

23 September 2020

Anglo Asian Mining plc
Interim Results for the six-months to 30 June 2020
Profit before tax increased to \$11.8 million
FY 2020 guidance maintained with stronger performance expected in H2 2020
Interim dividend for 2020 increased to US 4.5 cents per ordinary share and the directors
will consider a special dividend in Q1 2021

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 2020 ("H1 2020"). Note that all references to "\$" and "cents" are to United States dollars and cents, "€" are to European Euros and "£" and "pence" are to Pounds Sterling.

The Company also announces its interim dividend in respect of the year ending 31 December 2020 of US 4.5 cents per ordinary share payable on 5 November 2020 to shareholders on record on 9 October 2020. The 2020 interim dividend is a 29 per cent. increase on the interim dividend for 2019. The directors will also consider a special dividend in Q1 2021 due to the on-going strong cash generation.

A presentation on the Company's H1 2020 financial results will be available later today on the Anglo Asian website: <http://www.angloasianmining.com>.

Financial results

- Total revenues in H1 2020 of \$45.8 million representing a six per cent. year-on-year increase on the previous year (H1 2019: \$43.3 million)
- Profit before taxation in H1 2020 increased to \$11.8 million (H1 2019: \$10.3 million)
- Free cash flow inclusive of cash in transit in H1 2020 increased to \$13.4 million (H1 2019: \$10.0 million)
- Interim dividend for 2020 of US 4.5 cents per ordinary share declared
 - Interim dividend is 29 per cent. increase over previous year
 - Special dividend will be considered in Q1 2021
- Cash of \$29.2 million and the significant milestone achieved of no debt at 30 June 2020 (31 December 2019: cash of \$17.8 million excluding cash in transit and debt of \$1.7 million)

Operational highlights

- Total reportable production in H1 2020 of 32,501 gold equivalent ounces (“GEOs”) (H1 2019: 39,905 GEOs)
 - Gold production totalled 27,922 ounces (H1 2019: 34,349 ounces)
 - Copper production totalled 1,207 tonnes (H1 2019: 963 tonnes)
 - Silver production totalled 58,529 ounces (H1 2019: 84,586 ounces)
- Gold bullion sales in H1 2020 of 23,979 ounces (H1 2019: 26,589 ounces) completed at an average price of \$1,649 per ounce (H1 2019: \$1,319 per ounce)
- All-in sustaining cost (“AISC”) of gold production in H1 2020 of \$743 per ounce (H1 2019: \$603 per ounce) due to fixed cost impact of lower production

Full year 2020 guidance and future development

- Financial performance is expected to significantly improve in H2 2020 due to increased production and precious metal prices remaining higher than H1 2020
 - Total production target maintained at between 75,000 and 80,000 GEOs when calculated using budgeted metal prices at 1 January 2020 and also FY revenue guidance of over \$100 million maintained
- Growth at Gedabek focused on further exploration of the five new discoveries with the aim to fast-track mines into production subject to satisfactory economic evaluation
 - Production scheduled to commence from new mines in 2022
- Process underway to extend the Production Sharing Agreement for the first five years of the 10 years permitted for the Gedabek contract area – this is expected to be routine
- Revised JORC reserves and resources for existing mines to be published shortly
- Discussions resuming with the Government of Azerbaijan to increase our portfolio by obtaining further exploration areas in the country
- Heads of terms for a joint venture with Conroy Gold and Natural Resources PLC agreed to further develop the Clontibret licence area and other gold properties in Ireland - the Company’s first venture outside Azerbaijan

Chairman’s Statement

Review of 2020 to date

I am pleased to report on another encouraging half year performance. The Company has continued to operate profitably throughout the period and our financial position remains robust. Accordingly, your board is delighted to declare a dividend of US 4.5 cents per ordinary share as an interim dividend for the year ending 31 December 2020, a 29 per cent. increase on the interim dividend for 2019. The directors will also consider paying a special dividend in quarter one 2021 due to the on-going strong cash generation provided precious metal prices are maintained, the Company meets the expected improvement in production and there is no unexpected adverse impact from the COVID–19 pandemic.

Our geological exploration programme continues to make good progress. The Company’s main focus is on fast-tracking five new discoveries, with production targeted to commence

from new mines in 2022. We are also finalising new JORC reserve and resource statements for our existing mines which we will publish shortly.

We have begun the process to extend our Production Sharing Agreement for the first five years of the permitted ten years for the Gedabek contract area, and we believe this will be routine. We are also in discussions with the Government of Azerbaijan to obtain additional exploration territory.

We were very pleased to reach agreement and sign heads of terms with Conroy Gold and Natural Resources PLC (“Conroy Gold”) to form a joint venture subject to satisfactory due diligence for the exploration and possible mine development in the Longford Down Massif in Ireland. We believe this project has high potential in a transparent and mining-friendly jurisdiction. The Company is currently completing due diligence and finalising the joint venture agreement with Conroy Gold. This process has been impacted slightly due to COVID-19 travel restrictions.

Operational review and COVID-19 pandemic

Gedabek continued to produce and sell its products throughout the period. The COVID-19 pandemic and resultant restrictions in Azerbaijan did have some effect on our operations in the second quarter. Staff have worked for longer at Gedabek than usual without rotation. The constraints placed on obtaining supplies, maintaining equipment and shipping gold have also required extra effort. However, since early August 2020, the Government of Azerbaijan has started to slowly ease the restrictions. This has benefitted the Company which has resumed shipping gold doré by scheduled air flights instead of air charter. We look forward to restoring the full efficiency of our operations in the near future as the restrictions continue to ease.

A total of 32,501 gold equivalent ounces (“GEOs”) were produced in the six months to 30 June 2020 (“H1 2020”) compared to 39,905 GEOs in H1 2019. Copper production increased to 1,207 tonnes from 963 tonnes in H1 2019 and gold production was 27,922 ounces compared to 34,349 ounces in H1 2019. Higher grade copper ore was processed, but the reduction in gold production was due to a decrease in the gold grade of ore, especially from the Ugur open pit which is approaching the end of its mine life.

Given our lower than forecast production in H1 2020, various measures have been taken to increase our production in H2 2020 to maintain our production guidance for the year. These include constructing a new decline to allow underground mining of the high-grade ore below the Gedabek open pit and the reprocessing by agitation leaching of previously heap-leached ore with high residual gold grades. This was originally treated in the early years of the Gedabek operation.

The safety of our employees is our prime concern and the Board was delighted that in July 2020, the Company achieved the very significant milestone of one million man-hours worked without a lost time injury (“LTI”). The Company is now targeting its next milestone of two million man-hours worked without a LTI. Company employees have been tested for COVID-19 and to our knowledge, none of our employees have contracted the virus.

A further six metres raise of the tailings dam wall was carried out in 2020 to increase the storage capacity by 1.4 million cubic metres. This will give sufficient capacity for the next two

years and will be the last raise of the wall as the dam has now reached its final design height. The Company is identifying sites to build a second tailings dam and is also considering alternative treatment options for its tailings.

Financial results

The Company's financial performance in H1 2020 remained strong with revenue increasing by \$2.5 million to \$45.8 million due to both higher gold bullion and copper sales. Profit after tax increased to \$8.6 million compared to \$6.6 million in H1 2019. The AISC per ounce of gold produced increased in H1 2020 to \$743 per ounce. The major costs of the Company's production such as staff and operating its plant are fixed and AISC has therefore increased due to the lower production. Anglo Asian remains a lowest quartile cost producer and the AISC is expected to reduce materially in H2 2020 as production increases.

Revenues continued to be subject to an effective royalty of 12.75 per cent. in H1 2020. 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, although the policy is kept under constant review. Selling at spot prices in H1 2020 enabled the Company to achieve an average selling price of \$1,649 per ounce for its gold bullion compared to the average spot price in the period of \$1,647 per ounce.

The Company's balance sheet continued to strengthen in H1 2020. Cash flow from operations inclusive of cash in transit was \$21.4 million compared to \$15.0 million in H1 2019. The final instalment of bank debt was repaid in February 2020. The Company had over \$50 million of bank debt in 2015 and it was therefore a significant achievement to become debt-free in early 2020. The Company also has an \$18 million stand-by credit facility which is currently unused.

Mineral resources and exploration

Current mineral resource and ore reserves for the Company's three mines at Gedabek, together with recent near-mine exploration work, provide confidence of a combined mine life of Anglo Asian's existing mines to at least 2024. It is the Company's intention to publish shortly new JORC resource and reserves statements for its existing mines.

The Company is now focusing its main geological exploration programme on five mineral discoveries at Gedabek which can be fast-tracked into production, with production scheduled to commence from new mines in 2022. These are Avshancli 1 and 3, Gilar, Ugur Deep and Zefer. Drilling in H1 2020 at these new discoveries was encouraging with high grade intersections of up to 14 grammes per tonne of gold encountered. Development drilling in the existing Gadir underground mine also demonstrated the potential for further expansion of this mine.

Drilling was carried out at Gosha around the existing underground mine and significant gold grades of up to 15 grammes per tonne of gold were encountered. Work at Ordubad was unfortunately limited as the COVID-19 pandemic prevented drill access. However, trench work was carried out on the recently discovered gold vein systems.

Extension of the Production Sharing Agreement (“PSA”) and further exploration areas in Azerbaijan

The original Gedabek mining licence within the PSA currently extends to March 2022, but it can be extended for a further 10 years. The Company has started the formalities for the first of the two five year permitted extensions. The Company expects this renewal to be routine and in accordance with the existing agreement. We continue normal operations at the Gedabek mine on the assumption that the extension will be granted in due course.

Our relationship with the Government of Azerbaijan remains strong and it indicates a willingness to grant us further exploration areas. Discussions regarding obtaining additional areas were curtailed due to COVID-19, but have now resumed. We have also begun the legal work to determine how any new concessions can be incorporated into our existing PSA.

Agreement with Conroy Gold for a proposed joint venture to acquire up to 55 per cent. of the Longford Down Massif gold project

It has long been an intention of the Company to pursue opportunities outside Azerbaijan that complement our existing operations. We were therefore very pleased to reach an agreement with Conroy Gold for a proposed joint venture in Ireland. Anglo Asian will acquire, by way of the joint venture, up to a 55 per cent. interest in the Longford Down Massif gold project in Ireland, currently wholly owned by Conroy Gold, in exchange for committing to meet certain expenditures.

The Company believes the Longford Down Massif has exceptional gold potential. The licences cover an area of over 800 square kilometres in a new "district scale" 65 kilometre gold trend located in the Longford Down Massif in the north-east of the island of Ireland. The trend includes gold discoveries at Clontibret and Glenish in County Monaghan and Slieve Glah in County Cavan, in the Republic of Ireland, and Clay Lake in County Armagh, Northern Ireland. Clontibret has an existing JORC (2012) Resource of 320,000 ounces of gold (Indicated) and 197,000 ounces of gold (Inferred) totalling 517,000 ounces of gold.

There is no initial purchase consideration payable for the licences. In return for investing €2 million to explore the properties, Anglo Asian will acquire 17.5 per cent. of the companies holding the licences, increasing on a pro-rata basis to 25 per cent. for investing a total of €4 million. Anglo Asian will retain this holding if it decides not to proceed further. Anglo Asian can then increase its interest to 55 per cent. by committing to additional exploration expenditure and the expenditure required to progress Clontibret to a “Construction Ready” status.

The Company has already received 325,000 share warrants at 16 pence per share in Conroy Gold and will receive further share warrants upon signing of the joint venture. This is to benefit from any increase in Conroy Gold’s share price.

Annual General Meeting (“AGM”) for 2020

The AGM for 2020 took place as a “closed” meeting with only the necessary quorum of two shareholders. However, a letter to all shareholders from Reza Vaziri, Chief Executive was published on the morning of the AGM and following the AGM, answers were published to

questions submitted via our website. We believe these communications were well received by shareholders in lieu of a face-to-face meeting. The directors are looking forward to meeting shareholders in person at the AGM in 2021.

Resignation of Richard Round as Non-Executive Director

It was with great regret that I accepted the resignation of Richard Round on 8 September 2020. Richard has been with the Company for fifteen years, since July 2008 as a non-executive director and prior to that as Chief Financial Officer. I would sincerely like to thank him for his very substantial contribution to the Company during this time. Richard is resigning for purely personal reasons and has agreed to continue to serve until 7 December 2020. He will also make himself available to the Company after that date should we need to draw on his extensive knowledge of Anglo Asian. The Board of directors and the Company wish him all the best for the future.

Outlook

The year to date has presented many challenges due to the COVID-19 pandemic. However, government restrictions in Azerbaijan are now slowly being eased, which will help improve the operational performance of the business. The outlook is still uncertain, but our performance this year gives us confidence we can continue to weather the pandemic in the event of any unexpected deterioration of the current situation.

Despite the COVID-19 pandemic, good progress has been made in several areas to ensure the future development and growth of the Company:

- Work has begun to extend the Production Sharing Agreement for the Gedabek contract area initially for 5 years;
- Discussions have commenced with the Government of Azerbaijan for additional exploration areas;
- New JORC statements for our existing mines are under preparation and will be published shortly;
- New decline commenced to give access to high-grade ore under the Gedabek main open pit;
- Geological exploration at Gedabek is now focused on five discoveries with the aim to fast-track mines into production;
- Exploration work at Gosha and Ordubad is yielding positive results; and
- The proposed joint venture with Conroy Gold has exceptional potential for value creation.

We have set a production target of 75,000 to 80,000 GEOs for 2020. This includes up to 67,000 ounces of gold and between 2,200 and 2,400 tonnes of copper. We are expecting H2 2020 to be an improvement on H1 2020 and therefore are still on track to achieve this guidance. At current metal prices, achieving our production guidance is expected to also result in a full year turnover in excess of US one hundred million dollars.

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 in these extraordinary times. I wish also to sincerely thank our shareholders for their continued investment and confidence in Anglo Asian Mining.

Khosrow Zamani

Non-executive Chairman

22 September 2020

Dividend

An interim dividend, in respect of the year ending 31 December 2020, of US 4.5 cents per ordinary share will be paid gross on 5 November 2020 to shareholders that are on the shareholders record at the record date of 9 October 2020. The shares will go ex-dividend on 8 October 2020. 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 12 to 16 October 2020.

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 Group produces precious metal and copper from its mines in the Republic of Azerbaijan ("Azerbaijan"). It also explores for precious metal and copper in Azerbaijan.

The Group's main site is Gedabek in western Azerbaijan which hosts the Group's main open pit mine and its processing facilities. The Group also operates at two other locations:

- Gosha which hosts an underground mine; and
- Ordubad an early exploration project in Nakhchivan, south west Azerbaijan.

The Group has recently announced that it has agreed and signed heads of terms with Conroy Gold and Natural Resources PLC for the formation of a joint venture to ultimately acquire 55 per cent. of its Longford Down Massif gold project in Ireland.

Overview of H1 2020 and FY 2020 production target

In H1 2020, the Company continued its policy 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
- Pursue a comprehensive geological exploration programme to extensively explore all of the accessible land in its contract areas
- Obtain further mining concessions in Azerbaijan
- Ramp-up exploration at Ordubad
- Pursue any suitable opportunities outside Azerbaijan

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. The Company is now completing updated resource and reserve statements for all the Company's mines in accordance with the JORC Code (2012) which will be released shortly.

The Company's three-year geological exploration programme, which commenced in 2018, has identified many new targets and potential deposits. In May 2020, the Group published a strategic update detailing those potential deposits that it is now prioritising to develop together with the anticipated time to bring the new discoveries into production, dependent on the success of the exploration.

The Group set a production target for the year to 31 December 2020 expressed as gold equivalent ounces ("GEOs") of between 75,000 GEOs and 80,000 GEOs compared to total production for the year to 31 December 2019 of 81,399 GEOs. Silver and copper production are converted into GEOs using the following budget metal prices for 2020:

Metal	Unit	Price of metal		Gold equivalent ounces of metal	
		Actual 31 December 2019 \$	Budget 2020 \$	31 December 2019 Ounces	Budget 2020 Ounces
Gold	per ounce	1,517.00	1,400.00	1.000	1.000
Silver	per ounce	17.85	17.00	0.012	0.011
Copper	per tonne	6,174.00	5,800.00	4.070	3.851

Although the expected production levels were not fully achieved in H1 2020, the FY 2020 forecast outcome has been maintained due to various actions put in place to improve production in H2 2020. A new portal has been opened with a decline being constructed to allow underground mining of high-grade ore beneath the Gedabek open pit starting in Q4 2020. Previously heap leached ore with high residual gold grades is also being recovered from old heaps and reprocessed by agitation leaching.

Gedabek

Introduction

The Gedabek mining operation is located in a 300 square kilometre contract area in the Lesser Caucasus mountains in western Azerbaijan. Gedabek, which lies on the Tethyan Tectonic Belt, hosts the Group's open pit mine, its Ugur open pit mine, its Gadir underground mine and the Company's processing facilities.

The Group produces two main products at Gedabek:

- Gold doré by both heap and agitation leaching
- Copper concentrate by flotation and SART processing

Mineral resources and ore reserves

Key to the future development of the Gedabek site is our knowledge of the mineral resources and ore reserves within the 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 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 at 1 August 2017 and Table 4 shows the Ugur open pit ore reserves estimate at 1 August 2017.

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

Mineral Resources (cut-off grade \geq 0.2 g/t gold)					
Mineral resources	Tonnage (Mt)	In situ grades		Contained metal	
		Gold grade (g/t)	silver Grade (g/t)	Gold (koz)	Silver (koz)
Measured	4.12	1.2	6.3	164	841
Indicated	0.34	0.8	3.9	8	4
Measured and Indicated	4.46	1.2	6.2	172	884
Inferred	2.50	0.3	2.1	27	165
Total	6.96	0.9	4.7	199	1,049

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 (koz)	Silver (koz)
Proved	3.37	1.3	7.2	142	779
Probable	0.22	0.8	4.1	5	29
Proved and Probable	3.59	1.3	7.0	147	808

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 reserves at the Ugur deposit are nearing depletion, so Table 3 and Table 4 are presented for reference only. A reconciliation of the life of the mine reserves versus actual mined ore will be prepared.

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	17.49	304	0.29	1,566	1.01	5,454
Indicated	1,235	2.04	81	10.89	432	0.14	1,729	0.73	9,016
Measured+Indicated	1,775	2.54	145	12.90	736	0.21	3,295	0.84	14,470
Inferred	571	1.48	27	5.68	104	0.10	571	0.52	2,972
Total	2,347	2.29	172	11.14	840	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 Gedabek is conventional open-cast mining from the main open pit and Ugur mines. Ore is also mined from the Gadir underground mine. Table 7 shows the ore mined in the year ended 31 December 2019 and the six months ended 30 June 2020 from all the Company's mines at Gedabek and Gosha.

Table 7 – Ore mined in the year ended 31 December 2019 and the 6 months to 30 June 2020

Mine	Year ended 31 December 2019		3 months to 31 March 2020		3 months to 30 June 2020	
	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	1,475,278	0.73	292,480	0.86	197,014	0.99
Ugur – open pit	1,283,437	1.24	285,600	1.08	134,539	0.79
Gadir – u/g	147,316	2.73	20,243	2.64	26,445	2.48
Gosha – u/g	7,235	2.81	-	-	4,517	2.50
Total	2,913,266	1.06	598,323	1.03	362,515	1.04

Processing operations

Ore is processed at Gedabek to produce either gold doré (an alloy of gold and silver with small amounts of impurities, mainly copper) or a copper and precious metal concentrate.

Gold doré is produced by cyanide leaching of ore either by heap or agitation leaching. Copper and precious metal concentrates are produced by SART processing and flotation.

Production and sales

Table 8 summarises the amount of ore and its gold grade processed by leaching at Gedabek for the year ended 31 December 2019 and the six months ended 30 June 2020.

Table 8 – Ore and its gold grade processed by leaching at Gedabek for the year ended 31 December 2019 and 6 months ended 30 June 2020

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 2019	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
30 September 2019	148,269	261,414	192,097	0.93	0.46	2.25
31 December 2019	98,280	288,583	181,710	0.86	0.49	2.44
FY 2019	526,712	969,354	721,620	0.88	0.49	2.40
31 March 2020	132,731	258,121	163,379	0.84	0.49	2.53
30 June 2020	139,752	134,675	161,079	0.79	0.44	1.95
H1 2020	272,483	392,796	324,458	0.81	0.47	2.24

Table 9 summarises the amount of ore and its gold, silver and copper content processed by flotation for the year ended 31 December 2019 and six months ended 30 June 2020.

Table 9 – Ore and its gold, silver and copper content processed by flotation for the year ended 31 December 2019 and six months ended 30 June 2020

Quarter ended	Ore processed (tonnes)	Gold content (ounces)	Silver content (ounces)	Copper content (tonnes)
31 March 2019	127,204	3,498	44,810	633
30 June 2019	131,162	2,412	27,288	616
30 September 2019	127,761	2,887	28,586	703
31 December 2019	121,067	3,797	51,139	790
FY 2019	507,194	12,594	151,823	2,742
31 March 2020	126,354	1,860	28,831	622
30 June 2020	132,848	1,459	18,354	762
H1 2020	259,202	3,319	47,185	1,384

Table 10 summarises the gold doré production and sales at Gedabek for the year ended 31 December 2019 and six months ended 30 June 2020.

Table 10 – Gold doré production and sales at Gedabek for the year ended 31 December 2019 and six months ended 30 June 2020

Quarter ended	Gold produced* (ounces)	Silver Produced* (ounces)	Gold sales** (ounces)	Gold Sales price (\$/ounce)
31 March 2019	15,547	6,634	13,122	1,306
30 June 2019	16,073	4,773	13,467	1,332
H1 2019	31,620	11,407	26,589	1,319
30 Sept 2019	16,619	4,420	14,894	1,513
31 Dec 2019	15,912	3,880	12,509	1,481
H2 2019	32,531	8,300	27,403	1,498
FY 2019	64,151	19,707	53,992	1,410
31 March 2020	15,041	3,852	11,236	1,577
30 June 2020	11,468	3,449	12,743	1,713
H1 2020	26,509	7,301	23,979	1,649

NOTE

* including Government of Azerbaijan's share

** excluding 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 2019 and six months ended 30 June 2020.

Table 11 – Copper concentrate production from both its SART and flotation plants at Gedabek for the year ended 31 December 2019 and six months ended 30 June 2020

	Concentrate production* (dmt)	Copper content* (tonnes)	Gold content* (ounces)	Silver content* (ounces)
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	65	8	12,794
Flotation	2,252	383	1,068	15,491
Total	2,395	448	1,076	28,285
Quarter ended 30 Sept				
SART processing	154	70	10	11,754
Flotation	2,793	450	1,168	17,142
Total	2,947	520	1,178	28,896
Quarter ended 31 December				
SART processing	165	113	16	11,159
Flotation	3,354	616	1,979	26,647
Total	3,519	729	1,995	37,806
2020				
Quarter ended 31 March				
SART processing	221	114	8	12,898
Flotation	2,773	445	825	17,895
Total	2,994	559	833	30,793
Quarter ended 30 June				
SART processing	267	151	7	10,893
Flotation	2,904	497	573	9,542
Total	3,171	648	580	20,435

* including Government of Azerbaijan's share.

Note that certain amounts for flotation production maybe different to those previously disclosed due to final

reconciliation of production and sales.

Table 12 summarises copper concentrate production and sales at Gedabek for the year ended 31 December 2019 and six months ended 30 June 2020. 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 2019 and six months ended 30 June 2020

Quarter ended	Concentrate production* (dmt)	Copper content* (tonnes)	Gold content* (ounces)	Silver content* (ounces)	Concentrate sales** (dmt)	Concentrate sales** (\$000)
31 March 2019	3,013	513	1,698	44,662	275	625
30 June 2019	2,395	448	1,076	28,285	4,030	6,069
H1 2019	5,408	961	2,774	72,947	4,305	6,694
30 Sept 2019	2,947	520	1,178	28,896	2,246	3,189
31 Dec 2019	3,593	729	1,995	37,806	3,730	6,770
H2 2019	6,540	1,249	3,173	66,702	5,976	9,959
FY 2019	11,948	2,210	5,947	139,649	10,281	16,653
31 March 2020	2,994	559	833	30,793	2,018	2,863
30 June 2020	3,171	648	580	20,435	3,526	4,707
H1 2020	6,165	1,207	1,413	51,228	5,544	7,570

* including Government of Azerbaijan's share.

** excluding Government of Azerbaijan's share

Infrastructure

Gedabek is served by excellent infrastructure and has good road access. The site is connected to the Azeri national power grid and has its own dedicated sub-station. The site also has its own water treatment plant using the latest reverse osmosis technology.

Tailings (waste) storage

The Company stores its tailings in a purpose-built dam approximately seven kilometres from its processing facilities, topographically at a lower level than the processing plant, thus allowing gravity assistance of tailings flow in the slurry pipeline. Immediately downstream of the tailings dam is a reed bed biological treatment system to purify any seepage from the dam before discharge into the nearby Shamkir river.

A further six metres raise of the tailings dam wall was carried out in H1 2020 to increase its capacity by 1.4 million cubic metres to give a total of 5.7 million cubic metres. The dam type

is a downstream lined rock-filled wall that is keyed into topographic buttresses on either side. This method provides for the safest engineering design. The tailings dam wall raise in H1 2020 will provide enough storage capacity for the next two years and this will be the final raise of the wall; the dam having now reached its final design height. The Company is looking at alternative sites to build another dam and is also investigating alternative treatment options for its tailings.

Health, safety and environmental

The health and safety of our employees and the protection of the environment are prime concerns for the Company's board. The health, safety and environmental ("HSE") department at Gedabek has a qualified HSE manager. Overall strategy for HSE matters in the Company is overseen by the HSE and technical committee, which is chaired by a board director, Professor John Monhemius.

The Lost Time Injury ("LTI") frequency rate (per million man hours worked) continued to decrease in the period and for the six months to 30 June 2020 was 0.84 compared to 1.94 in the comparable period in 2019. During H1 2020, there were seven reportable safety incidents of which two involved injuries to personnel. One of these cases was a minor injury, but one was a lost time incident (LTI), where the casualty had to take time off work (2019: four LTIs). The Company is also very pleased to report that on 24 July 2020, one million man-hours without any lost time injury was achieved during the previous 170 days.

Gosha

The Gosha contract area is 300 square kilometres in size and is located in western Azerbaijan, 50 kilometres north-west of Gedabek. Gosha is currently the location of a small, high grade, underground gold mine. Ore mined at Gosha is transported by road to Gedabek for processing.

A total of 4,517 tonnes of ore of average gold grade 2.50 grammes per tonne were mined at Gosha in H1 2020.

The Company carried out considerable geological exploration work at Gosha in H1 2020, details of which are set out in the report on geological exploration below.

Ordubad

The 462 square kilometre Ordubad contract area is located in Nakhchivan, south-west Azerbaijan and contains numerous targets. The Company carried out geological exploration work at Ordubad in H1 2020, details of which are set out in the report on geological exploration below.

Geological exploration activity

The Group continued its three-year geological exploration programme in H1 2020 as follows:

- Main drilling activity was at Gedabek in the Avshancli mineral district and the Gilar gold-bearing quartz vein system
 - 13 surface core drill holes and 25 reverse circulation drill holes with a total length of 1,473 metres were completed at the Avshancli mineral district
 - An initial drill programme was started at Gilar with seven surface core drill holes completed with a total length of 2,162 metres
- Substantial drilling was completed at the Gadir underground mine and in tunneling beneath the Gedabek open pit
 - 92 core drill holes totaling 4,298 metres were completed in the underground Gadir mine
- Core drilling continued at Ugur Deep, targeting the recently discovered high grade copper and silver mineralisation
 - Six core drill holes were completed and the programme is continuing into H2 2020
- A new mineralised area was identified between the Gedabek open pit and the Ugur open pit, which was named Zafer
 - Four core drill holes totaling 2,592 metres were drilled over the Zafer area during H1 2020
 - One drill hole intersected 194 meters of continuous sulphide mineralisation showing various intersections of gold and copper mineralisation
- Drilling continued close to the Gosha underground mine targeting areas of extension to “Zone 5” and the area between “Zone 5” and “Zone 13”
 - 2,980 metres of core drilling completed confirming the extension of mineralisation with significant gold grades of up to 15 grammes per tonne
- Due to access restrictions as a result of COVID-19, no drilling was carried out in H1 2020 at Ordubad. However, other geological work continued:
 - Reconciliation and interpretation of the WorldView-3 satellite data against geological field observations continued
 - To follow up the identification of gold-quartz veining around the Aylis, Uchurdag and Unus targets, the trenching programme continued
 - 86 trenches were completed
 - 822 trench samples collected from Aylis, Uchurdag and Unus targets

Gedabek Contract Area

Avshancli district

Avshancli is a recently discovered significant mineral district which is 10.5 kilometres north-east of the Gedabek open pit. Avshancli is a gold-copper occurrence comprising three defined areas, Avshancli 1, 2 and 3. In Q4 2019, a significant amount of exploration work took place, comprising the collection of 128 outcrop samples, the completion of 1,732 metres of trenching and the commencement of a surface diamond drilling programme. Drilling continued throughout H1 2020 and 38 core and reverse circulation drill holes were completed

at Avshancli during H1 2020. The assay results were quite variable, but high-grade intersections of up to eight grammes gold per tonne were encountered. Drilling activity at Avshancli is being intensified in H2 2020.

Gilar

Gilar is a new mineral occurrence located approximately two kilometres south of Avshancli 1. The initial drilling programme at Gilar comprised seven core drill holes. Assay results were again quite variable, but high-grade intersections of up to 14 grammes gold per tonne were encountered.

Gedabek open pit and Duzyurd

Exploration in and around the operating Gedabek open pit was limited by production priorities in H1 2020. Only two core drill holes and three reverse circulation drill holes were completed, both types designed to explore the geology at depth and test for sub-pit and adjacent mineralisation. The results from Gedabek yielded gold intersections, while the Duzyurd drill hole was not successful in intersecting mineralisation, but it did identify alteration zones.

Gadir underground mine

A considerable amount of exploration activity was completed at Gadir during H1 2020, comprising underground drilling and mapping. Interpretation is now complete for the ground-based induced polarisation geophysical survey. This work has resulted in defining mineralisation that extends the current Gadir ore body footprint both laterally and down-dip. Additionally, the drilling continues to help constrain ore body modelling around production stoping fronts, so that tonnages and grade can be more accurately predicted. These positive results demonstrate the expansion potential of the underground mine at Gadir.

Ugur open pit

The Ugur deposit is nearly mined out with some 200,000 tonnes of resources at 0.9 grammes per tonne gold remaining, which is scheduled for removal during H2 2020. Planning for the mine closure following exhaustion is on-going.

Ugur Deep

Six surface core drill holes were completed to the south-east of the Ugur open pit during H1 2020 targeting deeper extents of high-grade copper and silver mineralisation. Intersections assaying more than two percent copper were encountered at depths of around 300 metres. Drilling will continue in H2 2020.

Gosha Contract Area

In H1 2020, a total of 2,980 metres of core was drilled. This was drilled at "Zone 5" and between "Zone 5" and "Zone 13", which is approximately 500 metres from "Zone 5". The aim

of this drill programme continues to be to test the Gosha vein system at depth, below the current "Zone 5" and further assess the new zones. Significant gold grades of up to 15 grammes gold per tonne were encountered.

A new geological map of the Gosha contract area has been compiled from all previous data. This was the first stage of a desktop study to consolidate historical and new geological data and to better understand the regional geology. From this map, 15 porphyry and 13 gold/lead/zinc mineralisation targets have been identified

Ordubad Contract Area

Due to COVID-19 restrictions, drill access at Ordubad was prevented and therefore no drilling could be carried out in H1 2020. Trench work was carried out during H1 2020 on the recently discovered gold vein systems. Geological modelling and mineral targeting are on-going to test for the presence of mineralising systems associated with strong alteration zones and lithocaps, with the aim of prioritising locations for resource drilling planned for the second half of the year.

Sale of the Group's products

The Group ships its gold doré to MKS Finance SA in Switzerland for refining. The Group also has a contract with Argor-Heraeus SA in Switzerland, for the refining of gold doré, which is awaiting the approval of the Government of Azerbaijan. 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 Group's share of the gold content of the doré can be settled within one to two days of receipt of the doré by the refiner, or the Group, at its discretion, can sell the resulting refined gold bullion to the refiner after refining of the doré.

The COVID-19 pandemic resulted in the temporary suspension of scheduled air flights to and from Azerbaijan. However, the Group was able to continue to airfreight its gold doré to Switzerland by chartered aircraft. In August 2020, a limited scheduled service restarted and the Company was able to resume shipping by scheduled flights. MKS Finance SA also temporarily suspended work at their refineries in March and April of 2020, but this had no adverse effect on the Group's operations.

The Company's copper and precious metal concentrate is collected by truck from the Gedabek site by the purchaser. The Company originally contracted to sell its concentrate to Industrial Minerals SA, a Swiss-based integrated trading mining and logistical group. In 2018 the Group also contracted with Trafigura Pte. Limited ("Trafigura") for the purchase of some of its concentrate.

During H1 2020, all sales of concentrate were made to Industrial Minerals SA, as a renewed contract with Trafigura was in the process of being authorised by the Government of Azerbaijan. There were very limited delays experienced in customs clearing the export of concentrates due to the COVID-19 pandemic, but these had no effect on the Group's finances.

Formation of a joint venture with Conroy Gold and Natural Resources PLC to acquire up to a 55 per cent. interest in the Longford Down Massif gold project in Ireland

On 21 July 2020, the Company announced that it had entered into a non-binding Heads of Terms Agreement ("HoT") with Conroy Gold and Natural Resources PLC ("Conroy Gold") for a proposed joint venture. Anglo Asian will acquire, by way of the joint venture, up to a 55 per cent. interest in the Longford Down Massif gold project in Ireland, currently wholly-owned by Conroy Gold in exchange for committing to meet certain expenditures.

The Company has also been awarded warrants to acquire 325,000 Ordinary Shares in Conroy Gold which are exercisable immediately. Anglo Asian will be awarded an additional 1,625,000 warrants to acquire Ordinary Shares in Conroy Gold upon completion of the joint venture agreement. The additional warrants will become exercisable at certain milestones as Anglo Asian invests funds into the joint venture.

The HoT specifies that various licences, including the mineral deposits at Clontibret and Clay Lake, will be transferred into three special purpose vehicles. The Company will meet the exploration expenditures and other development costs of the licence areas within the special purpose vehicles. The Company will acquire up to 55 per cent. of the special purpose vehicles depending upon the amount of its expenditure. The Company is currently carrying out due diligence and negotiating the definitive terms of the joint venture with Conroy Gold, although this has been slightly impacted by COVID-19 travel restrictions.

Financial Review

Group statement of income

The Group generated revenues in the six months ended 30 June 2020 ("H1 2020") of \$45.8 million ("m") (H1 2019: \$43.3m) from the sales of gold and silver bullion and copper and precious metal concentrate.

The revenues in H1 2020 included \$39.6m (H1 2019: \$35.2m) generated from the sales of gold and silver bullion from the Group's share of the production of doré bars. Bullion sales in H1 2020 were 23,979 ounces of gold and 5,883 ounces of silver (H1 2019: 26,589 ounces of gold and 10,155 ounces of silver) at an average price of gold of \$1,649 per ounce and an average price of silver of \$17 per ounce (H1 2019: \$1,319 per ounce and \$15 per ounce respectively). In addition, the Group generated revenue in H1 2020 of \$6.2m (H1 2019: \$8.1m) from the sale of 6,321 dry metric tonnes (H1 2019: 4,286 dry metric tonnes) of copper and precious metal concentrate.

The Group did not hedge any metal sales during the year ending 31 December 2019 or the 6 months ending 30 June 2020.

Total cost of sales for H1 2020 increased by \$2.1m to \$31.2m compared to \$29.1m in H1 2019. Cash costs in H1 2020 increased by \$0.5m to \$22.8m compared to \$22.3m in H1 2019. Higher reagent and drilling costs were partially offset by lower consumable and spare part costs. Depreciation decreased by \$4.8m from \$11.8m in H1 2019 to \$7.0m in H1 2020 due to lower gold production and some production coming from material not included in our JORC resources. 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. There was also an inventory charge to cost of sales of \$1.4m in H1 2020 (H1 2019: credit of \$4.6m) due to a decrease in ore stockpiles.

Administration expenses in H1 2020 were \$2.4m compared to \$2.5m in H1 2019. 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 2020 were \$0.3m (H1 2019: \$0.5m) and comprise interest on loans, interest on letters of credit and accretion expenses on the rehabilitation provision. The costs reduced in H1 2020 compared to H1 2019 due to a significant reduction in the average debt in H1 2020 as the Pasha Bank refinancing loan was paid down. All of the Group's debt was repaid in H1 2020 and the Group was debt free at 30 June 2020.

The Group had a taxation charge in H1 2020 of \$3.2m (H1 2019: \$3.6m). This comprised a current income tax charge of \$5.2m (H1 2019: \$4.2m) offset by a deferred tax credit of \$2.0m (H1 2019: credit of \$0.6m). The current income tax charge of \$5.2m was incurred by R.V. Investment Group Services ("RVIG") in Azerbaijan. RVIG had no taxable losses brought forward at 1 January 2020 and the charge is therefore its estimated taxable profits for H1 2020 of \$16.3m taxed at 32 per cent. (the rate stipulated in the Group's production sharing agreement).

All-in sustaining cost of production

The Group produced gold at an all-in sustaining cost ("AISC") per ounce in H1 2020 of \$743 compared to \$603 in H1 2019. 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 majority of the costs of the Gedabek production site and administration are fixed. The AISC per ounce in H1 2020 has therefore increased due to the lower production.

Group statement of financial position

Non-current assets decreased from \$93.4m at 31 December 2019 to \$91.7m at 30 June 2020. The main reason for the decrease was property, plant and equipment (including leased assets) being lower by \$3.4m due to depreciation in the period. Intangible assets increased from \$20.0m at 31 December 2019 to \$21.7m at 30 June 2020 due to expenditure on geological exploration and evaluation of \$2.4m partially offset by amortisation of \$0.7m in respect of mining rights.

Net current assets were \$63.5m at 30 June 2020 compared to \$55.5m at 31 December 2019. The main reason for the increase was an increase in net cash of \$11.4m. The Group's cash balances at 30 June 2020 were \$29.2m (31 December 2019: \$17.8m excluding cash in transit). 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 0.4 to 1.0 per cent.

Shareholders' equity of the Group at 30 June 2020 was \$117.6m (31 December 2019: \$109.1m). The increase was due to the profit retained in the period as there were no shares issued or dividends paid in H1 2020.

The Group was financed by a mixture of equity and debt at 31 December 2019 with the only loan outstanding being the remaining balance of the Pasha Bank refinancing loan. This outstanding balance was repaid in H1 2020 and the Group had no debt at 30 June 2020.

In June 2020, the Group entered into a three-year standby credit facility with Pasha Bank OJSC. The facility was for \$15m cash borrowings and \$3m to secure letters of credit. The interest rate for cash borrowings is 4.75 per cent. per annum. The repayment date for any tranche of borrowing is determined at the time of draw-down and interest is payable monthly. The facility has not been utilised to date.

Group cash flow statement

Operating cash inflow before movements in working capital inclusive of cash in transit for H1 2020 was \$21.5m (H1 2019: \$24.0m). The main source of operating cash flow was operating profit before the non-cash charges of depreciation and amortisation in H1 2020 of \$21.5m (H1 2019: \$23.6m).

Working capital movements in H1 2020 generated cash of \$5.6m (H1 2019: absorbed cash of \$3.9m) largely due to a decrease in inventories of \$1.9m (H1 2019: increase of \$4.8m) and a decrease in trade and other receivable of \$3.4m (H1 2019: increase of \$0.2m). The decrease in inventory balance at 30 June 2020 was mainly due to a reduction in ore stockpiles. The

decrease in trade and other receivable at 30 June 2020 was mainly due to receipt of cash in transit at the beginning of the period.

Cash flows from operations inclusive of cash in transit in H1 2020 at \$27.0m was higher than \$20.1m in H1 2019 due to cash generated from working capital of \$5.6 million.

The Group paid corporation tax in H1 2020 of \$5.7m (H1 2019: \$5.2) in Azerbaijan. These were payments on account of RVIG's liability for the year ending 31 December 2020 of \$2.9m and a final settlement in respect of the year ended 31 December 2019 of \$2.8m

Expenditure on property, plant and equipment in H1 2020 was \$5.6m (H1 2019: \$3.0m). The main items of expenditure in H1 2020 were the raise of the tailings dam wall of \$2.1m, an ore sorting machine and crusher of \$1.0m and capitalisation of deferred stripping costs of \$1.5m.

Exploration and evaluation expenditure incurred and capitalised in H1 2020 was \$2.4m (H1 2019: \$2.0m). This arose on exploration at the Gedabek, Gosha and Ordubad contract areas. The expenditure was \$1.9m, \$0.4m and \$0.1m 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 instalments 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. The directors may also distribute one-off special dividends to shareholders. Free cash flow is defined as net cash flow from operating activities less capital expenditure and in H1 2020 was \$13.4m (H1 2019: \$10.0m).

The Group paid an interim and final dividend in respect of the year ended 31 December 2019 totalling \$0.08 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.

The directors have declared an interim dividend of \$0.045 per share in respect of the financial year ending 31 December 2020 reflecting the strong cash position and free cash flow of the Group. The dividend will be paid on 5 November 2020 and will cost the Group \$5.1m but has not been accrued in the H1 2020 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 2019 and the six months to 30 June 2020. The Government's share of production in the six months to 30 June 2020 (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 2020 of 12.75 per cent. (six months to 30 June 2019: 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 and Gosha contract areas at 30 June 2020 were \$52.7m and \$26.4m respectively (31 December 2019: \$59.0m and \$25.5m 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 2020. In addition, the Company's revenues and its debt facility 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 condensed Group interim financial statements on a going concern basis after reviewing the Group's forecast cash position for the period to 30 September 2021 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 \$29.2 million and no bank debt at 30 June 2020. The Group is able to fund its working capital requirements from its operations at Gedabek. The Group has access to local sources of both short and long term finance should this be required and has an \$18 million (\$15 million cash and \$3 million to secure letters of credit) standby credit facility with Pasha Bank as a contingency measure.

From early March 2020, the Government of Azerbaijan gradually implemented restrictions to prevent the spread of the coronavirus. These included closing the country's international borders to passengers, temporarily suspending all scheduled air traffic and restricting domestic travel. These restrictions started to be slowly lifted from the beginning of August 2020 and limited scheduled air flights to and from Azerbaijan were restarted. Since March 2020, the Company has continued production at Gedabek and to ship and sell gold doré and copper concentrate.

The effect of the COVID-19 pandemic is still uncertain but given that the Group has continued in operation and the recent easing of the Government restrictions, the directors believe that Gedabek will be able to continue to produce and sell its products. Various other scenarios are possible should conditions unexpectedly worsen including continuing production but stockpiling product for future sale or a complete shut-down of the business. The Group has the financial resources to continue as a going concern under these scenarios, including the unlikely event of a very prolonged cessation of production of at least one year or more.

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 2020.

Anglo Asian Mining plc
Condensed group statement of income
Six months ended 30 June 2020

	Notes	6 months to 30 June 2020 (unaudited) \$000	6 months to 30 June 2019 (unaudited) \$000
Revenue		45,832	43,333
Cost of sales		(31,152)	(29,132)
Gross profit		14,680	14,201
Other income		35	-
Administrative expenses		(2,424)	(2,505)
Other operating expense		(303)	(1,004)
Operating profit		11,988	10,692
Finance income		66	73
Finance costs		(303)	(488)
Profit before tax		11,751	10,277
Income tax	3	(3,183)	(3,636)
Profit attributable to the equity holders of the parent		8,568	6,641
Profit per share attributable to the equity holders of the parent		8,568	6,641
Basic (US cents per share)	4	7.49	5.81
Diluted (US cents per share)	4	7.49	5.81

Anglo Asian Mining plc
Condensed group statement of comprehensive income
Six months ended 30 June 2020

	6 months to 30 June 2020 (unaudited) \$000	6 months to 30 June 2019 (unaudited) \$000
Profit for the period	8,568	6,641
Total comprehensive profit for the period	8,568	6,641
Attributable to the equity holders of the parent company	8,568	6,641

Anglo Asian Mining plc
Condensed group statement of financial position
30 June 2020

	Notes	30 June 2020 (unaudited) \$000	30 June 2019 (unaudited) \$000	31 December 2019 (audited) \$000
Non-current assets				
Intangible assets	5	21,705	18,139	19,965
Property, plant and equipment	6	67,059	72,192	69,728
Leased assets	7	2,938	4,000	3,622
Other receivables	8	-	293	67
		91,702	94,624	93,382
Current assets				
Inventory	9	41,951	38,916	43,881
Trade and other receivables	8	34,080	15,846	26,783
Cash and cash equivalents		29,167	20,481	17,801
		105,198	75,243	88,465
Total assets		196,900	169,867	181,847
Current liabilities				
Trade and other payables	10	(38,726)	(21,147)	(27,510)
Taxes payable		(2,267)	(2,714)	(2,760)
Interest-bearing loans and borrowings	11	-	(5,248)	(1,688)
Lease liabilities	7	(675)	(1,015)	(1,015)
		(41,668)	(30,124)	(32,973)
Net current assets		63,530	45,119	55,492
Non-current liabilities				
Provision for rehabilitation		(10,606)	(9,247)	(10,485)
Lease liabilities	7	(2,394)	(2,985)	(2,741)
Deferred tax liability		(24,612)	(22,465)	(26,596)
		(37,612)	(34,697)	(39,822)
Total liabilities		(79,280)	(64,821)	(72,795)
Net assets		117,620	105,046	109,052
Equity				
Share capital	12	2,016	2,016	2,016
Share premium account	13	33	33	33
Merger reserve		46,206	46,206	46,206
Retained earnings		69,365	56,791	60,797
Total equity		117,620	105,046	109,052

Anglo Asian Mining plc
Condensed group statement of cash flows

Six months ended 30 June 2020

	6 months to 30 June 2020 (unaudited) \$000	6 months to 30 June 2019 (unaudited) \$000
Cash flows from operating activities		
Profit before taxation	11,751	10,277
Adjustments to reconcile profit before tax to net cash flows:		
Finance income	(66)	(73)
Finance costs	303	488
Gain on the modification of lease liabilities	(35)	-
Depreciation of property, plant and equipment	8,573	11,998
Depreciation of leased assets	339	417
Amortisation of mining rights and other intangible assets	631	871
Operating cash flow before movements in working capital	21,496	23,978
Decrease / (increase) in trade and other receivables	3,424	(162)
Decrease / (increase) in inventories	1,930	(4,757)
(Decrease) in taxes payable	-	(986)
Increase in trade and other payables	197	2,053
Cash flows from operations	27,047	20,126
Income tax paid	(5,660)	(5,173)
Net cash flow from operating activities	21,387	14,953
Cash flows from investing activities		
Expenditure on property, plant and equipment and mine development	(5,574)	(3,000)
Investment in exploration and evaluation activities	(2,371)	(1,979)
Interest received	66	73
Net cash used in investing activities	(7,879)	(4,906)
Cash flows from financing activities		
Proceeds from borrowing	-	403
Repayment of borrowings	(1,688)	(3,593)
Interest paid - borrowings	(20)	(499)
Interest paid - lease liabilities	(126)	(146)
Repayment of lease liabilities	(308)	(271)
Net cash used in financing activities	(2,142)	(4,106)
Net increase in cash and cash equivalents	11,366	5,941
Cash and cash equivalents at beginning of period	17,801	14,540
Cash and cash equivalents at end of the period	29,167	20,481

Anglo Asian Mining plc
Condensed group statement of changes in equity

Six months ended 30 June 2020
(unaudited)

	Notes	Share capital \$000	Share premium \$000	Merger reserve \$000	Retained earnings \$000	Total equity \$000
1 January 2020		2,016	33	46,206	60,797	109,052
Profit for the period		-	-	-	8,568	8,568
30 June 2020		2,016	33	46,206	69,365	117,620

Six months ended 30 June 2019
(unaudited)

	Notes	Share capital \$000	Share premium \$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

Year ended 31 December 2019
(audited)

	Notes	Share capital \$000	Share premium \$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 year		-	-	-	19,343	19,343
Cash dividends paid	14	-	-	-	(8,696)	(8,696)
31 December 2019		2,016	33	46,206	60,797	109,052

Anglo Asian Mining plc

Notes to the condensed Group interim financial statements

Six months ended 30 June 2020

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 interim financial statements for the six-month period ending 30 June 2020 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 2020 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 2019 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 interim financial statements have not been audited.

The condensed Group interim financial statements have been prepared under the historical cost convention. The condensed Group interim 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, "€" to the Euro and "AZN" is a reference to the Azerbaijan New Manat.

Accounting policies and new standards, interpretations and amendments

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 interim 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 interim financial statements for 2020 are consistent with those followed in the preparation of the Group's annual report and accounts for 2019, except for the adoption of new standards that became effective from 1 January 2020. The Group has not adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the condensed Group interim financial statements.

Going concern

The directors have prepared the condensed Group interim financial statements on a going concern basis after reviewing the Group's forecast cash position for the period to 30 September 2021 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 \$29.2 million and no bank debt at 30 June 2020. The Group is able to fund its working capital requirements from cash generated from its operations at Gedabek. The Group has access to local sources of both short and long term finance should this be required and has an \$18 million (\$15 million cash and \$3 million to secure letters of credit) standby credit facility with Pasha Bank as a contingency measure.

From early March 2020, the Government of Azerbaijan gradually implemented restrictions to prevent the spread of the coronavirus. These included closing the country's international borders to passengers, temporarily suspending all scheduled air traffic and restricting domestic travel. These restrictions started to be slowly lifted from the beginning of August 2020 and limited scheduled air flights to and from Azerbaijan were restarted. Since March 2020, the Company has continued production at Gedabek and to ship and sell gold doré and copper concentrate.

The effect of the COVID-19 pandemic is still uncertain but given that the Group has continued in operation and the recent easing of the Government restrictions, the directors believe that Gedabek will be able to continue to

produce and sell its products. Various other scenarios are possible should conditions unexpectedly worsen including continuing production but stockpiling product for future sale or a complete shut-down of the business. The Group has the financial resources to continue as a going concern under these scenarios including the unlikely event of a very prolonged cessation of production of at least one year or more.

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 interim financial statements for the 6 months to 30 June 2020.

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 for the 6 months ended 30 June 2020 represents a current income tax charge of \$5.2m (2019: \$4.2m) and a deferred taxation credit of \$2.0m (2019: \$0.6m). 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 2020, 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 2020 (unaudited) \$000	6 months to 30 June 2019 (unaudited) \$000
Profit after tax for the period	8,568	6,641
Basic profit per share (US cents)	7.49	5.81
Diluted profit per share (US cents)	7.49	5.81

<u>Weighted average number of shares</u>	<u>Number</u>	<u>Number</u>
For basic earnings per share	114,392,024	114,392,024
For diluted earnings per share	114,392,024	114,392,024

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 2019	3,436	350	4,345	41,925	537	50,593
Additions	2,838	480	1,191	-	25	4,534
31 December 2019	6,274	830	5,536	41,925	562	55,127
Additions	1,891	399	81	-	-	2,371
30 June 2020	8,165	1,229	5,617	41,925	562	57,498

Amortisation and impairment

1 January 2019	-	-	-	33,155	407	33,562
Charge for year	-	-	-	1,578	22	1,600
31 December 2019	-	-	-	34,733	429	35,162
Charge for period	-	-	-	622	9	631
30 June 2020	-	-	-	35,355	438	35,793

Net book value

31 December 2019	6,274	830	5,536	7,192	133	19,965
30 June 2020	8,165	1,229	5,617	6,570	124	21,705

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 2019	24,104	205,555	313	229,972
Additions	484	3,835	8	4,327
Transfer to producing mines	-	241	(241)	-
Increase in provision for rehabilitation	-	1,018	-	1,018
31 December 2019	24,588	210,649	80	235,317
Additions	186	5,753	-	5,939
Decrease in provision for rehabilitation	-	(35)	-	(35)
30 June 2020	24,774	216,367	80	241,221

Depreciation and impairment

1 January 2019	18,172	130,650	-	148,822
Charge for year	1,851	14,916	-	16,767
31 December 2019	20,023	145,566	-	165,589
Charge for period	973	7,600	-	8,573
30 June 2020	20,996	153,166	-	174,162

Net book value

31 December 2019	4,565	65,083	80	69,728
30 June 2020	3,778	63,201	80	67,059

7 Leases

Right of use assets

	Plant and equipment and motor vehicles (unaudited) \$000	Producing mines (unaudited) \$000	Total (unaudited) \$000
Cost			
1 January and 31 December 2019	3,934	483	4,417
Additions	-	52	52
Lease modification	(597)	-	(597)
30 June 2020	3,337	535	3,872

Depreciation and impairment

1 January 2019	-	-	-
Charge for year	657	138	795
31 December 2019	657	138	795
Charge for period	265	74	339
Lease modification	(200)	-	(200)
30 June 2020	722	212	934

Net book value

31 December 2019	3,277	345	3,622
30 June 2020	2,615	323	2,938

Lease liabilities

	Total \$000
1 January 2019	4,417
Interest expense	353
Repayment	(1,014)
31 December 2019	3,756
Addition	52
Interest expense	126
Lease modification	(431)
Repayment	(434)
30 June 2020	3,069

	30 June 2020 (unaudited) \$000	30 June 2019 (unaudited) \$000	31 December 2019 (audited) \$000
Current liabilities	675	1,015	1,015

Non-current liabilities	2,394	2,985	2,741
Total lease liabilities	3,069	4,000	3,756

8 Trade and other receivables

	30 June 2020 (unaudited) \$000	30 June 2019 (unaudited) \$000	31 December 2019 (audited) \$000	1 January 2019 (audited) \$000
Non-current assets				
Advances for fixed asset purchases	-	293	67	436
Current assets				
Gold held due to the Government of Azerbaijan	28,964	10,087	18,684	2,898
VAT refund due	1,588	776	735	312
Other tax receivable	364	1,583	207	1,016
Trade receivables – amortised cost*	-	-	-	250
Trade receivables – fair value**	987	1,135	-	1,988
Prepayments and advances	2,177	2,160	2,012	1,927
Loans	-	105	60	105
Cash in transit***	-	-	5,085	-
	34,080	15,846	26,783	8,496

* Trade receivables not subject to provisional pricing.

**Trade receivables subject to provisional pricing.

*** This was a payment from a customer prior to the year-end which was not received until early January 2020 due to a delay by the bank.

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 2019 and 2020 and 31 December 2019.

The VAT refund due at 30 June 2019 and 2020 and 31 December 2019 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 10.

9 Inventory

	30 June 2020 (unaudited) \$000	30 June 2019 (unaudited) \$000	31 December 2019 (audited) \$000
Cost			
Finished goods - bullion	1,655	1,214	1,973

Finished goods - metal in concentrate	720	946	863
Metal in circuit	17,832	16,113	17,041
Ore stockpiles	8,929	7,273	10,615
Spare parts and consumables	12,815	13,370	13,389
Total current inventories	41,951	38,916	43,881
Total inventories at the lower of cost and net realisable value	41,951	38,916	43,881

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.

10 Trade and other payables

	30 June 2020 (unaudited) \$000	30 June 2019 (unaudited) \$000	31 December 2019 (audited) \$000
Accruals and other payables	5,357	5,729	4,950
Trade creditors	3,287	3,779	2,544
Gold held due to the Government of Azerbaijan	28,964	10,087	18,684
Payable to the Government of Azerbaijan from copper concentrate joint sale	1,118	1,552	1,332
	38,726	21,147	27,510

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.

11 Interest-bearing loans and borrowings

Amortised cost

	30 June 2020 (unaudited) \$000	30 June 2019 (unaudited) \$000	31 December 2019 (audited) \$000
Pasha Bank – refinancing loan	-	5,063	1,688
Yapi Credit	-	185	-
Total interest-bearing loans and borrowings	-	5,248	1,688
Loans repayable in less than one year	-	5,248	1,688

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.

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.

Unused standby credit facility

In June 2020, a subsidiary of the Group, Azerbaijan International Mining Company Limited, entered into a three year standby credit facility with Pasha Bank OJSC. The facility was for \$15 million cash borrowings and \$3 million to secure letters of credit. The facility was unsecured but guaranteed by Anglo Asian Mining PLC. The interest rate for cash borrowings is 4.75 per cent. per annum. The repayment date for any tranche of borrowing is determined at the time of draw-down and interest is payable monthly. There was no arrangement fee or on-going commitment fee for the facility.

12 Share capital

	Ordinary shares of 1 pence each	\$000
Ordinary shares issued and fully paid:		
1 January and 31 December 2019 and 30 June 2020	114,392,024	2,016

13 Share premium account

	\$000
1 January and 31 December 2019 and 30 June 2020	33

14 Distributions made and proposed

	Six months ended 30 June 2020 (unaudited) \$000	Six months ended 30 June 2019 (unaudited) \$000	Year ended 31 December 2019 (audited) \$000
Cash dividends on ordinary shares declared and paid			
Final dividend for 2018: 4 US cents* per share	-	-	4,592
Interim dividend for 2019: 3.5 US cents** per share	-	-	4,104
	-	-	8,696
Cash dividends proposed on ordinary shares			
Interim dividend for 2019: 3.5 US cents** per share	-	4,004	-
Final dividend for 2019: 4.5 US cents*** per share	-	-	5,148
Interim dividend for 2020: 4.5 US cents**** per share	5,148	-	-

* 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.

** the dividend was declared in United States dollars but paid in Sterling in the amount of 2.8355 pence per ordinary share on 31 October 2019.

*** the dividend was declared in United States dollars but paid in Sterling in the amount of 3.5739 pence per ordinary share on 30 July 2020.

**** to be paid in Sterling on 5 November 2020 at a rate to be announced.

The proposed but not paid interim and final dividends for the year ending 31 December 2019 and the 6 months ended 30 June 2019 and 2020 are not recognised as liabilities in the Group statements of financial position.

15 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.

16 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 2020 of \$84,000 (6 months to 30 June 2019: \$710,000) were made for equipment and spare parts purchased from Proses Muhendislik Danismanlik Inshaat ve Tasarim Anonim Shirket ("PMDI"), an entity in which the chief technical officer of Azerbaijan International Mining Company has a direct ownership interest. There is an outstanding payable to PMDI of \$26,000 at 30 June 2020 (30 June 2019: outstanding advance of \$35,000 and 31 December 2019: payable/advance of \$nil).
- b) Total payments in the 6 months to 30 June 2020 of \$1,220,000 (6 months to 30 June 2019: \$852,000) 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 \$227,000 at 30 June 2020 (30 June 2019: \$260,000 and 31 December 2019: \$134,000).

17 Post balance sheet event

On 21 July 2020, the Company announced it had signed a non-binding heads of terms to form a joint venture with Conroy Gold and Natural Resources PLC ("Conroy Gold") to acquire up to a 55 per cent. interest in the Longford Down Massif gold project in Ireland. An initial 17.5 per cent. interest in the joint venture will be earned by the Company investing €2 million in the joint venture with its interest increasing progressively to 55 per cent. by developing the Clontibret gold deposit to mine construction ready status. The Company has also been awarded 325,000 warrants in the Ordinary shares of Conroy Gold. A further 1,625,000 warrants to acquire Ordinary Shares in Conroy Gold will be awarded upon signing the Joint Venture agreement.

18 Approval of condensed group interim financial statements

The condensed group interim financial statements of Anglo Asian Mining plc and its subsidiaries for the six-month period ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on 22 September 2020.

****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 newly 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 81,399 gold equivalent ounces ("GEOs") for the year ended 31 December 2019. Gedabek is a polymetallic ore deposit that has gold together with significant concentrations of copper in the main open pit mine, and an oxide gold-rich zone at Ugur. The Company therefore employs a series of flexible processing routes to optimise metal recoveries and efficiencies. The Company produces gold doré through agitation and heap leaching operations, copper concentrate from its Sulphidisation, Acidification, Recycling, and Thickening (SART) plant and also a copper and precious metal concentrate from its flotation plant.

The Company has a production target for the year to 31 December 2020 of 65,000 ounces to 67,000 ounces of gold and 2,200 tonnes to 2,400 tonnes of copper. This total production target expressed as gold equivalent ounces ("GEOs") at budgeted prices is between 75,000 GEOs and 80,000 GEOs. Anglo Asian is also actively seeking to exploit its first mover advantage in Azerbaijan to identify additional projects, as well as looking for properties in other jurisdictions in order to fulfil its expansion ambitions and become a mid-tier gold and copper metal production company. It has recently announced that it will enter into a joint venture with Conroy Gold and Natural resources PLC to explore and develop various gold properties in The Republic of Ireland and Northern Ireland.