basic and dilutive EPS are the same because the only outstanding share options are anti-dilutive as the Group has made a loss.

4.

Intangible fixed assets

	Audited	Unaudited	Unaudited
	US\$	US\$	US\$
	1 Jan 2006	Additions	30 Jun 2006
Mining rights	46,925,262	-	46,925,262
Exploration and evaluation expenditure	1,626,651	2,973,376	4,600,027
	48,551,913	2,973,376	51,525,289

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5.

Tangible fixed assets

	Asset in course of construction	Temporary buildings	Plant & equipment	Motor vehicles	Office equipment	Leasehold improvements	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Group							
Cost							
As at 1 January 2006 (Audited)	-	84,286	82,391	58,516	141,180	124,815	491,188
Additions	9,734,707	31,169	34,061	29,310	151,217	178,062	10,158,526
As at 30 June 2006 (Unaudited)	9,734,707	115,455	116,452	87,826	292,397	302,877	10,649,714
Accumulated depreciation							
As at 1 January 2006 (Audited)	-	(2,107)	(10,298)	(7,314)	(16,725)	(1,560)	(38,004)
Charge for half year	-	(2,311)	(11,140)	(8,612)	(25,342)	(2,289)	(49,694)
As at 30 June 2006 (Unaudited)	-	(4,418)	(21,438)	(15,926)	(42,067)	(3,849)	(87,698)
Net book value							
As at 1 January 2006 (Audited)	-	82,179	72,093	51,202	124,455	123,255	453,184
As at 30 June 2006 (Unaudited)	9,734,707	111,037	95,014	71,900	250,330	299,028	10,562,016

The asset in course of construction comprises costs incurred to acquire, dismantle and containerise a gold processing plant located in Australia. The addition in the period of \$9,734,707 includes the advances to acquire fixed assets of \$4,350,000 paid in 2005.

6.

Debtors

	Unaudited	Unaudited	Audited
	US\$	US\$	US\$
	As at 30 Jun 2006	As at 31 Jul 2005	As at 31 Dec 2005
Prepayments	109,530	96,003	567,768
HM Revenue & Customs	28,673	177,899	233,337
Other debtors	234,694	14,577	95,170
Advances to acquire fixed asset	-	-	4,350,000
Share capital receivable	-	35,235,200	-
	372,897	35,523,679	5,246,275

The advances to acquire fixed assets have been capitalised as asset in course of construction (note5).

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7.

Creditors

Amounts falling due within one year:

	Unaudited	Unaudited	Audited
	US\$	US\$	US\$
	As at 30 Jun 2006	As at 31 Jul 2005	As at 31 Dec 2005
Trade creditors	362,034	758,676	213,776
Other creditors	38,832	394,879	4,910
Deferred purchase consideration	-	2,000,000	-
Accruals	534,740	4,404,503	579,527
Loans	-	58,280	-
	935,606	7,616,338	798,213

8.

Reconciliation of operating loss to net cash flow from operating activities

	Unaudited	Unaudited	Audited
	6 months to 30 Jun 2006	6 months to Jul 2005	Period from 1 Feb 2005 to 31 Dec 2005
	US\$	US\$	US\$
Operating loss	(1,820,561)	(662,745)	(2,659,839)
Depreciation	49,694	3,487	38,004
Decrease/(Increase) in debtors and prepayments	523,378	(287,340)	(5,245,136)
Increase in creditors and accruals	137,393	731,892	475,065
Exchange differences	(73,172)	(88,587)	(69,184)
Net cash outflow from operating activities	(1,183,268)	(303,293)	(7,461,090)