

21 September 2017

**Anglo Asian Mining plc**  
**Interim Results for the six-month period to 30 June 2017**  
**Commencement of Gold and Silver production from the Ugur open pit mine at Gedabek**  
**licence area, Azerbaijan**

Anglo Asian Mining plc ("Anglo Asian" or the "Company"), the AIM listed gold, copper and silver producer focused in Azerbaijan, is pleased to announce its interim results for the six-month period ended 30 June 2017 ("H1 2017"). Note that all references to "\$" are to United States dollars.

In addition, the Company has included a summary update on its latest mine, the Ugur open pit mine ("Ugur"), located within the Company's Gedabek licence area ("Gedabek"). Ugur, as announced earlier this month, has commenced gold and silver production. It will be an important contributor to the Company's production whilst other optimisation and expansion initiatives continue until the end of 2017 at the main Gedabek open pit and Gadir underground mines.

An updated corporate presentation on the Company's H1 2017 financial results will be available later today, Thursday 21 September 2017 on the Anglo Asian web-site: <http://www.angloasianmining.com>.

**H1 2017 Production Overview**

- H1 2017 results confirmed anticipated increased copper and decreased gold bullion production due to optimisation and expansion initiatives undertaken during the period which will significantly enhance the Company's long term outlook:
  - Gold production for H1 2017 totalled 23,218 ounces – 18,389 ounces contained within gold doré, 9 ounces from SART processing and 4,820 ounces from flotation (H1 2016: total 33,837 ounces)
  - Copper production for H1 2017 increased to 1,322 tonnes – 397 tonnes from SART processing and 925 tonnes from flotation (H1 2016: total 969 tonnes)
  - Silver production for H1 2017 totalled 85,087 ounces – 5,713 ounces contained within gold doré, 10,240 ounces from SART processing and 69,134 ounces from flotation (H1 2016: total 90,782 ounces)
  - Total production for H1 2017 expressed as gold equivalent ounces of 28,489 ounces (H1 2016: 36,729 gold equivalent ounces)

- Target production for the 12 months to 31 December 2017 expressed as gold equivalent ounces remains at between 64,000 and 72,000 ounces compared to FY 2016 actual total production of 72,304 gold equivalent ounces

### **Sales overview**

- Increased sales of copper concentrate offsetting reduced sales of gold bullion:
  - H1 2017 gold bullion sales of 15,689 ounces at an average of \$1,238 per ounce (H1 2016: 27,804 ounces at an average of \$1,230 per ounce)
  - H1 2017 copper concentrate shipments to the customer totalled 5,396 dry metric tonnes (“dmt”) with a sales value of \$10.3 million (excluding Government of Azerbaijan production share) (H1 2016: 2,901 dmt with a sales value of \$5.1 million)

### **Financial overview**

- Revenue decreased to \$29.8 million (H1 2016: \$39.3 million) due to lower gold bullion sales partially offset by higher sales of copper concentrate
- All in sustaining cost (“AISC”) of production per ounce of gold (including the Government of Azerbaijan's share) of \$564 per ounce, a decrease of 20 per cent. compared to H1 2016 of \$703 per ounce
- Loss before taxation of \$1.3 million (H1 2016: profit of \$3.5 million) due to the planned lower production as a result of optimisation and expansion initiatives carried out during the period
- Cash generated from operations of \$10.8 million (H1 2016: \$16.9 million)
- Capital expenditure of \$3.4 million (H1 2016: \$6.6 million) mainly on deferred stripping (\$1.6 million), the water treatment plant (\$0.8 million) and Ugur development (\$0.6 million)
- Decreased net debt of \$29.0 million as at 30 June 2017 (31 December 2016: \$34.6 million)
- Cash of \$1.5 million as at 30 June 2017 (31 December 2016: \$1.4 million)

### **Operational overview**

- Ugur JORC (2012) total resource of 199,000 ounces of gold and 1,049,000 ounces of silver
- Mining of Ugur deposit commenced in September 2017 with first production of gold doré from ore - average daily gold production as doré from 1 to 10 September 2017 of 212 ounces more than doubled compared to the previous eight months
- Water treatment plant became operational in August 2017
- Six metre raise of tailings dam wall currently underway

***Chairman's statement***  
***Review of 2017 to date***

The period under review has been a busy one in developing your Company into a sustainable and long term mining business. The strategic review earlier in the year set down clear objectives for 2017. These included bringing the new Ugur gold deposit into production by the final quarter of 2017 together with other production and optimisation initiatives. These objectives have now been broadly executed, and I am especially pleased to report the completion of the JORC (2012) resource in August and the commencement of gold doré production from Ugur's open pit mine earlier this month.

The Company made a loss before taxation of \$1.3 million in the period due to the planned lower production arising from the optimisation initiatives. However, cash generation continued to be strong with \$10.8 million generated from operations and net debt decreased by a further \$5.6 million in the period. Total production of gold of 23,218 ounces was reduced from 33,837 ounces in the corresponding period of 2016. This was due to the production optimisation initiatives which inevitably, and as anticipated, resulted in a temporary reduction in the level of gold production. However, copper production increased to 1,322 tonnes from 969 tonnes in 2016 and continues to be an increasingly significant proportion of our revenue. Production of gold as doré since the beginning of September has also increased significantly with the commencement of mining from Ugur.

The increase in precious metal prices which we saw last year has continued into 2017 and we sold our gold bullion at an average selling price of \$1,238 per ounce compared to \$1,230 per ounce in the corresponding period in H1 2016. The Company has not carried out any sales hedging in 2017. The increase in the price of gold has accelerated since the end of June with the gold price now around \$1,300 per ounce. The increasing price of copper from its low of \$4,350 per tonne in January 2016 to its current price in the region of \$6,500 per tonne has also been very beneficial for the Company given its increasing copper production.

The Group produced gold at an all in sustaining cost ("AISC") of \$564 per ounce and cash generated from operations was \$10.8 million. We continued to service our debts on time and net debt reduced from \$34.6 million at 31 December 2016 to \$29.0 million at 30 June 2017.

During the period under review, the Company initially produced gold doré and copper concentrate by using crushed ore as feedstock for its agitation leaching plant and then treating the tailings produced by flotation. This configuration was reversed from early February with crushed ore feedstock initially treated by flotation. This was to treat the high copper content ore stockpiles whilst production optimisation was carried out. The configuration was changed yet again with the commencement of mining from Ugur. The Ugur oxide-rich ores are treated by agitation leaching but the tailings are not treated by flotation as Ugur ore does not contain copper. The flotation plant is now independently processing 300 to 400 tonnes per day of mainly high sulphide stockpiled ore using its own mills. The variety

of methods available to us to utilise our processing facilities, and the fact that changes to their configuration were carried out without any significant lapses in production, demonstrate their high versatility.

The completion of the JORC (2012) resource estimation for the Ugur gold deposit in August 2017 and the commencement of production from the deposit this month was a significant achievement for the Company and all the employees involved. Ugur's total JORC (2012) mineral resource of 199,000 ounces of gold is a valuable addition to the Company's resources and will further advance the sustainability of the Company.

The water purification plant at Gedabek is now operational and produces potable (drinking quality) water which can be used either in the Company's processing facilities or discharged into the environment. The Company is also constructing a six metre raise of the tailings dam wall, which is expected to be complete by the end of 2017. The tailings dam will then have adequate capacity for the next two to three years.

The Company continues to place special emphasis on Health, Safety and Environment ("HSE") issues. The Company's HSE department was increased in June 2017 from three to seven staff and the lost time injury ("LTI") rate continued to decrease.

### ***Outlook***

I continue to look forward with optimism. In the period under review, a number of key initiatives were completed which will enhance the sustainability and long term future of the Company's mining operations. As anticipated, our production and hence profitability was modestly impacted by these initiatives in the period. However, the positive impact of these initiatives is already evident and they will deliver significant value during the remainder of the year and into 2018 and beyond.

With the above in mind, I am pleased to reconfirm our total production target for 2017 at between 64,000 to 72,000 ounces compared to 72,304 ounces in 2016. This target is stated in gold equivalent ounces ("GEOs") given the increasing proportion of copper in our production

### ***Appreciation***

I would like to take this opportunity to thank our Anglo Asian employees, our partners, the Government of Azerbaijan, advisers and fellow directors for their continued support as we continue to build the Company into a leading and profitable gold, copper and silver producer in Azerbaijan and Caucasia. I would also like to especially thank our shareholders for their invaluable support as we look forward to a successful completion of 2017 and beyond.

***Khosrow Zamani***

***Non-executive Chairman***

***20 September 2017***

## **Strategic review**

### ***Gedabek – mining and production***

The Gedabek mining operation is located in a 300-square kilometre contract area (“Gedabek Licence”) in the Lower Caucasus mountains in western Azerbaijan on the Tethyan Tectonic Belt, one of the world’s most significant copper and gold-bearing geological structures. Within the Gedabek Licence are the majority of the Group’s open pit and underground mines and its processing facilities.

The principal mining operation (“Main Open Pit”) within the Gedabek Licence is conventional open cast mining from several contiguous open pits. Ore is also mined from the Gadir underground mine, which is located approximately one kilometre away, from the Main Open Pit. Gosha, which is approximately 50 kilometers away from the Gedabek Licence, is the Company’s second underground mine and ore mined at Gosha is transported to Gedabek for processing. The main ore body at Gedabek is a polymetallic deposit from which Anglo Asian produces gold, copper and silver. In 2016, the Company discovered the Ugur gold deposit which is located three kilometres north-west from the Company’s processing facilities at Gedabek. A JORC (2012) total resource of 199,000 ounces of gold and 1,049,000 ounces of silver was published in August 2017 and mining of an oxide-rich ore at Ugur, commenced in September 2017, by conventional open cast mining.

Four different processing methods are used to produce gold, silver and copper. Agitation leaching and heap leaching (both of crushed and whole ore) are used to produce gold doré. Sulphidisation, Acidification, Recycling and Thickening (“SART”) and flotation are used to produce a copper concentrate which also includes gold and silver. The Company’s processing facilities are flexible. Crushed ore can either be initially treated by agitation leaching and the tailings from this process treated by flotation to fully recover the metals or vice versa. The agitation leaching and flotation plants can also be run at the same time as separate stand-alone plants using different feedstock. The methodology employed will depend upon the chemical composition of the ores to be treated.

In early 2017, a wide-ranging strategic review of Gedabek was completed in response to the discovery of the Ugur gold deposit and the decreasing gold grade and higher percentage of copper of ore mined in the Main Open Pit. As a result of this strategic review, several initiatives were undertaken to ensure sustainable long-term production at Gedabek. Ore production from both the Main Open Pit and the Gadir underground mine was temporarily reduced so that exploration, ore zone definition and production optimisation could be carried out. The Company also started to process its 1.1 million tonnes of high copper content stockpiles during this period of reduced ore mining to maintain production. Exploration and development of the Ugur deposit was maintained throughout the period so that mining could commence from an open pit by the final quarter of 2017. This was achieved ahead of schedule at the beginning of September 2017 as announced on 13 September.

The Company also changed its processing of ore during the period in response to the strategic

review. Until early February 2017, ore was crushed and then initially processed by the Company's agitation leaching plant and the tailings from the plant fed to the flotation plant for processing to recover any remaining metal. In early February 2017, due to the higher percentage of copper in the stockpiled ores being processed, ore was crushed and initially processed by flotation and the tailings from the flotation plant treated by agitation leaching. This processing methodology was maintained until late August 2017. The configuration was then changed again with the commencement of mining from Ugur. The Ugur oxide-rich ores do not contain copper and are treated by agitation leaching but the tailings are not treated by flotation. The flotation plant is now independently processing stockpiled ore using its own mills.

During H1 2017, the Company mined 542,936 dry tonnes of ore from its Gedabek open pit (H1 2016: 835,381 tonnes). Continued mining was made possible during the quarter due to careful utilisation of equipment and human resources. In H1 2017, 25,573 dry tonnes of high grade ore with an average content of 3.85 grammes per tonne was mined from its Gadir underground mine (H1 2016: 55,488 tonnes with an average content of 5.84 grammes per tonne) in conjunction with its exploration programme.

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

During H1 2017, Anglo Asian stacked 272,495 tonnes of dry crushed ore on to heap leach pads with an average gold content of 1.03 grammes per tonne (H1 2016: 201,652 tonnes with an average gold content of 1.40 grammes per tonne). The Company also heap leached uncrushed (Run of Mine – "ROM") ore. During H1 2017, Anglo Asian stacked 219,181 tonnes of ROM ore on to heap leach pads with an average gold content of 0.88 grammes per tonne (H1 2016: 377,940 tonnes with an average gold content of 0.80 grammes per tonne).

During H1 2017, the Company processed 360,872 tonnes of ore with an average gold content of 1.64 grammes per tonne through the combined agitation leaching and flotation plants (H1 2016: 184,074 tonnes of ore with an average gold content of 1.52 grammes per tonne). Of the ore processed in H1 2017, 209,268 tonnes were mined from the open pit and the Gadir and Gosha underground mines and 152,604 tonnes were from the Company's stockpiles.

During H1 2017, the Company produced gold doré containing 18,389 ounces of gold and 5,713 ounces of silver at Gedabek (H1 2016: 31,309 ounces of gold and 4,941 ounces of silver). The agitation leaching plant produced 10,114 and 2,993 ounces of gold and silver, respectively, and the heap leach operations produced 8,275 and 2,720 ounces of gold and silver, respectively. The decreased gold doré production in H1 2017 compared to H1 2016 was due to lower gold grade of processed ores and the production optimisation initiatives undertaken during the period.

During H1 2017, the flotation plant processed 275,581 tonnes of ore in the form of feed-stock of both milled ore and tailings from the agitation leaching plant. The gross metal contained

within this feed-stock was 10,317 ounces of gold, 149,588 ounces of silver and 1,340 tonnes of copper. Copper concentrate of 5,585 dmt was produced containing 925 tonnes of copper and 4,820 ounces of gold. SART processing produced 846 dmt of copper concentrate containing 397 tonnes of copper and 9 ounces of gold.

The following table summarises gold doré production and sales at Gedabek for FY 2016 and H1 2017:

	<i>Gold produced*</i> (ounces)	<i>Silver Produced*</i> (ounces)	<i>Gold sales**</i> (ounces)	<i>Gold Sales price</i> (\$/ounce)
<b>Quarter ended</b>				
31 March 2016	13,383	1,958	12,143	1,184
30 June 2016	17,926	2,983	15,661	1,265
<b>H1 2016</b>	<b>31,309</b>	<b>4,941</b>	<b>27,804</b>	<b>1,230</b>
30 Sept 2016	15,407	2,502	12,567	1,332
31 Dec 2016	14,221	2,845	12,995	1,227
<b>H2 2016</b>	<b>29,628</b>	<b>5,347</b>	<b>25,562</b>	<b>1,278</b>
<b>FY 2016</b>	<b>60,937</b>	<b>10,288</b>	<b>53,366</b>	<b>1,253</b>
31 March 2017	9,258	2,447	8,283	1,220
30 June 2017	9,131	3,266	7,406	1,258
<b>H1 2017</b>	<b>18,389</b>	<b>5,713</b>	<b>15,689</b>	<b>1,238</b>

\* including Government of Azerbaijan's share

\*\* excludes Government of Azerbaijan's share

The following table summarises copper concentrate production from both the Company's SART and flotation plants at Gedabek for FY 2016 and H1 2017:

	<b>Concentrate</b>	<b>Copper</b>	<b>Gold</b>	<b>Silver</b>
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	<b>production*</b> <b>(dmt)</b>	<b>content*</b> <b>(tonnes)</b>	<b>content*</b> <b>(ounces)</b>	<b>content*</b> <b>(ounces)</b>
<b>2016</b>				
<b>Quarter ended 31 March</b>				
SART processing	363	181	12	7,789
Flotation**	1,458	200	607	19,055
<b>Total</b>	<b>1,821</b>	<b>381</b>	<b>619</b>	<b>26,844</b>
<b>Quarter ended 30 June</b>				
SART processing	373	195	4	10,047
Flotation**	1,988	302	1,445	39,184
<b>Total</b>	<b>2,361</b>	<b>497</b>	<b>1,449</b>	<b>49,231</b>
<b>Quarter ended 30 Sept</b>				
SART processing	418	225	4	7,291
Flotation	1,426	260	1,123	24,106
<b>Total</b>	<b>1,844</b>	<b>485</b>	<b>1,127</b>	<b>31,397</b>
<b>Quarter ended 31 December</b>				
SART processing	445	219	7	6,751
Flotation	2,059	359	1,255	40,620
<b>Total</b>	<b>2,504</b>	<b>578</b>	<b>1,262</b>	<b>47,371</b>
<b>2017</b>				
<b>Quarter ended 31 March</b>				
SART processing	428	210	5	5,523
Flotation	2,312	396	1,815	31,399
<b>Total</b>	<b>2,740</b>	<b>606</b>	<b>1,820</b>	<b>36,922</b>
<b>Quarter ended 30 June</b>				
SART processing	418	187	4	4,717
Flotation	3,273	529	3,005	37,735
<b>Total</b>	<b>3,691</b>	<b>716</b>	<b>3,009</b>	<b>42,452</b>

\* including Government of Azerbaijan's share.

\*\* certain amounts for flotation production are different to those previously disclosed due to final reconciliation of production and sales.

The following table summarises copper concentrate production and sales at Gedabek for FY 2016 and H1 2017. Note that sales of concentrates are initially recorded at provisional amounts until agreement of final assay:

<b>Concentrate</b>	<b>Copper</b>	<b>Gold</b>	<b>Silver</b>	<b>Concentrate</b>	<b>Concentrate</b>
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	<i>production*</i> <i>(dmt)</i>	<i>content*</i> <i>(tonnes)</i>	<i>content*</i> <i>(ounces)</i>	<i>content*</i> <i>(ounces)</i>	<i>sales**</i> <i>(dmt)</i>	<i>sales**</i> <i>(\$000)</i>
<b>Quarter ended</b>						
31 March 2016	1,821	381	619	26,844	1,319	2,137
30 June 2016	2,361	497	1,449	49,231	1,582	2,977
<b>H1 2016</b>	<b>4,182</b>	<b>878</b>	<b>2,068</b>	<b>76,075</b>	<b>2,901</b>	<b>5,114</b>
30 Sept 2016	1,844	485	1,127	31,397	1,782	3,612
31 Dec 2016	2,504	578	1,262	47,371	2,147	3,865
<b>H2 2016</b>	<b>4,348</b>	<b>1,063</b>	<b>2,389</b>	<b>78,768</b>	<b>3,929</b>	<b>7,477</b>
<b>FY 2016</b>	<b>8,530</b>	<b>1,941</b>	<b>4,457</b>	<b>154,843</b>	<b>6,830</b>	<b>12,591</b>
31 March 2017	2,740	606	1,820	36,922	2,230	4,220
30 June 2017	3,691	716	3,009	42,452	3,166	6,104
<b>H1 2017</b>	<b>6,431</b>	<b>1,322</b>	<b>4,829</b>	<b>79,374</b>	<b>5,396</b>	<b>10,324</b>

\* including Government of Azerbaijan's share

\*\* excludes Government of Azerbaijan's share

### ***Gebabek – operational update***

The Company's membrane water filtration plant, that produces water of sufficient purity from water in the tailings dam that it can be discharged into the environment, recently commenced operation. A by-product concentrate will also be produced from which metal and cyanide can be recovered. This will improve the water balance of the site and save costs as it will reduce the tailings dam capacity required. It will also enable the recovery of metal currently in the tailings dam.

The Company has recently commenced a six metre raise of the wall of its tailing dam. 700 cubic metres of material is being moved to raise the wall and it is expected that the earthworks will be completed by the end of November and the wall lined and completed by the end of the year. This wall raise is expected to give the dam an additional two to three years of storage capacity.

### ***Gedabek - Ugur***

#### *Update on Ugur development*

Anglo Asian's in-house exploration team defined a new mineral occurrence in 2016 named "Ugur" (meaning "good luck" or "success" in the Azeri language) from geological mapping and surface sampling methods. Ugur is located three kilometres north-west from the Company's processing facilities at its Gedabek Licence.

The deposit comprises an oxide gold-rich zone to a depth varying between 50 to 60 metres. The area covered by drilling and the proposed open pit outline is 350 metres (east-north-east) by 250 metres (north-north-west).

Throughout the period under review, the Company has extensively explored the Ugur deposit to define its resource and reserves and has also undertaken the development work necessary to bring the deposit into production as an open cast mine.

The development work included the construction of a 4.6 kilometre road between the Ugur gold deposit and the Company's processing facilities. Work is nearing completion on constructing all necessary infra-structure. This includes the mine, geology and medical and HSE offices, hygiene facilities, mechanical workshop, lubricants and spares stores, a weighbridge and diesel store. The weighbridge will be located at the intersection of the mine access road and the haul road to the plant, while other building infrastructure will be located about 500 metres from the open pit boundary designated in accordance with blasting regulations.

Pre-stripping of the top soil has been carried out. Mining by conventional shovel and truck haulage to an Ugur stockpile near the processing facilities started mid-August 2017. Production of gold doré from Ugur ore started at the beginning of September 2017 as announced on 13 September 2013.

#### *JORC (2012) Mineral Resources and Ore Reserves Statements*

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

#### *Mineral Resource*

<b>Mineral Resource</b>	<b>Tonnage (millions)</b>	<b>Gold Grade (g/t)*</b>	<b>Silver Grade (g/t)*</b>	<b>Gold (ounces)</b>	<b>Silver (ounces)**</b>
Measured	4.12	1.2	6.3	164,000	841,000
Indicated	0.34	0.8	3.9	8,000	44,000
<b><i>Measure and Indicated</i></b>	<b>4.46</b>	<b>1.2</b>	<b>6.2</b>	<b>172,000</b>	<b>884,000</b>
Inferred	2.50	0.3	2.1	27,000	165,000
<b>Total</b>	<b>6.96</b>	<b>0.9</b>	<b>4.7</b>	<b>199,000</b>	<b>1,049,000</b>

\* grammes per tonne

\*\* due to rounding, does not add.

#### *Mineral Reserves*

<b>Mineral Reserves</b>	<b>Tonnage (millions)</b>	<b>Gold Grade (g/t)*</b>	<b>Silver Grade (g/t)*</b>	<b>Gold (ounces)</b>	<b>Silver (ounces)</b>
Proved	3.37	1.3	7.2	142,000	779,000

Probable	0.22	0.8	4.1	5,000	29,000
<b>Proved and probable</b>	<b>3.59</b>	<b>1.3</b>	<b>7.0</b>	<b>147,000</b>	<b>808,000</b>

The 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.

#### *Mineral Resource and Reserve Estimation*

Anglo Asian, together with the mining and geological consulting group Datamine International, prepared the JORC (2012) resource and reserves estimation of the Ugur deposit. This was following the completion of 55 “phase one” reverse circulation (“RC”) drill holes totalling 1,842 metres, 50 core drill holes totalling 6,355 metres, and 33 infill RC drill holes totalling 2,766 metres that supplemented initial surface outcrop and channel sampling. The detailed mineral resource and reserves estimates and a glossary of terminology related to the mineral resource and reserves estimate has been announced by the Company on 14 August 2017 and is available on its web site at:

[http://www.angloasianmining.com/scripts/php/rns\\_viewer.php?id=26308910](http://www.angloasianmining.com/scripts/php/rns_viewer.php?id=26308910).

A full JORC report will be available on the Company website by the end of September 2017.

#### ***Corporate and social responsibility***

Our health, safety, social and environmental (“HSE”) performance forms a central part of our philosophy of continuous commitment to best in class practice. The Company continues to provide additional resources to improve its safety and environmental record and during the period four additional HSE officers were recruited. The number of HSE officers at 30 June 2017 was seven compared to three at the beginning of the period. The success of the Company’s efforts at improving safety is shown by the decreasing lost time injury (“LTI”) rate. This was 1.21 per one million man hours in the period compared to 3.06 in 2016 and 6.92 in 2015.

There was one lost time injury in the period. This was burns to an employee due to a chemical spill in the SART plant. Action was taken to prevent future chemical spills including additional staff training and physical measures to further confine chemicals within the SART plant.

Various actions to improve safety were taken in the period in addition to increasing the staff within the HSE department. Approximately 300 hours of safety training was given to employees, contractors and visitors. Various items of emergency response equipment such as fire-fighting and emergency breathing equipment, vehicle extraction equipment and a portable defibrillator were also purchased in the period.

#### **Financial review**

Revenue of \$29.8 million was generated from the sales of Anglo Asian's share of gold and silver bullion, refined from gold doré bars, and copper and precious metal concentrate in the six months ended 30 June 2017. Sales of gold and silver bullion were \$19.5 million which comprised 15,689 ounces of gold and 5,020 ounces of silver sold at an average price of \$1,238 and \$17 per ounce respectively. Sales of copper and precious metal concentrate were \$10.3 million. No hedging of gold bullion sales was undertaken in the six months to 30 June 2017.

Total cost of sales for the six months ended 30 June 2017 decreased by \$4.0 million to \$25.9 million compared to \$29.9 million in 2016. Cash cost of sales decreased by \$2.1 million to \$20.5 million compared to \$22.6 million in 2016. For the six months ended 30 June 2017, reagents costs were lower by \$1.2 million and mining costs were lower by \$0.9 million compared to 2016. This was due to reduced mining and production as a result of the optimisation initiatives. Depreciation decreased by \$2.9 million from \$9.9 million in 2016 to \$7.0 million in 2017 due to lower gold production.

Administrative expenses for the six months ended 30 June 2017 decreased to \$2.3 million compared to \$2.5 million in 2016. Administrative expenses comprise the cost of the Company's office in Baku, directors and other administrative staff salaries, professional fees and the cost of maintaining the Company's listing on the AIM market.

The finance costs for the six months ended 30 June 2017 of \$1.9 million comprise interest on loans and letters of credit of \$1.7 million and accretion expense on the rehabilitation provision of \$0.2 million. Finance costs were lower in the period due to lower average borrowings in the period. There were no borrowing costs capitalised in the six months ended 30 June 2017.

Income tax for the six months ended 30 June 2017 of \$1.4 million represents a deferred taxation charge in respect of the Azerbaijan operations. The Company's Azerbaijan operations are expected to produce taxable profits for the full year ending 31 December 2017.

The Group produced gold bullion at an all in sustaining cost ("AISC") for the six months ended 30 June 2017 of \$564 per ounce compared to \$703 per ounce for the six months ended June 2016 and \$616 for the full year 2016. AISC for the period ended 30 June 2017 was lower than 2016 due to lower costs of sustaining capital and higher by-product sales. There are no royalty costs included in the Company's AISC calculation as the Production Sharing Agreement with the Government of Azerbaijan is structured as a revenue sharing arrangement. Therefore, the Company's AISC is calculated using a cost of sales which is the cost of producing 100 per cent. of the gold and such costs are allocated to total gold production including the Government of Azerbaijan's share.

The Company had cash at 30 June 2017 of \$1.5 million and total debt at amortised cost of \$30.5 million, giving net debt of \$29.0 million. The joint Amsterdam Trade Bank ("ATB") and

Gazprombank (Switzerland) Ltd ("GPBS") loan has a debt service cover ratio ("DSCR") covenant of 1.25, and for the six months ended 30 June 2017, the DSCR was 1.00. The Company obtained waiver of the covenant from ATB and GPBS prior to the end of period. The Company had unutilised credit facilities of \$0.95 million at 30 June 2017.

Capital expenditure of \$3.4 million for the six months ended 30 June 2017 represented capitalised deferred stripping costs of \$1.6 million; expenditure on the water treatment plant of \$0.8 million, Ugur development of \$0.6 million and miscellaneous equipment and other items of \$0.4 million.

Capitalised exploration and evaluation expenditure of \$0.1 million was incurred in the six months ended 30 June 2017 which was mainly exploration in the Ordubad contract area.

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 2017. In addition, the Company's revenues and the majority of its interest-bearing debt are denominated in US dollars. The Company currently does not have any significant exposure to foreign exchange fluctuations and the situation is kept under review.

**Anglo Asian Mining plc**  
**Condensed group income statement**  
Six months ended 30 June 2017

Notes	6 months to 30 June 2017 (unaudited) \$000	6 months to 30 June 2016 (unaudited) \$000
Revenue	29,838	39,323
Cost of sales	(25,928)	(29,960)
<b>Gross profit</b>	<b>3,910</b>	<b>9,363</b>
Other income	8	78

Administrative expenses		(2,316)	(2,524)
Other operating expense		(996)	(883)
<b>Operating profit</b>		606	6,034
Finance costs		(1,930)	(2,546)
<b>(Loss) / profit before tax</b>		(1,324)	3,488
Income tax	3	(1,418)	(3,064)
<b>(Loss) / profit after tax</b>		(2,742)	424
<b>(Loss) / profit per share for the period attributable to the equity holders of the parent</b>			
		(2,742)	424
Basic (US cents per share)	4	(2.44)	0.38

**Anglo Asian Mining plc**  
**Condensed group statement of comprehensive income**  
Six months ended 30 June 2017

	6 months to 30 June 2017 (unaudited) \$000	6 months to 30 June 2016 (unaudited) \$000
(Loss) / profit for the period	(2,742)	424
<b>Total comprehensive (loss) / profit for the period</b>	(2,742)	424
Attributable to the equity holders of the parent company	(2,742)	424

**Anglo Asian Mining plc**  
**Condensed group statement of financial position**  
30 June 2017

	Notes	30 June 2017 (unaudited) \$000	30 June 2016 (unaudited) \$000	31 December 2016 (audited) \$000
<b>Non-current assets</b>				
Intangible assets	5	16,283	17,553	16,848
Property, plant and equipment	6	94,012	104,141	98,476
Inventory	7	-	2,595	-

Other receivables	8	1,272	1,113	1,084
		111,567	125,402	116,408
<b>Current assets</b>				
Inventory	7	34,229	27,087	34,018
Trade and other receivables	8	18,421	10,209	16,250
Cash and cash equivalents		1,527	3,262	1,379
		54,177	40,558	51,647
<b>Total assets</b>		165,744	165,960	168,055
<b>Current liabilities</b>				
Trade and other payables	9	(26,534)	(15,595)	(21,833)
Interest-bearing loans and borrowings	10	(26,047)	(26,733)	(26,165)
		(52,581)	(42,328)	(47,998)
<b>Net current assets / (liabilities)</b>		1,596	(1,770)	3,649
<b>Non-current liabilities</b>				
Provision for rehabilitation		(9,138)	(8,800)	(9,416)
Interest-bearing loans and borrowings	10	(4,466)	(17,257)	(9,765)
Deferred tax liability		(19,648)	(18,498)	(18,230)
		(33,252)	(44,555)	(37,411)
<b>Total liabilities</b>		(85,833)	(86,883)	(85,409)
<b>Net assets</b>		79,911	79,077	82,646
<b>Equity</b>				
Share capital	11	1,993	1,993	1,993
Share premium account		32,325	32,325	32,325
Share-based payment reserve		161	292	154
Merger reserve		46,206	46,206	46,206
Retained (loss) / earnings		(774)	(1,739)	1,968
<b>Total equity</b>		79,911	79,077	82,646

**Anglo Asian Mining plc**  
**Condensed group cash flow statement**  
Six months ended 30 June 2017

	<b>6 months to 30 June 2017 (unaudited) \$000</b>	6 months to 30 June 2016 (unaudited) \$000
(Loss) / profit before taxation	(1,324)	3,488
<b>Adjustments for:</b>		
Finance costs	1,930	2,546
Depreciation of property, plant and equipment	7,290	9,844

Amortisation of mining rights and other intangible assets	673	954
Share-based payment expense	7	9
Write down of unrecoverable inventory	107	78
<b>Operating cash flow before movements in working capital</b>	<b>8,683</b>	<b>16,919</b>
Decrease / (increase) in trade and other receivables	1,391	(1,372)
Increase in inventories	(318)	(1,020)
Increase in trade and other payables	1,029	2,388
<b>Cash generated from operations</b>	<b>10,785</b>	<b>16,915</b>
Income tax paid	-	-
<b>Net cash generated from operating activities</b>	<b>10,785</b>	<b>16,915</b>
<b>Investing activities</b>		
Expenditure on property, plant and equipment and mine development	(3,404)	(6,576)
Investment in exploration and evaluation activities	(109)	(134)
<b>Net cash used in investing activities</b>	<b>(3,513)</b>	<b>(6,710)</b>
<b>Financing activities</b>		
Proceeds from borrowing	6,651	6,105
Repayment of borrowings	(12,283)	(11,468)
Interest paid	(1,492)	(1,829)
<b>Net cash outflow from financing activities</b>	<b>(7,124)</b>	<b>(7,192)</b>
<b>Net increase in cash and cash equivalents</b>	<b>148</b>	<b>3,013</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,379</b>	<b>249</b>
<b>Cash and cash equivalents at end of the period</b>	<b>1,527</b>	<b>3,262</b>

## Anglo Asian Mining plc Condensed group statement of changes in equity

Six months ended 30 June 2017

(Unaudited)

	Share capital \$000	Share premium \$000	Share-based payment reserve \$000	Merger reserve \$000	Retained earnings / (loss) \$000	Total equity \$000
1 January 2017	1,993	32,325	154	46,206	1,968	82,646



Loss for the period	-	-	-	-	(2,742)	(2,742)
Share based payment	-	-	7	-	-	7
<b>30 June 2017</b>	<b>1,993</b>	<b>32,325</b>	<b>161</b>	<b>46,206</b>	<b>(774)</b>	<b>79,911</b>

Six months ended 30 June 2016  
(Unaudited)

	Share capital \$000	Share premium \$000	Share-based payment reserve \$000	Merger reserve \$000	Retained earnings \$000	Total equity \$000
1 January 2016	1,993	32,325	283	46,206	(2,163)	78,644
Profit for the period	-	-	-	-	424	424
Share based payment	-	-	9	-	-	9
<b>30 June 2016</b>	<b>1,993</b>	<b>32,325</b>	<b>292</b>	<b>46,206</b>	<b>(1,739)</b>	<b>79,077</b>

**Anglo Asian Mining plc**  
**Notes to the condensed group financial statements**  
Six months ended 30 June 2017

**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 2017 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 2017 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 2016 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 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 2017 half-yearly condensed group financial statements are the same as adopted in the 2016 annual report and accounts, other than those in respect of new and revised standards that became effective from 1 January 2017 as follows:

- IAS 7 - 'Statement of Cash Flows'
- IAS 12 - 'Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12'

The adoption of these standards has had no material impact on the 2017 half-yearly condensed group financial statements.

### ***Going concern***

The directors have prepared the condensed group financial statements on a going concern basis after reviewing the Group's forecast cash position for the period to 30 September 2018 and satisfying themselves that the Group will have sufficient funds on hand to realise its assets and meet its obligations as and when they fall due.

In making this assessment, the directors have acknowledged the market conditions in which the Group is operating. In the six months to 30 June 2017, the price of gold averaged \$1,238 per ounce with a high of \$1,293 per ounce and a low of \$1,149 per ounce.

The Group commenced making payments on the principal of its debt in 2015. At the date of these condensed group financial statements, the Group has made all payments of interest and principal on time other than by advance agreement with certain banks to defer payment.

The Group's loan agreements with the Amsterdam Trade Bank ("ATB") and Gazprombank (Switzerland) Ltd ("GPBS") contain a debt service cover ratio ("DSCR") covenant of 1.25. This ratio is calculated twice a year from its published financial statements. The Group has received a waiver of the DSCR covenant from ATB and GPBS for the six months to 30 June 2017. Based on current forecasts, the Directors recognise that the Group may not be compliant with the DSCR covenant for the full year to 31 December 2017. Should the DSCR covenant not be met for this period, the Directors would request a further waiver from ATB/GPBS which the Directors believe would be obtained on the basis that all debts continue to be serviced on time. Given the decreased indebtedness of the Group, and that the ATB/GPBS loans are scheduled to be fully repaid by August 2018, the Directors also believe that the Group has options to refinance or otherwise settle the ATB/GPBS loans before the end of their term.

Key to achieving the Group's forecast cash position, and therefore its going concern assumption are the following:

- achieving the forecast production of gold doré from its heap and agitation leaching facilities.
- achieving its forecast production of precious metal concentrates from its SART and flotation processing.
- its metal (principally gold and copper) price assumptions being met or bettered.

Should there be a moderate and sustained decrease in either the production or metal price assumptions, the Group would look to defer non-essential capital expenditure and administrative costs in order to preserve cash. The Group also has access to additional local sources of short term finance if required.

The Group's assumptions are neither overly aggressive or overly conservative and appropriate rigour and diligence has been performed by the directors in approving the assumptions. The directors believe all assumptions are prepared on a realistic basis using the best available information.

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 Group continues to adopt the going concern basis in preparing the condensed group financial statements.

## 2 Operating segments

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

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

## 3 Income tax

The income taxation charge or credit during the period represents the change in deferred tax liability during the period incurred by the representative office registered in Azerbaijan of RV Investment Group Services LLC (a wholly owned subsidiary of the Company).

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.

The deferred taxation liability increased in the 6 months to 30 June 2017 due to a decrease of unused taxation losses during the period as the representative office of RV Investment Group Services LLC (a wholly owned subsidiary of the Company) in Azerbaijan incurred taxable profits in the period.

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

## 4 (Loss) / profit per ordinary share

	6 months to 30 June 2017 (unaudited) \$000	6 months to 30 June 2016 (unaudited) \$000
<b>(Loss) / profit per ordinary share</b>		
(Loss) / profit after tax for the period	<b>(2,742)</b>	424
Basic (loss) / profit per share (US cents)	<b>(2.44)</b>	0.38
Diluted (loss) / profit per share (US cents)	<b>(2.43)</b>	0.38

Weighted average number of shares	Number	Number
For basic earnings per share	<u>112,661,024</u>	<u>112,661,024</u>

## 5 Intangible assets

	Exploration & evaluation Gedabek (unaudited) \$000	Exploration & evaluation Ordubad (unaudited) \$000	Mining rights (unaudited) \$000	Other intangible assets (unaudited) \$000	Total (unaudited) \$000
<b>Cost</b>					
1 January 2016	-	3,860	41,925	498	46,283
Additions	191	168	-	-	359
31 December 2016	191	4,028	41,925	498	46,642
Additions	9	99	-	-	108
<b>30 June 2017</b>	<b>200</b>	<b>4,127</b>	<b>41,925</b>	<b>498</b>	<b>46,750</b>
<b>Amortisation and impairment</b>					
1 January 2016	-	-	27,626	284	27,910
Charge for year	-	-	1,843	41	1,884
31 December 2016	-	-	29,469	325	29,794
Charge for period	-	-	654	19	673
<b>30 June 2017</b>	<b>-</b>	<b>-</b>	<b>30,123</b>	<b>344</b>	<b>30,467</b>
<b>Net book value</b>					
31 December 2016	191	4,028	12,456	173	16,848
<b>30 June 2017</b>	<b>200</b>	<b>4,127</b>	<b>11,802</b>	<b>154</b>	<b>16,283</b>

## 6 Property, plant and equipment

	Plant and equipment and motor vehicles (unaudited) \$000	Producing mines (unaudited) \$000	Assets under construction (unaudited) \$000	Total (unaudited) \$000
<b>Cost</b>				
1 January 2016	19,666	175,062	477	195,205
Additions	1,799	4,404	3,556	9,759
Transfer to producing mines	-	3,598	(3,598)	-
Increase in provision for rehabilitation	-	369	-	369

31 December 2016	21,465	183,433	435	205,333
Additions	74	1,856	1,405	3,335
Transfer to producing mines	-	208	(208)	-
(Decrease) in provision for rehabilitation	-	(509)	-	(509)
<b>30 June 2017</b>	<b>21,539</b>	<b>184,988</b>	<b>1,632</b>	<b>208,159</b>

#### Depreciation and impairment

1 January 2016	12,642	74,135	-	86,777
Charge for year	2,014	18,066	-	20,080
31 December 2016	14,656	92,201	-	106,857
Charge for period	875	6,415	-	7,290
<b>30 June 2017</b>	<b>15,531</b>	<b>98,616</b>	<b>-</b>	<b>114,147</b>

#### Net book value

31 December 2016	6,809	91,232	435	98,476
<b>30 June 2017</b>	<b>6,008</b>	<b>86,372</b>	<b>1,632</b>	<b>94,012</b>

## 7 Inventory

	30 June 2017 (unaudited) \$000	30 June 2016 (unaudited) \$000	31 December 2016 (audited) \$000
<b>Non-current assets</b>			
<b>Cost</b>			
Ore stockpiles	-	2,595	-
<b>Current assets</b>			
<b>Cost</b>			
Finished goods - bullion	1,264	680	903

Finished goods - metal in concentrate	755	507	240
Metal in circuit	13,763	12,618	12,119
Ore stockpiles	7,921	5,040	9,784
Spare parts and consumables	10,526	8,242	10,972
<b>Total current inventories</b>	<b>34,229</b>	<b>27,087</b>	<b>34,018</b>
<b>Total inventories</b>	<b>34,229</b>	<b>29,682</b>	<b>34,018</b>

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.

Non-current ore stockpiles consist of high-grade sulphide ore that is expected to be processed more than 12 months after the balance sheet date.

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

## 8 Trade and other receivables

	30 June 2017 (unaudited) \$000	30 June 2016 (unaudited) \$000	31 December 2016 (audited) \$000
<b>Non-current assets</b>			
Advances for fixed asset purchases	1,228	1,018	989
Loans	44	95	95
	<b>1,272</b>	<b>1,113</b>	<b>1,084</b>
<b>Current assets</b>			
Gold held due to the Government of Azerbaijan	13,640	5,093	10,078
VAT refund due	217	319	339
Other tax receivable	908	789	926
Trade receivables	1,159	1,820	639
Prepayments and advances	2,409	2,138	4,218
Loans	88	50	50
	<b>18,421</b>	<b>10,209</b>	<b>16,250</b>

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

The VAT refunds due relate to VAT paid on purchases.

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

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

## 9 Trade and other payables

	30 June 2017 (unaudited) \$000	30 June 2016 (unaudited) \$000	31 December 2016 (audited) \$000
Accruals and other payables	3,626	4,349	3,111
Derivative liability	-	262	-
Trade creditors	6,931	4,711	7,815
Gold held due to the Government of Azerbaijan	13,640	5,093	10,078
Payable to the Government of Azerbaijan from copper concentrate joint sale	2,337	1,180	829
	<b>26,534</b>	<b>15,595</b>	<b>21,833</b>

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 2017 (unaudited) \$000	30 June 2016 (unaudited) \$000	31 December 2016 (audited) \$000
International Bank of Azerbaijan – agitation leaching plant loan	3,875	8,700	5,385
International Bank of Azerbaijan – loan facilities	510	3,320	970
Gazprombank (Switzerland) Ltd	6,180	-	-
Amsterdam Trade Bank	6,180	22,186	17,307
Atlas Copco – vendor financing	550	1,390	801
Yapi Kredit Bank	2,623	1,373	672
Pasha Bank	6,190	3,161	5,935
Kapital Bank	545	-	1,000
Director	3,860	3,860	3,860
<b>Total interest bearing loans and borrowings</b>	<b>30,513</b>	<b>43,990</b>	<b>35,930</b>
Loans repayable in less than one year	26,047	26,733	26,165
Loans repayable in more than one year	4,466	17,257	9,765
<b>Total interest bearing loans and borrowings</b>	<b>30,513</b>	<b>43,990</b>	<b>35,930</b>

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

#### *Agitation leaching plant loan*

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

#### *Loan facilities*

During 2014, the Group entered into a credit facility for \$1.5 million for a period of one year at an annual interest rate of 12 per cent. The repayment date of the credit facility was extended in 2015 and the loan was repaid in July 2016.

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

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

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

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

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

The total gross amount outstanding to ATB and GPBS at 30 June 2017 was \$12.3 million (30 June 2016: \$22.2 million; 31 December 2016: \$17.3 million).

**Atlas Copco**

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

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

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

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

**Pasha Bank****Letters of credit for flotation plant construction**

In 2014, the Group entered into a facility for \$2.5 million to finance a letter of credit for the construction of its flotation plant. The facility carried an annual interest rate of 6 per cent. for the unused portion of, and 6.8 per cent. plus one month LIBOR for the used portion of the credit facility. In 2016, an additional facility was entered into for \$1.2 million which carried an annual interest rate of 6.2 per cent. for the unused portion and 7.05 per cent. plus one month LIBOR for the used portion of the credit facility. The facilities were repaid in two equal installments of \$1.8 million in May and November 2016.

**Loans**

The Group entered into loans with Pasha Bank in 2016 at annual interest rates and maturities as in the following table.

Loan value \$000	Term (months)	Interest rate (per cent.)	Principal repayment
1,000	18	7	2 equal installments in March and September 2017
1,500	12	9	November 2017
916	24	7	7 equal installments, 2017 - \$525,000 2018 - \$391,000
2,100	2	14	2 equal installments January and February 2017
416	2	18	2 equal installments January and February 2017

In the 6 months to 30 June 2017, the Group entered into an additional loan of \$3.0 million with Pasha Bank. The interest rate is 8.5 per cent. and the tenor is 12 months. The principal is repayable at the end of the loan and interest is payable monthly. The loan for \$916,000 was also increased by \$534,000 with the remaining terms remaining unchanged.

No principal repayment was made in respect of any of these loans in 2016. In the six months to 30 June 2017, principal repayments were made totaling \$0.3 million.

**Kapital Bank**

In December 2016, the Group entered into a working capital credit facility for \$1 million with Kapital Bank. The facility is for one year with an annual interest rate of 7 per cent. Interest is payable monthly and the principal is repayable by 4 equal quarterly monthly installments commencing March 2017.

**Director**



On 20 May 2015, the chief executive of Anglo Asian Mining PLC provided a \$4 million loan facility to the Group. Any loan from the facility was initially repayable on 8 January 2016 at an interest rate of 10 per cent. The loan has been subsequently extended on the same terms till 8 January 2018.

As Reza Vaziri, the chief executive of Anglo Asian Mining PLC is a director of the Company, the loan constitutes a related party transaction pursuant to AIM rule 13. The independent directors (being Khosrow Zamani, Richard Round, John H. Sununu and John Monhemius) consider, that having consulted with the Company's nominated adviser, SP Angel Corporate Finance LLP, that the terms of the loan are fair and reasonable insofar as its shareholders are concerned.

## 11 Share capital

	shares	US\$000
<b>Ordinary shares issued and fully paid:</b>		
<b>1 January 2016, 31 December 2016 and 30 June 2017</b>	112,661,024	1,993

## 12 Contingencies and commitments

The Group undertakes its mining operations in the Republic of Azerbaijan pursuant to the provisions of the agreement on the exploration, development and production sharing for the prospective gold mining areas: Gedabek, Gosha, Ordubad Group (Piazbashi, Agyurt, Shakardara, Kiliyaki), Soutely, Kyzilbulag and Vejnali deposits dated 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 and 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 the 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 mining licence of Gedabek expires in March 2022, with options to extend the licence by ten years conditional upon satisfaction by RVIG of certain requirements stipulated in the PSA.

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

In accordance with a pledge agreement signed on 24 July 2013, the Group is a guarantor for one of its suppliers, Azerinterpartlayish-X MMC for a loan from the International Bank of Azerbaijan in the amount of AZN500,000 for an initial 36 months. The pledge agreement was extended in 2016 till 1 July 2018. The amount of the loan at outstanding at 30 June 2017 was AZN271,000 (30 June 2016: AZN483,000 and 31 December 2016: AZN364,026).

There were no significant operating lease and no capital lease commitments at 30 June 2017 (30 June 2016 and 31 December 2016: none).

## 13 Related party transactions

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

### Trading transactions

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

### Other related party transactions

- a) Total payments in the 6 months to 30 June 2017 of \$442,000 (6 months to 30 June 2016: \$778,000) 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 payment to PMDI of \$35,000 at 30 June 2017 (30 June 2016: \$138,000 and 31 December 2016: \$34,000).
- b) On 20 May 2015, the chief executive made a \$4 million loan facility available to the Group. The interest accrued and unpaid at 30 June 2017 was \$672,000 (30 June 2016: \$394,000 and 31 December 2016: \$385,000). Details of the loan are disclosed in note 10 – "Interest –bearing loans and borrowings".

#### 14 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 2017 were authorised for issue in accordance with a resolution of the directors on 20 September 2017.

#### Market Abuse Regulation (MAR) Disclosure

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

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

For further information please visit [www.angloasianmining.com](http://www.angloasianmining.com) or contact:

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#### Notes:

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

The Company developed Azerbaijan's first operating gold/copper/silver mine, Gedabek, which commenced gold production in May 2009. Gedabek 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. 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 has also started production in September 2017 from its Ugur open pit mine, a recently discovered gold ore deposit at Gedabek.

Gold production for the year ended 31 December 2016 from Gedabek totalled 65,394 ounces with 1,941 tonnes of copper also produced. Gedabek is a polymetallic deposit and its ore has a high copper content, and as a result the Company produces copper concentrate from its Sulphidisation, Acidification, Recycling, and Thickening (SART) plant. Anglo Asian also produces a copper and precious metal concentrate from its flotation plant, which is processing tailings from the agitation leach plant.

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.