THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, you should consult an independent professional adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

This document is an admission document drawn up in accordance with the Public Offers of Securities Regulations 1995 ("the POS Regulations") and the AIM Rules in each case as at 30 June 2005. This document does not comprise a prospectus for the purposes of the POS Regulations. Numis Securities Limited ("Numis") has, on behalf of the Company, received a dispensation from the London Stock Exchange to prepare this Admission Document under the AIM Rules as at 30 June 2005 and not those in place at the date of this document. Application has been made for the Ordinary Shares of Anglo Asian Mining PLC ("Anglo Asian") to be admitted to trading on AIM, a market of the London Stock Exchange. It is expected that admission will become effective and that trading in the Existing Ordinary Shares and Placing Shares will commence on AIM on 29 July 2005.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks in investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. For a discussion of risk factors which should be considered in connection with an investment in the Company, prospective investors should read the section entitled "Risk factors" set out in Part II of this document. All statements regarding the Company's business should be read in light of these risk factors. It is emphasised that no application is being made for admission of the Existing Ordinary Shares or Placing Shares to the Official List. Furthermore, neither the London Stock Exchange nor the UK Listing Authority has examined or approved the contents of this document.

The Existing Ordinary Shares are not dealt on any other recognised investment exchange and no other application has been made in respect of either the Existing Ordinary Shares and/or the Placing Shares to be admitted to any such exchange. The Existing Ordinary Shares and Placing Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, or under the securities legislation of any state of the United States of America, Australia, Canada, Japan or the Republic of Ireland. Accordingly, subject to certain exceptions, the Existing Ordinary Shares and Placing Shares may not, directly or indirectly, be offered or sold within the United States of America, Australia, Canada, Japan or the Republic of Ireland or to or for the account or benefit of any national, resident or citizen of Australia, Canada, Japan or the Republic of Ireland or any person located in the United States. This document does not constitute an offer or the solicitation of an offer to subscribe or to buy any of the Existing Ordinary Shares or Placing Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

ANGLO ASIAN MINING PLC

(Incorporated and registered in England and Wales with registered number 05227012)

Placing of 26,000,000 new ordinary shares of 1p each at 77p per share
Admission to trading on AIM

Financial adviser	Nominated adviser and broker
Anglo-Suisse Capital Limited	**Numis Securities Limited**

Share capital immediately following the Placing and Admission

Authorised			*Issued and fully paid*	
Number	*Amount*		*Number*	*Amount*
600,000,000	£6,000,000	Ordinary Shares of 1p each	99,171,800	991,718

The Placing Shares to be issued pursuant to the Placing will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and will rank in full for all dividends and other distributions declared, paid or made in respect of the Ordinary Shares after Admission.

The Directors of Anglo Asian Mining PLC, whose names appear on page 3 of this document, accept responsibility for the information contained in this document, including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

Anglo-Suisse Capital Limited ("Anglo-Suisse Capital") and Numis, who are both authorised and regulated by the Financial Services Authority, are acting exclusively for Anglo Asian and for no one else in connection with the matters described herein and will not be responsible to anyone other than Anglo Asian for providing the protections afforded to customers of Numis or for advising any other person on the contents of this document or any matter referred to herein. Numis' responsibilities as the nominated adviser to Anglo Asian are owed solely to the London Stock Exchange and are not owed to Anglo Asian or to any Director or to any other person, whether in respect of any decision to acquire Placing Shares in reliance on any part of this document or otherwise. No representation or warranty, express or implied, is made by Numis as to the contents of this document (without limiting the statutory rights of any person to whom this document is issued) and Numis has not authorised the contents of any part of this document. No liability whatsoever is accepted by Numis for the accuracy of any information or opinions contained in this document or for the omission of any information from this document for which the Directors, the Company and Anglo-Suisse Capital are solely responsible.

Copies of this document will be available during normal business hours on any day (except Sundays and public holidays) free of charge to the public at the offices of Anglo-Suisse Capital Limited, 36 Bruton Street, London W1J 6QZ and the offices of Numis Securities Limited, Cheapside House, London EC2V 6LH for one month from the date of Admission.

CONTENTS

DIRECTORS, SECRETARY AND ADVISERS

Directors	Mr. Mohammed Reza Vaziri, *Executive Chairman* Mr. Robert Parkyn Jeffcock, *Deputy Chairman* Mr. Kevin Charles Hancock, *Chief Executive* The Rt. Hon. Timothy John Crommelin Eggar, PC, *Non-executive* Governor John Henry Sununu, *Non-executive* all of 36 Bruton Street, London W1J 6QZ
Proposed Director	Mr. Richard Calvin Round, FCCA, *Finance Director* of 36 Bruton Street, London W1J 6QZ
Secretary	Mr. John Robert Clement Protheroe, ACA
Registered office	36 Bruton Street London W1J 6QZ
Financial adviser	Anglo-Suisse Capital Limited 36 Bruton Street London W1J 6QZ
Nominated adviser and broker	Numis Securities Limited Cheapside House 138 Cheapside London EC2V 6LH
Reporting accountant	Deloitte & Touche LLP Athene Place 66 Shoe Lane London EC4A 3BQ
Auditors to the Company	Deloitte & Touche LLP Stonecutter Court 1 Stonecutter Street London EC4A 4TR
Solicitors to Anglo Asian	Hammonds 2 Park Lane Leeds LS3 1ES
Lawyers to Anglo Asian as to Azeri law	Ledingham Chalmers 340 Nizami Street ISR Plaza, 3rd Floor Baku Azerbaijan AZ1000
Solicitors to Numis	Ashurst Broadwalk House 5 Appold Street London EC2A 2HA
Competent person	Behre Dolbear International Limited Winchester House 259-269 Old Marylebone Road London NW1 5RA
Principal bankers	HSBC 79 Piccadilly London W1J 8EU
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires

AA Operations	Anglo Asian Operations Limited, a wholly owned subsidiary of the Company and formerly called Ottoman Mining Limited
AA Group	AA Operations and subsidiaries
Act	Companies Act 1985
Admission	the admission to trading on AIM of the Existing Ordinary Shares and Placing Shares
AIM	the AIM market operated by the London Stock Exchange
AIMC	Azerbaijan International Mining Company Limited, a company incorporated in the Cayman Islands and a wholly owned subsidiary of the Company
AIM Rules	the rules for AIM companies and their nominated advisers published by the London Stock Exchange from time to time
Anglo Asian or **Company**	Anglo Asian Mining PLC
Anglo Asian Cayman or **Cayman**	Anglo Asian Cayman Limited, a wholly owned subsidiary of the Company formerly called RV Investment Group Services Ltd
Anglo-Suisse Capital	Anglo-Suisse Capital Limited
Azergyzil	an Azerbaijan state entity, now disolved
Behre Dolbear	Behre Dolbear International Limited
Board or **Directors**	the directors of the Company, whose names appear on page 3 but not including the Proposed Director
Anglo-Suisse Option	the agreement between the Company and Anglo-Suisse Capital pursuant to which Anglo-Suisse Capital has been granted options over Ordinary Shares which is summarised at paragraph 9.11 of Part VII of this document
Cayman Group	Anglo Asian Cayman Limited and subsidiaries
Combined Code	the Combined Code on Corporate Governance
Competent Person's Report or **CPR**	the report prepared by Behre Dolbear, a copy of which is reproduced in Part IV of this document
Contract Area	one of the six areas identified under the Production Sharing Agreement as those to which RVI has been granted rights
CREST	the electronic settlement system which facilitates the transfer of title to securities in uncertificated form, operated by CRESTCo Limited
Existing Ordinary Shares	the Ordinary Shares in issue immediately prior to Admission
Group	Anglo Asian Mining PLC and its subsidiaries
London Stock Exchange	London Stock Exchange plc
MENR	the Ministry of Ecology and Natural Resources of Azerbaijan

Numis	Numis Securities Limited
Numis Option	the agreement between the Company and Numis pursuant to which Numis has been granted options over Ordinary Shares which is summarised at paragraph 9.11 of Part VII of this document
Official List	the Official List of the UK Listing Authority
Ordinary Shares	ordinary shares of 1p each in the Company
Placing	the conditional placing of the Placing Shares at the Placing Price pursuant to the Placing Agreement
Placing Agreement	the conditional agreement dated 26 July 2005 between the Company (1), the Directors (2) and Numis (3) relating to the Placing, details of which are set out in paragraph 9.5 of Part VII of this document
Placing Price	77p per share
Placing Shares	the 26,000,000 new Ordinary Shares to be issued in connection with the Placing
Primary Contract Areas	three of the Contract Areas under the Production Sharing Agreement, being Ordubad, Gedabek and Gosha
Proposed Director	Richard Calvin Round
PSA or **Production Sharing Agreement**	the production sharing agreement made between RVI and Azergyzil signed on 20 August 1997 and having come into force as a law of the Republic of Azerbaijan on its publication on 30 April 1998
RVI	RV Investment Group Services, LLC, a wholly-owned subsidiary of the Company
Shareholder	a holder of Ordinary Shares
Share Option Scheme	the share option scheme established by the Company which is summarised at paragraph 8 of Part VII of this document
UK or **United Kingdom**	the United Kingdom of Great Britain and Northern Ireland
UK Listing Authority	the Financial Services Authority in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
US or **United States**	the United States of America, its possessions and territories, any state of the United States of America and the District of Columbia
US$**, **$ or **US dollar**	United States dollars

In this document, the symbols "£" and "p" refer to pounds and pence sterling respectively.

PLACING STATISTICS

Placing Price	77p
Number of Existing Ordinary Shares	73,171,800
Number of Placing Shares	26,000,000
Number of Ordinary Shares in issue immediately following the Placing	99,171,800
Percentage of enlarged issued share capital represented by the Placing Shares following Admission	26.22 per cent.
Estimated net proceeds of the Placing receivable by Anglo Asian	£17,520,000
Market capitalisation immediately following the Placing at the Placing Price	£76.36 million

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Admission and commencement of dealings in the Ordinary Shares on AIM	8 a.m. on 29 July 2005
Ordinary Shares credited to CREST accounts	29 July 2005
Despatch of definitive share certificates for Placing Shares (where applicable)	5 August 2005

GLOSSARY

Elements

Ag	silver
Au	gold
Cu	copper
Mo	molybdenum

Units

g	gram
G	giga (billion)
k	thousand
km	kilometres
m	metres
M	million
mt	million tonnes
oz	Troy ounce
ppm	parts per million (=g/t)
t	tonnes

Technical terms

Adit	an underground drive with one access to open air (a tunnel has two)
Alteration or altered	change in the mineralogical composition resulting from weathering or hydrothermal solutions
Alunite	basic potassium aluminium sulphate
Andesite	a volcanic silicate with sodium, aluminium and calcium
Argillic	hydrothermal alteration resulting in the formation of clay
Auger	a drill for large-diameter, shallow holes
Basic	alkaline
bbl/d	barrels per day
Biotite	magnesium-iron mica
Blind mineralization	sub-surface mineralization with no surface evidence
Bornite	a copper ore sulphide mineral
Breccia	a fragmented rock with angular components
C_1	Soviet resource category, usually based on some underground and trench sampling. Would usually qualify as Measured Resources by Western standards
C_2	Soviet resource category, extrapolated from C_1 but with more complex geology. Most C_2 resources would qualify as Indicated Resources by Western standards. Lower quality C_2 resources would qualify as Inferred Resources
Chalcocite	copper ore sulphide mineral
Chalcopyrite	sulphide of copper and iron
Chlorite	hydrated silicates of iron, aluminium and magnesium
Clay	hydrated aluminium silicates
Core	the cylindrical sample taken from diamond drill holes
Covellite	copper sulphide mineral
Cyanide	a salt of hydrocyanic acid used for dissolving gold
Dacitic	extrusive quartz diorite
Diorite	plutonic igneous rock
Doré	gold-silver alloy
Enargite	copper arsenic sulphide
Eocene	the second epoch of the tertiary period

Epidote	a basic silicate of aluminium, calcium and iron
eq	equivalent
Extrusive	igneous rock which solidified after breaching the surface
Fault	a fracture zone along which there has been displacement
Felspar or feldspar	crystalline basic aluminosilicates
Flotation	a process of metallurgical concentration especially for sulphide minerals
Gold equivalent	the silver and copper content of a gold resource converted to price equivalent gold content. Note that throughout this document, copper has been discounted by 50 per cent. when converted to gold equivalent
Granodiorite	a plutonic rock of intermediate composition
Host rock	the wall rock of a mineral deposit
Hydrothermal	the action of natural hot aqueous solutions
Igneous	formed by solidification from a molten state
Indicated resource	that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed
Inferred resource	that part of a mineral resource for which tonnage, grade and mineral content can be estimated from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which is of uncertain quality and reliability
Intrusive	originally molten rock which penetrated other rocks, solidifying before reaching the surface
Jurassic	the middle division of the mesozoic era
Kaolin	a clay mineral
Lense	a body of mineral thick in the middle and thin at the edges
Massif	a large mass of rock, typically plutonic rock
Matrix	the host rock or enclosing material
Measured resource	that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity
Mica	a platey silicate mineral
Mineral resource	mineral of potential value but not necessarily proven as a reserve
Minerology	the science of the study of minerals
Molybdenite	natural molybdenum sulphide
Monzonite	a granular igneous aluminosilicate of alkalis and iron
Morphology	study of the shape and structure of rock formations
Ore	mineral of proven economic value
Ore reserve	a mineral deposit of proven economic value
Outcrop	rock naturally exposed at the surface
Oxide mineral	a mineral which has been naturally oxidized
P_1	a Soviet resource category. Many P_1 resources would qualify as Inferred Resources by Western standards

P_2	a Soviet resource category. Most P_2 resources would fall below Inferred Resources by Western standards
Pluton	igneous rock solidified from magma beneath the surface
Porphyry	a fine-grained, igneous rock with disseminated ore minerals
Pulp	a mineral sample finely ground for assay purposes
Pyrite	iron sulphide
Quartz	crystalline silica
Sericite	a white potash mica
Silica	dioxide of silicon, SiO_2, an ingredient of many types of host rock
Stockwork	a rock mass penetrated by many small mineralized veins
Sulphide mineral	a mineral containing unoxidized sulphur
Volcanics	extrusive igneous and pyroclastic material
Volcaniclastic	broken volcanic rock
Vuggy	containing unfilled cavities

KEY INFORMATION

Business:	Proposed gold and copper mining in a joint venture with the Government of oil-rich Azerbaijan to exploit three decades of Soviet exploration work which has left an extensive legacy of documentary and physical evidence in the form of underground exploration workings and drilling results.
Group history:	The first members of the Group were established in 1997 to exploit gold and copper deposits in Azerbaijan. The Group is party to a Production Sharing Agreement with the Government of Azerbaijan for a period of up to 30 years from April 2005.
World class resources:	Soviet classified resources of 15.6M oz gold equivalent plus potential for a further 78M oz gold equivalent, putting Anglo Asian amongst the major independent gold companies in terms of resource size - the Directors believe that Anglo Asian has one of the largest undeveloped gold properties in Europe or Asia.
Low costs:	Cost estimates (based on two conceptualised potential ore bodies) suggest low cash production costs when compared to many major gold producers - approximately $90/oz Au, 30¢/lb Cu.
Valuation:	Behre Dolbear, one of the world's most established, continuously working consultancies in the minerals industries, gives the Company a market valuation prior to the Placing of $247.5 million (£141 million) on a related transactions basis (the price paid for comparable mineral properties) and $257 million (£147 million) on a market multiples basis (based on the value that would be ascribed to each ounce of Inferred Resources that would accrue to the total market capitalisation of Anglo Asian).
Development plan:	A fundraising of £20 million to allow the Group: • to re-classify its potential resources into Western standards through a programme of infill drilling and resampling of existing adits. • to fund baseline environmental impact assessment studies on three sites, to produce a fast-track feasibility study at one site (Pizyazbashi) and bankable feasibility studies for two further sites. • to fund pre-feasibility studies at two further sites. • to construct a mine and plant at one site (Pizyazbashi) with the expectation of producing gold at an annual rate of 250,000 oz within 24 months of Admission (assuming the successful outcome of the fast track feasibility study).

PART I

Information on Anglo Asian

1. Introduction

Anglo Asian is the ultimate holding company of the Group, the principal activity of which is the development of gold and copper mining interests in Azerbaijan which have been subjected to extensive exploration work over several decades during the Soviet occupation of Azerbaijan. The Group's principal asset is the exclusive right to explore and to extract all minerals from a number of areas in accordance with the terms of a Production Sharing Agreement signed with the government of Azerbaijan which became a law of Azerbaijan in 1998. On 13 April 2005, the Government of Azerbaijan issued a decision reconfirming the rights under the PSA.

The PSA establishes a joint venture structure and is similar in format to the production sharing agreements used by the multinational oil and gas companies operating in Azerbaijan. Behre Dolbear, the Company's independent mining consultants estimate that the PSA provides Anglo Asian with a 55 per cent. economic interest in the prospects and grants the Group rights over the six Contract Areas. Three of the Contract Areas (Gosha, Gedabek and Ordubad) have been made accessible to Behre Dolbear. These Primary Contract Areas cover 1,062 km^2 and contain a number of individual properties on which substantial exploration work was carried out during the Soviet era. Eight of these individual properties are described in detail in the Competent Person's Report and the resources contained in these properties are summarised in the table in paragraph 2 below. The Primary Contract Areas contain at least a further 14 individual properties in relation to which there is significant data available but which has not yet been processed or reviewed by Behre Dolbear. The three remaining Contract Areas (covering 900 km^2) are located in an area of Azerbaijan currently occupied by Armenia and the right to these Contract Areas will commence only when access is gained. No value has been ascribed by Behre Dolbear to these occupied Contract Areas.

Anglo Asian is raising £20 million by way of the Placing and admission to AIM. These funds will be used to reclassify the substantially Soviet-classified gold and copper resources into Western standards through a programme of infill drilling and a re-sampling of existing adits. It will also fund baseline environmental impact assessment studies on three sites (Gosha, Gedabek and Shakardara), the production of a fast-track feasibility study at Piyazbashi and bankable feasibility studies for two further sites (Gedabek and Shakardara). It will also see the construction of a mine and plant at Piyazbashi in the Ordubad Contract Area (assuming the successful outcome of the fast-track feasibility study) with the expectation of producing gold at an annual rate of 250,000 oz within 18 to 24 months of Admission and pre-feasibility studies at two further sites.

2. Summary of resources

In Behre Dolbear's opinion, the group of properties covered by the PSA constitutes a potential source of copper and gold of world-class importance and is in the pre development stage. The Directors believe that Anglo Asian has one of the largest undeveloped gold properties in Europe or Asia.

Since 1960, Soviet and Azeri exploration activity included mapping, sampling, trenching and underground exploration and Behre Dolbear believe the data generated by this work is generally reliable, reasonable and meets the criteria for Inferred Resources. In its summary of accessible ore resources, Behre Dolbear reports 2.4 million tonnes of copper, 7.2 million oz of gold and 28.1 million oz of silver. In addition, Behre Dolbear estimate that an additional 10 million tonnes of copper and 45 million oz of gold could potentially be present at the properties. The table below is a summary of Behre Dolbear's tabulation of Anglo Asian's gold and copper resources in those properties within the Primary Contract Areas reviewed by Behre Dolbear.

Tabulation of the Company's gold and copper resources in those properties reviewed by Behre Dolbear

Deposit	*Category*	*Ore k t*	*Cu k t*	*Au k oz*[3]	*Au eq k oz 50% Cu discount*[4]
Shakardara (Ordubad)	P_2[2]	156,000	624	5,805	7,875
Misdag (Ordubad)	P_1	350,000	1,505	-	4,992
Shalala (Ordubad)	C_2[1] + P_1	20,600	103	-	342
Piyazbashi (Ordubad)	$C_2 + P_1$	890	-	189	189
Agyurt (Ordubad)	$C_2 + P_1$	1,130	14	246	294
Diakhchay (Ordubad)	$C_2 + P_1$	14,400	63	-	210
Gosha	$C_2 + P_1$	2,750	-	424	424
Gedabek	$C_2 + P_1$	19,200	69	1,026	1,255
Subtotals		564,976	2,378	7,690	15,581
Upside potential (further detailed at Para 5.10 of the CPR)			10,000	45,000	78,105
Totals			12,378	52,690	93,686

Note 1: In Behre Dolbear's opinion virtually all C_1 resources which were approved by the USSR State Committee on Reserves would qualify as Measured Resources by Western standards. Lower quality C_1 resources and at least half of Soviet C_2 resources would qualify as Indicated Resources by Western standards. Lower quality C_2 resources and many P_1 resources would qualify as Inferred Resources.

Note 2: Behre Dolbear states that P_2 resource estimates generally have little quantitative significance, but in the case of Shakardara they consider that the characteristics of this particular P_2 resource (given the density of sampling and geological environment) warrant classification as an Inferred Resource.

Note 3: Includes 0.463 M oz of gold equivalent for the silver resources (see Table 5.6 on page 98 of this document).

Note 4: Includes 7.892 M oz gold equivalent for the copper resources (discounted by 50 per cent.) and 0.463 M oz gold equivalent for the silver resources (see Table 5.7 on page 98 of this document).

3. Valuation

Behre Dolbear carried out a number of valuations of the resources, details of which are set out in the valuation section of the Competent Person's Report beginning on page 91 of this document.

On the basis of an analysis, historical and recent, of the gold and copper markets, Behre Dolbear adopted for valuation purposes a base case price of copper of $1.12 / lb and for gold $372.27 / oz. On a gold equivalent calculation (which, included copper values at 50 per cent. only), the equivalent resource is 15.58 M oz.

After analysing related transactions (the price paid for comparable mineral properties) and taking into account market sentiment and prices in the region of $430 / oz gold and $1.45 / lb copper, Behre Dolbear believes that a purchaser would pay a minimum of $450 million for the Contract Areas thus valuing Anglo Asian's 55 per cent. weighted interest at $247.5 million. However, Behre Dolbear note that special circumstances that relate to particular mining projects can have a significant impact on value and modify values accordingly.

As an alternative, Behre Dolbear undertook a valuation of Anglo Asian's assets by taking market multiples on 28 February 2005. A selection of companies with holdings and resources of a similar nature to those of Anglo Asian were selected for comparison. The principal method used was that of value ascribed to each ounce of Inferred Resources that would accrue to the market capitalisation of the Company. The valuation of the properties on a market multiples basis would as at 28 February 2005 be $639 million. At this value, applying Anglo Asian's 55 per cent. weighted interest, Behre Dolbear values Anglo Asian at $351 million. However, since 28 February 2005 there have been significant changes in metal prices, stock market values and exchange rates. Using prices as at 21 July 2005 would give a valuation of the properties on a market multiples basis of $468 million with Anglo Asian's share being $257 million.

Behre Dolbear believe that an appropriate exchange rate would be $1.90:£1 or the average of the past ten years which was (using 1 January 2005 values) $1.61:£1 or the average of these two numbers, $1.75:£1.

Using the $1.75:£1 exchange rate, the related transaction valuation of $247.5 million would be £141 million. At the same exchange rate, the market multiple valuation of $351 million would be £201 million.

It should be noted that Behre Dolbear's market multiples valuation is calculated on the 7.69 M oz of gold (including 0.463 M oz of gold equivalent for the silver resources) plus an additional 7.892 M oz gold equivalent for the copper resources (discounted by 50 per cent.) which were specified in the Soviet-era studies. There are a number of factors, some of which overlap, which have not been included in the calculation of these values. These include:

(a) the potential 10 M t contained copper and 45 M oz gold in the Primary Contract Areas referred to in the table above;

(b) any increase in value which can be ascribed to the fact that confirmation sampling carried out by Behre Dolbear showed significantly higher grades than the Soviet-produced grades (for instance, at Shakardara grades were significantly higher than the Soviet studies);

(c) the absence of any gold grade for Shalala, Misdag and Diakhchay (in the Ordubad Contract Area) in the Soviet-era reports. These sites were not surveyed for gold by the Soviets but confirmation sampling carried out by Behre Dolbear (but not used in their valuation) at Shalala (in the Ordubad Contract Area) indicated 6.28 g / t at Shalala (see paragraph 3.7.2 of Competent Person's Report);

(d) no value has been ascribed to any of the 14 other properties in the Primary Contract Areas for which Soviet-era studies are available. These have been identified by Behre Dolbear but not included in their valuation as these were not part of their initial terms of reference;

(e) the Behre Dolbear valuation takes no account of the anticipated large amount of molybdenum expected to be present and for instance referred to in the Competent Person's Report at paragraph 3.7.2; and

(f) no value has been ascribed to any property in the Contract Areas located in the territory of Azerbaijan occupied by Armenia.

The Behre Dolbear valuations and a discussion of the markets for gold and copper are set out in full at Part 4 of the Competent Person's Report.

4. Geological background

The Contract Areas are located on a major tectonic belt known as the Middle East Tertiary Fold Belt, also known as the Tethyan Tectonic Belt. This is one of the world's significant copper and gold bearing belts. The following map shows the mineral deposits of the Middle East Tertiary Fold Belt.

Figure 2. Mineral deposits of the Middle East Tertiary fold belt

The major operating mines within the Middle East Tertiary Fold Belt contain porphyry copper deposits that are some of the largest sources of copper in the world and also yield significant quantities of gold and molybdenum.

5. The Production Sharing Agreement

The PSA follows the style of agreements used by numerous multinational oil and gas companies operating joint ventures in Azerbaijan. In 1997, Azergyzil, an Azerbaijan state owned company (whose rights and obligations have subsequently been assigned to the Azerbaijan Ministry of Ecology and Natural Resources) granted the Group, as the contractor, exclusive rights to conduct, to manage and to control mining operations over the six Contract Areas.

The PSA grants the Group a number of periods to exploit the Contract Areas. In relation to the Primary Contract Areas, the Group is presently in a "development period" which runs for 4 years from 13 April 2005 with a possible one year extension. The "development and production period" starts on the date that the Group issues a notice of discovery and runs for 15 years with two extensions of five years each at the option of the Group. Full management control of mining in the Contract Areas rests with the Group.

The Group finances the operations and the MENR receives cash payments after certain payments and expenses have been made by the Group. The Group is entitled to a maximum of 75 per cent. of the sales proceeds of minerals to set against all operating, deemed interest and capital costs. Thereafter, the remaining proceeds are allocated 51 per cent. to MENR and 49 per cent. to Anglo Asian, resulting in Behre Dolbear estimating a weighted economic interest to the Group of 55 per cent.

Under the PSA, the Group is not subject to currency exchange restrictions and all imports and exports are free of tax or other restriction. In addition, MENR is to use its best endeavours to make available all necessary land, its own facilities and equipment and to assist with infrastructure.

A tax on profits, and no other profit or sales tax, is payable at the rate of 32 per cent. Losses can be carried forward indefinitely. The cost of fixed and movable assets, other than buildings, are depreciated at a rate of 25 per cent. of declining balance. Double taxation relief provisions are included.

There is movement towards expanding private ownership of state assets in Azerbaijan, including the state's share of mining properties. Anglo Asian proposes to continue its efforts with the Government of Azerbaijan to acquire additional returns under the PSA.

Further detail on the PSA is set out in paragraph 1.2 of the Competent Person's Report and in paragraph 7 of Part VII of this document.

6. The Contract Areas - Overview

The Contract Areas are shown below.

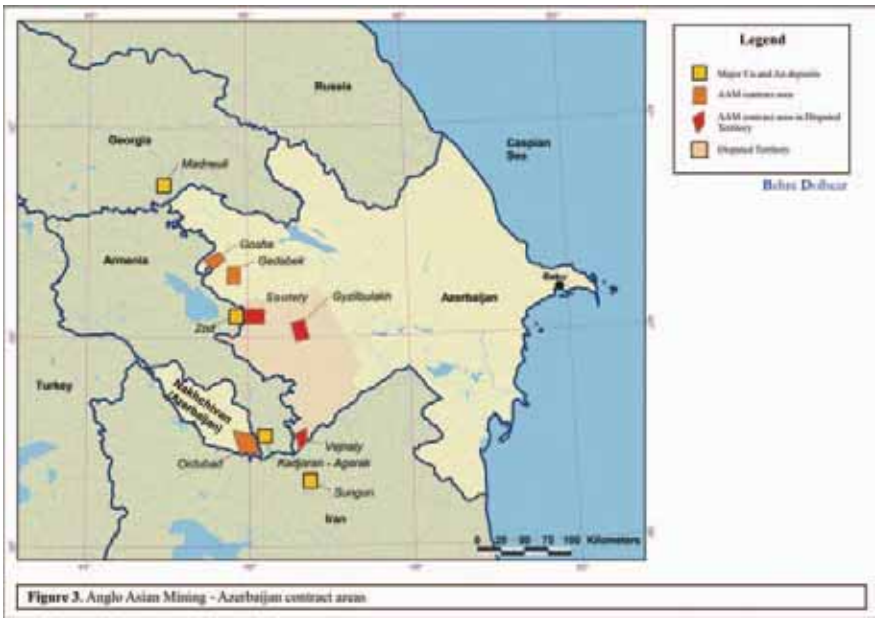


Figure 3. Anglo Asian Mining - Azerbaijan contract areas

All of the Contract Areas were subject to meticulous Soviet-era studies. Six gold-bearing deposits in the Ordubad Contract Area and two deposits in the Gosha and Gedabek Contract Areas have been studied by Behre Dolbear and are analysed in the Competent Person's Report.

The three remaining Contract Areas are located in the area occupied by Armenia. Behre Dolbear has attributed no value to these Contract Areas. A conclusion of the dispute with Armenia could give these areas potential long-term value with Anglo Asian gaining access to these areas when the territories are returned to Azerbaijan.

All of the properties in the Contract Areas have had substantial Soviet-era exploration work on them. In particular, the Soviets completed extensive technology reports on several properties. In general, the Soviets only completed technology reports on properties which they considered should be developed into mining operations. The Group is in the process of transforming the bulk of this data to digital format, which allows three dimensional models to assist in optimising mine planning and development.

The location, the terrain and the nature of the deposits combine to facilitate low cost mining. The two groupings of Primary Contract Areas (first, the numerous deposits within the Ordubad Contract Area and, second, the Gosha and Gedabek Contract Areas) should enable the Group to exploit the properties by cluster mining which should further facilitate economies of scale.

The total accessible area of land is 1,062 km^2 in the three Primary Contract Areas. The Ordubad Contract Area is 462 km^2 in the Nakhchivan region and contains numerous deposits, six of which have been studied by Behre Dolbear: Shakardara, Piyazbashi, Misdag, Agyurt, Shalala and Diakhchay. These deposits lie within a 5 km radius. The Ordubad Contract Area also contains other significant properties with Soviet era defined resources in Yashiling, Goyhundur, Keleki and Kotam.

The Gedabek Contract Area is 300 km^2 in the North West of Azerbaijan, approximately 55 km from Azerbaijan's second biggest city, Ganja. Its principal deposit is also called Gedabek. The Contract Area also contains other properties with Soviet era defined resources: Gyzildzhadag, Bittibulag, Maarif, Ertep, Geyer, Shekerbey, Gumlu and Aitalin.

The Gosha contract area is 300 km^2 40 km west of Gedebek. As with Gedabek, its principal deposit is also called Gosha. The Contract Area also contains the Itkirlan and Mundjuglu prospects with Soviet era defined resources.

6(a) ***The Ordubad Contract Area***

The Ordubad Contract Area approximates a parallelogram in shape, is roughly 21 km by 18 km in size and covers an area of about 462 km^2. The Ordubad area is a part of the Mikhmana-Zangezur tectonic subzone hosting a number of known porphyry copper and molybdenum deposits. The region is sharply distinguished from other zones of the Lesser Caucasus and includes the known copper-molybdenum belt part of which is observed in the Nakhchivan region.

Porphyry copper deposits of the Ordubad ore region were localised within the western part of the Megri-Ordubad granitoid massif, where the Paragachay, Diakhchay, Misdag, Gey-gel, Geydag, Goyhundur, Shalala and other deposits were found. The Ordubad Contract Area is serviced by a paved road into the north central part of the Contract Area to the town of Keleki. A main rail siding is located some 15 km due south of Keleki. All the Ordubad properties can be easily accessed from Keleki by four wheel drive vehicle. Misdag is located about 8 km north-east of Keleki. All the other properties are closer to Keleki. Electric power and an ample supply of water are also available in the Contract Area. A summary description of the six key projects within the Ordubad Contract Area is set out below.

Further information on this area is set out in Part 2 of the Competent Person's Report.

(i) Shakardara deposit

Exploration at Shakardara originally targeted several 1 to 3 m wide quartz veins that contained several grams of gold per tonne and about 1 per cent. copper. Adits driven to explore these veins at depths of 70 to 140 m below the surface encountered wide zones of porphyry-style gold-copper mineralization. The Shakardara deposit is located about 4 km northwest of the village of Keleki at an elevation of 1,600 to 2,000 m. The deposit lies in steep terrain and can be accessed by about 6 km of four-wheel-drive road, which could be easily upgraded.

Anglo Asian and Behre Dolbear took grab samples from a 1,000 m^2 area of the dump at adit 12 in November 2004 and January 2005. These samples of dark green chloritized andesite with minor quartz-pyrite veinlets and 2-5 per cent. fine disseminated pyrite returned values of 33.6 and 14.88 g/t gold, respectively. Adit 10 encountered 86 m of 1.0 g/t gold and 1.1 per cent. copper and an additional 15 m of 0.93 g/t gold and 0.83 per cent. copper at the face.

Mineralization visible on the dump consists of more typical porphyry-style stockwork of oxidized sulphides in strongly argillized and sericitized volcanics. This style of mineralization is well exposed in the roadcut adjacent to the portal of Adit 10 and yielded a value 4.28 g/t gold across four metres in sample SHAKRW-3. Similar style mineralization extends for more than 30 m on either side of this location. Chloritized and pyritized volcanics similar to that encountered in Adit 12 are also visible on the Adit 10 dump. Anglo Asian's sample of this dump showed 10.0 g/t gold and 2.4 per cent. copper. Chloritized and pyritized volcanics similar to that encountered in Adit 12 are also visible on the Adit 10 dump.

(ii) Misdag deposit

Misdag is a classic porphyry-copper disseminated and stockwork pyrite chalcopyrite mineralization is hosted in swarms of north-east-trending structural zones. The Misdag deposit is located about 7 km north-west of the village of Keleki at an elevation of about 3400 m. The deposit is hosted by quartz monzonites, which are a late phase of the intrusions making up the Megri-Ordubad massif.

The Misdag deposit was originally discovered in 1966 and most of the exploration work was conducted before 1980. The deposit has been explored by numerous trenches and a number of adits and drill holes. Significant trench intercepts at Misdag include 145 m of 0.83 per cent. copper and 327 m of 0.40 per cent. copper.

Molybdenum values of 50 to 100 ppm have also been noted. Behre Dolbear has seen only isolated analyses for gold at Misdag. Additional work may reveal that gold adds considerable value to the mineralization. Some of the mineralization in the adits appears higher grade than the overlying mineralization in trenches. Behre Dolbear considers that it is reasonable to expect that copper values have been leached in the surface trenches and the grade of copper at depth may be greater than that indicated by the trenches.

(iii) Shalala deposit

The deposit is characterized by zones of stockwork mineralization up to 300 m wide along 2000 m of a north-north-west-trending structural zone that dips steeply to the east. The Shalala prospect is located about 5 km northeast of the village of Keleki at an elevation of 2,200 to 2,600 m. Access is by 8 km of four-wheel-drive road. The prospect is located in steep rocky terrain with abundant outcrop. Vegetation consists of grass and scattered low bushes. Behre Dolbear has commented that "At Shalala …… the ultimate potential may be ten times that shown by the estimates."

Few of the workings and none of the drill holes were sampled for gold. In February 2005, Behre Dolbear took a 4 m wide sample from a 30 m wide zone of stockwork mineralization in a previously unsampled roadcut that showed 6.28 g/t gold. Behre Dolbear believes that gold values will add significantly to the potential, and the ultimate potential of Shalala may be an order of magnitude larger than what has presently been estimated.

(iv) Piyazbashi deposit

The deposit is hosted in Eocene andesitic to dacitic volcanics. Piyazbashi is located about 5 km north of the village of Keleki at an elevation of 2,200 to 2,600 m. Access is by about 9 km of four-wheel-drive road.

Behre Dolbear believes that there is excellent exploration potential contained in wide zones of alteration at Piyazbashi. As noted in the CPR, one zone in Adit 17 showed 6.39 g/t gold across 41 m.

Two deep drill holes (DDH-1 and DDH-2) were completed in the Ordubad fault zone approximately 1 km both north and south of Piyazbashi. These two holes targeted zones of pyritization, sericitization and kaolinitization. This type of alteration is widespread for tens of kilometres along both the Ordubad and Mazra faults.

According to several Azeri geologists interviewed by Behre Dolbear, one of the drill holes (DDH-1 (TD-474m)) returned excellent gold values including 12 m of 24.7 g/t gold and 14.7 g/t silver from 89 m to 101 m and an average of 3.2 g/t gold from 12 m to 310 m.

In November 2004, Behre Dolbear took two samples consisting of grabs at 10 m intervals that were composited into two 200 m samples along stretches of roadcut in the Piyazbashi area. Sample PY3 showed 12.32 g/t gold and 7.6 g/t silver and sample PY7 showed 11.8 g/t gold and 10.6 g/t silver along a total of 400 m of roadcut. Behre Dolbear panned the pulps from samples PY3 and PY7. This panning of approximately 100 grams of pulp showed more than 10 leafy flakes of light yellow (~700 fine) gold. These samples show essentially the same gold to silver ratio as Azeri geologists reported for the high-grade interval in DDH-1, located approximately 300 m from samples PY3 and PY7 suggesting they are within the same hydrothermal system. Significant intercepts in the area show 560 m by 0.55 m at 10.12 g/t gold and 73 m by 0.45 m at 15.6 g/t gold.

Behre Dolbear states that all of these observations suggest that there is excellent potential to discover a large, high-grade gold deposit in the Piyazbashi area.

(v) Agyurt deposit

The Agyurt deposit is located on the northern extension of the Shalala deposit, between the Shalala and Misdag deposits. The Agyurt deposit is a series of steeply north-west-dipping, north-east-trending quartz-sulphide-carbonate veins hosted in a dioritic pluton. The contact of the host pluton with granodiorites of the Megri-Ordubad massif is formed by the north-east-trending Misdag fault, which also lies close to the Misdag and Kadjaran, Armenia copper- molybdenum deposits, which are located 2 and 15 km to the north-east respectively.

(vi) Diakhchay deposit

The Diakhchay deposit is located on the Ordubad regional fault. A zone of feldspathization, biotitization, silicification, and sericitization is up to 1.2 to 1.5 km wide. Pyrite, chalcopyrite and molybdenite fill a stockwork of fractures in zones along a strike length of 2 km. A Soviet style C_2 resource of 14.4 Mt at 0.44 per cent. copper and 0.015 per cent. molybdenum has been estimated. This resource has been accepted by Behre Dolbear.

At least four other prospects have been identified in the Ordubad Contract Area. However, Behre Dolbear has not properly reviewed or valued these properties.

6(b) ***The Gedabek Contract Area***

The Gedabek Contract Area comprises nine mining properties covering 300 km^2, all of which have been subject to extensive Soviet era exploration and development. These properties are the Gedabek development property, which is the principal property in this group, together with Gyzildzhadag, Bittibulag, Maarif, Ertep, Geyer, Shekerbey, Gumlu and Aitalin.

The exposed mineralization at the Gedabek development property is hosted in a highly altered quartz porphyry which is believed to be a subvolcanic dacitic intrusion into Jurassic andesitic volcanics and volcaniclastics. Behre Dolbear took three samples from the surface that appeared representative of wide

areas of mineralization at this site. Additionally, two samples taken from a drill hole (DH44) revealed 1.65 g/t gold and 2.36 g/t. gold. All five of these samples showed potentially economically significant grades. Behre Dolbear expects detailed resampling of the historic mine workings to indicate additional resources at Gedabek.

Mining activity at Gedabek is reported to have started as long as 2,000 years ago. More recent activity began around 1849 when the Mekhor Brothers, followed by the German Siemens Bros Company, developed and operated a copper mine at Gedabek. At least five 100,000-tonne and numerous smaller sulphide lenses were mined during the period between 1849 and 1917. Records from 1864 to 1917 indicate that 56,000 tonnes of copper and 134.16 tonnes of gold-silver doré were produced from 1.72 million tonnes of ore during that period. Average metallurgical recovery was reported to be 85 per cent. At an assumed gold to silver ratio of 1:16, this would give an average feed grade of 3.8 per cent. copper, 5.4 g/t gold and 86.4 g/t silver. Some of the ore was also reported to contain more than 2 per cent. zinc and lead. The underground stopes were accessed by 10 main adits with a combined length of 2817 m. Mining activity ceased in 1917 with the start of the Russian Revolution.

6(c) ***The Gosha Contract Area***

Situated 25 km northwest of the Gedabek Contract Area, the Gosha Contract Area comprises of the Gosha development property as well as the Itkirlan and the Mundjuglu mining prospects. Mineralization appears to have been in two stages. An early brecciation of the volcanics along structures with emplacement of a siliceous weakly pyritic matrix was followed by gouge formation and veining by coarse-grained pyrite with lesser amounts of chalcopyrite and other base metal-sulphides.

Behre Dolbear has inspected many of the long sections that were used in preparing this resource estimate and it appears reasonable. Confirmation sampling produced 0.62 to 23.24 g/t gold.

7. Background to and history of the Group

In 1997, RV Investment Group Services LLC entered into the Production Sharing Agreement with Azergyzil, an Azerbaijan state entity. The Production Sharing Agreement gave RVI the right to explore and to extract all minerals in the Contract Areas in Azerbaijan. It was ratified as law by the parliament of Azerbaijan in 1998. Subsequently, the rights and obligations of Azergyzil under the Production Sharing Agreement were assigned to the Ministry of Ecology and Natural Resources of Azerbaijan.

In January 2005 AA Operations acquired Anglo Asian Cayman (the holding company of RVI), the effect of which was to bring Anglo Asian Cayman and its subsidiary RVI within the Group. This gave the Group the rights granted by the Production Sharing Agreement and therefore the opportunity to explore and extract minerals from the Contract Areas.

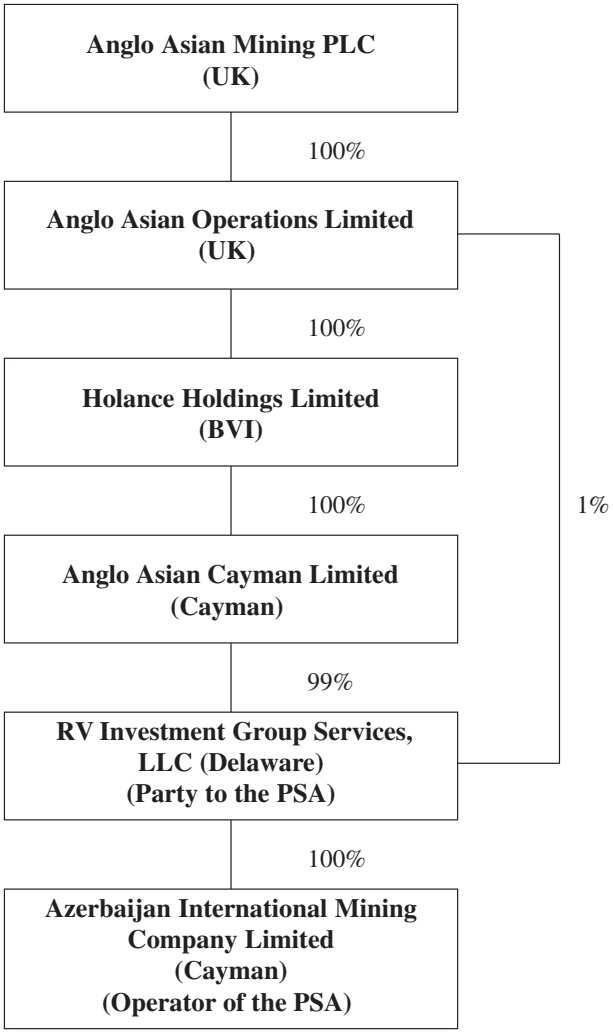
On 24 June 2005, AA Operations was acquired by Anglo Asian in exchange for the issue of shares by Anglo Asian to the shareholders of AA Operations. Anglo Asian is a new UK holding company formed for the purpose of the flotation of the Group on AIM.

The Production Sharing Agreement is operated by AIMC. AIMC was acquired by RVI for a nominal amount pursuant to an agreement made with Mr Reza Vaziri, the Company's Chairman, dated 12 July 2005.

The Group has to date been financed predominantly through the issue of equity to what are now the Company's shareholders. The existing Ordinary Shares are held by approximately 70 individual and corporate shareholders. Approximately 45.73 per cent. of the issued share capital is owned by the Directors or persons connected with the Directors.

Details of the major shareholders of the Company are set out at paragraph 5 of Part VII of this document.

The structure of the Group is set out below:



8. Infrastructure and benefits of location

The Board plans that seven out of the eight projects identified at paragraphs 6(a) to 6(c) above will be open pit (the exception being Agyurt), with low strip ratios and higher than average ore grades. Locations within the Primary Contract Areas have been identified for plant construction and waste and tailings disposal without disturbance of the habitation. Drainage from the project areas is away from populated areas, which enjoy a moderate elevation and climate.

The Primary Contract Areas are all accessible, being a relatively short distance from paved highway and rail track although the Ordubad Contract Area is located in the Nakhchivan region of Azerbaijan which is separated from Azerbaijan proper by a corridor of land belonging to Armenia (for further information on the Nakhchivan region please see page 33 of this document). As Azerbaijan is an oil producing country, diesel is cheap ($0.19 / litre), which also results in low costs for explosives. Electric power and water are also readily available in the project areas. The proximity of settled communities nearby should provide an existing local supply of low-cost labour, including engineers, geologists and environmentalists together with accessible medical services. Furthermore, Behre Dolbear has commented on the enthusiasm of the local authorities and population for mine development.

9. Cost considerations

Behre Dolbear has developed cost estimates on models of two conceptualized potential orebodies. The models are not meant to be probable scenarios of real situations but should be considered as realistic

representations of what might be established in the Contract Areas and are based on Behre Dolbear's international experience of studies of gold and copper development plans. These cost estimates suggest low operating costs when compared to many major gold producers.

One of the two models is an open-pit mine with precious-metals values only, which could represent the Gosha deposit. This postulates a 5 M t mineable resource at 6g/t gold and 10g/t silver with a stripping ratio of 7 to 1. This model shows a capital requirement of approximately $82 million, gold recovery of 130,000 oz/year, and operating costs of $90 per ounce.

The other model is a porphyry-type orebody which could represent the Gedabek deposit. This postulates a mineable resource of 292 M t at 1g/t gold, 1 per cent. copper and a stripping ratio of 1.5 to 1. It shows a capital requirement of approximately $1.0 billion, production of concentrates containing 250,000 tonnes of copper and 470,000 ounces of gold, for annual gross sales of $463 million and operating costs of $153 million or less than $0.30 per lb.

To produce these estimates, Behre Dolbear principally used its experience of geologically similar projects in North and South America, with allowances made for substantially lower costs in Azerbaijan for labour (taken as about 15 per cent. of North American costs), fuel (diesel taken as $0.19/litre), power and ammonium nitrate. An assumption of all new Western equipment was used, so lower capital costs could be achieved (with concurrent risks) by contract mining or Russian or second-hand equipment.

Further details of Behre Dolbear's cost considerations are set out in Part 3 of the CPR in Part IV of this document.

10. Azerbaijan

The Republic of Azerbaijan is a secular republic which gained independence in 1991 following the break-up of the Soviet Union. It is mostly on the southern side of the Greater Caucasus mountain range and borders the Caspian Sea. It has good rail and road communications with Georgia, Turkey and Iran. The climate is moderate. The Azerbaijani autonomous republic of Nakhchivan in the south-west is separated from Azerbaijan proper by Armenia.

Azerbaijan has been an oil producer since the nineteenth century and has recently become a more significant exporter of oil (an estimated 20 million tonnes for 2005) and gas, largely as a result of foreign investment through production sharing agreements. A current account surplus has resulted and the currency is reasonably stable, now approximately $1 = manats 4,750.

To date, 23 oil and gas production sharing agreements have been issued, including the first and largest with the BP-led AIOC in 1994. Commercial contracts are enforceable with timings and costs typical for Europe. In November 2004, Fitch Ratings upgraded the Azerbaijani long-term debt to a BB rating or "Stable". This is a higher current rating than Brazil, Venezuela or Turkey and equal to Peru.

President Ilham Aliyev, the son of the previous president, was elected in October 2003 by a large majority. The country is peaceful, without apparent security problems, apart from the occupation by the Armenian military of a significant section of the country including Nagorno Karabakh, which is largely populated by Armenians.

Further information on Azerbaijan is set out in Part III of this document.

11. Anglo Asian properties within the occupied territories

Nagorno-Karabakh is a region within Azerbaijan's borders which contains mainly ethnic Armenians. Following the break-up of the Soviet Union in the early 1990s, Armenia invaded and occupied some 17 per cent. of Azerbaijan, including Nagorno-Karabakh, ostensibly to safeguard the rights of the ethnic Armenians living in Nagorno-Karabakh.

A ceasefire agreement has been in effect for over eleven years. Talks for a settlement have been organised by the Minsk Group of the Organisation for Security and Cooperation in Europe and there is much activity at present.

Although it supports independence for Nagorno-Karabakh, Armenia has not claimed the other territory it occupies, except for a narrow land corridor which would link Armenia with Nagorno-Karabakh. Of Anglo Asian's six Contract Areas, three are located in territories occupied by Armenia. Anglo Asian will gain access to these three Contract Areas when the occupied territory is returned to Azerbaijan. The Behre Dolbear valuation in their Competent Person's Report does not ascribe any value to these assets.

The Directors believe that at least two of the Contract Areas in the occupied territories are presently being mined. The Directors will continue to monitor this situation. In any event, they believe that this further supports the reliability of the Soviet era studies and the economic viability of the Company's resources.

12. Near term objectives, reasons for the Placing and use of proceeds

The Company is raising approximately £20 million before expenses to allow the Group to re-classify its resources and potential resources into Western standards through a programme of infill drilling and re-sampling of existing adits, to produce baseline environmental impact assessment studies on three sites, a fast-track feasibility study at Piyazbashi, bankable feasibility studies for two sites and pre-feasibility studies at two further sites. The proceeds will also fund the construction of a mine and plant at Piyazbashi (assuming a successful outcome of the fast track feasibility study) with the expectation of producing gold at an annual rate of 250,000 oz within 18 to 24 months of Admission.

The detailed use of funds is set out below (all figures approximate):

Objective	*Anticipated time frame after Admission*	*Cost (£ million):*
Site set-up and construction of site access at Gosha, Gedabek, Piyazbashi, Shakardara, Misdag, Shalala and Diakhchay (see note 1 below)	0-6 months	0.4
Reclassify existing resource estimates using Western standards:		
– refurbishment and re-sampling of adits	0-6 months	0.3
– phased infill development drilling at the following sites (in order) Piyazbashi, Shakardara, Gedabek, Misdag, Shalala, Gosha, and Diakhchay	0-24 months	2.4
– geological and topographical surveys at Piyazbashi, Shakardara, Gedabek, Misdag, Shalala, Gosha, and Diakhchay	0-12 months	0.4
– digitalisation of the Soviet era data for the remaining prospects in the Gedabek Contract Area (Gyzildzhadag, Bittibulag, Maarif, Ertep, Geyer, Shekerbey, Gumlu and Aitalin) and the Ordubad Contract Area (Yashillig, Goyhundur, Keleki, Kotam, Kilit Ketan and Shikhyurd)	0-24 months	0.3
Baseline environmental impact assessment studies on Gedabek, Piyazbashi and Shakardara	0-18 months	0.3
Complete bankable feasibility studies at Gedabek and Shakardara (see note 2 below)	0-24 months	0.5
Complete fast-track feasibility study at Piyazbashi	0-6 months	1.2
Repayment of existing debt to Limelight Industrial Developments Limited (see note 3 below)	0-6 months	1.1
Engineering, procurement and construction of production plant and mine at Piyazbashi (see note 4 below)	0-24 months	6.9
Complete four pre-feasibility studies at Misdag and Shalala	0-24 months	0.5
Working capital for 24 months		2.0
Contingency		1.2
Costs of the Placing		2.5
Total		**20.0**

Note 1: The Directors do not presently intend to begin development at Agyurt. This is because it is likely to require underground mining. Nevertheless, because of their proximity, constructing access to Misdag will enable easy access to Agyurt.

Note 2: The Directors expect to minimise the costs involved in producing bankable feasibility studies through the use of Soviet era Technology Reports which were completed on six of the eight properties referred to in paragraphs 6(a) to 6(c) above. These contain, inter alia, detailed process design, metallurgical testing, leachability testing and reagent consumptions and therefore only differ to standard Western bankable feasibility studies in that they lack economic or financial analysis.

Note 3: The existing debt repayment relates to the payment of a promissory note which was issued at the time of the acquisition of Anglo Asian Cayman – see paragraphs 9.1 and 9.8 of Part VII of this document.

Note 4: The construction of the mine and plant at Piyazbashi will include the purchase of an existing modern Carbon-in-Pulp plant already identified by the Directors. The expected cost of £6.9 million includes dismantling, stripping, surface shipping, refurbishment and installation of the plant at site. This will be coupled with a conventional crushing and grinding plant and a typical carbon Adsorption-Desorbtion-Recovery plant to produce doré bullion on site.

The Company has committed to a local drilling contract for the supply of six modern diamond-drilling rigs and associated personnel. The Company expects its infill development drilling project to commence within one month of Admission with the arrival of the first of these rigs. The remaining five rigs will arrive at six weekly intervals to allow for timely crew development and efficient rig set-up.

The Placing will also expand the Company's shareholder base and lead to the creation of a market for its Ordinary Shares, which will give its senior management and employees greater opportunity to participate directly in the future of the Group. The Directors further believe that the profile and status of the Group will be enhanced by the success of the Placing and by Admission.

In addition, Admission should facilitate the raising of further equity capital when it becomes required, thereby assisting the Company's ability to grow.

13. Financial information

Set out below are the consolidated net assets of the AA Group at 31 January 2005.

	As at 31 January 2005 £'000
Intangible fixed assets	16,525
Tangible fixed assets	3
Debtors	1
Cash at bank and in hand	517
Creditors: amounts falling due within one year	(1,267)
	15,779

Neither the Company nor any of its subsidiaries has generated revenues prior to Admission.

The table above is extracted from the financial information set out in Part V of this document.

14. Current trading and prospects

Anglo Asian and its subsidiaries have principally been engaged in exploration for gold and copper in the Primary Contract Areas and in work related to the development of mining at the properties. Anglo Asian has earned no revenues to date.

The finance to be raised through the Placing is essential if the Group is to meet its near and medium term objectives referred to above. The Group could, with further funding, exploit further the potential of the Primary Contract Areas. Studies commissioned to date indicate that the Group is well placed to prove resources at the Primary Contract Areas sufficient to classify them as world class sources of gold and copper. The Directors anticipate that the world demand for gold and copper is likely to remain strong for the foreseeable future, which should make the economics of the Group's projects robust.

15. Details of the Placing

Anglo Asian is issuing 26,000,000 new Ordinary Shares, representing 26.22 per cent. of the enlarged issued share capital of the Company on Admission, at 77p per share. The Placing Shares are being placed with institutional and other investors. The Placing will raise approximately £20 million before expenses of approximately £2.5 million.

The Placing Shares will be issued credited as fully paid and will, when issued, rank pari passu with the existing Ordinary Shares including the right to receive all dividends and other distributions thereafter declared, made or paid. The Placing has been fully underwritten by Numis and is conditional, inter alia, on:

- the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms prior to Admission; and

- Admission becoming effective no later than 29 July 2005.

Following Admission, the Directors and their connected persons will hold 45,346,900 Ordinary Shares, representing 45.73 per cent of the enlarged issued share capital of the Company immediately following Admission. Certain other Shareholders, as referred to in paragraph 5.4 of Part VII of this document, will hold more than three per cent of the enlarged share capital of the Company.

Further details of the Placing Agreement are set out in paragraph 9.5 of Part VII of this document.

16. Directors and consultants

Directors

Mr. Reza Vaziri, aged 52, *Executive Chairman*

Mr. Vaziri served at the Ministry of the Imperial Court of the Shah of Iran before moving to the US. Mr. Vaziri is President of RV Investment Services Group. Mr. Vaziri is co-chairman of the U.S.-Azerbaijan Chamber of Commerce, whose Advisory Board includes James Baker and Henry Kissinger.

Mr. Robert Jeffcock, aged 65, *Deputy Chairman*

Mr. Jeffcock is chairman of 3Legs Venture Capital plc, which specialises in resources investment. He has 25 years' experience in the petroleum and mining sectors. Mr. Jeffcock played a key role in negotiating the merger of RVI with the Group. He founded Vane Minerals plc, which is listed on AIM, and is a non-executive Director of Vane Minerals plc.

Mr. Charles Hancock, aged 45, *Chief Executive*

Mr. Hancock founded Anglo Asian and has a B.Sc. in chemistry and an MBA. He has worked in international corporate finance, mergers and acquisitions for investment banks for over 20 years including Samuel Montagu, Morgan Grenfell and NatWest Markets. He is the founder of Anglo-Suisse Capital Limited, the financial adviser to the Company.

Whilst Mr. Hancock will be the Chief Executive of the Company upon Admission, the Company intends to appoint a new Chief Excutive with extensive experience of the mining industry as soon as a suitable candidate can be found. Following this appontment, Mr. Hancock will remain with the Board as a non-executive director.

The Rt. Hon. Timothy Eggar, aged 53, *Non-executive Director*

Mr. Eggar began his career with Hambros Bank. In 1979, he was elected as a Member of the U.K. Parliament and between 1985 and 1996 held a number of ministerial positions, including Minister for Energy. Since leaving politics, he has had a number of senior board positions including Chairman of AGIP UK Ltd., M.W. Kellogg Ltd., and Chief Executive of Monument Oil & Gas Plc. From 2000 to 2004, he was Head of ABN AMRO's Global Energy Corporate Finance Group. He is a Non-Executive Director of Expro Group International Plc and was the Chairman of the Anglo-Azeri Society.

Governor John H. Sununu, aged 65, *Non-executive Director*

Governor Sununu received a Ph.D. from Massachusetts Institute of Technology and taught engineering at Tufts University for 16 years. He served three terms as the governor of New Hampshire before President George H. W. Bush appointed him Chief of Staff in 1989, a position that he held until March 1992. After his tenure as chief of staff, he co-hosted CNN's Crossfire, ran an engineering firm, and then in 2004 served as the visiting Roy M. and Barbara Goodman Family Professor of Practice in Public Service at the Kennedy School of Government at Harvard University.

Governor Sununu is a former partner in Trinity International Partners, a private financial firm, and currently serves as President of JHS Associates, Ltd.

Proposed director

Mr. Richard Round, FCCA, aged 47, ***Finance Director***

Mr. Round is a Fellow of the Chartered Association of Certified Accountants. He began his career with the opencast executive of British Coal in 1977. In 1987, Mr. Round joined Ferrum Holdings plc, becoming Group Finance Director in 1993. In 1995 Mr. Round became Finance Director of Consolidated Supply Management Limited, an international oilfield logistics group operating primarily in Latin America and the Former Soviet Union, including Azerbaijan and Kazakhstan. In 2001, Mr. Round became Financial Director for the Mining (Scotland) Group, the largest opencast coal mining company in the UK.

Mr. Round has agreed to join the board as Finance Director from September 2005.

Consultants

Mr. Gerald Phillips, aged 55, ***Principal Consultant***

Mr. Phillips has over 35 years of diversified international executive management positions directing open pit and underground mining operations at site and from the corporate office. Mr. Phillips has held the position of Chief Operating Officer at Roan Antelope Mining Corporation of Zambia. He has also held directorships of Frame Minera de Honduras, Greenstone Canada Limited, Curragh Resources Incorporated of Canada and has been involved at an operational level with numerous other mining companies.

Mr. Phillips supervised multi-disciplinary teams from concept of projects through to feasibility, financing, permitting, construction through to commercial production, at project values over three hundred million US dollars. Projects include open pit and underground mines in North America and two new heap-leach-CIL operations in Central America.

Mr. Phillips has extensive experience in ADR, CIL, CIP and SXEW processing operations. In relation to the Group, Mr. Philips will be fully involved in the day-to-day implementation of the near term objectives described in paragraph 12 above.

Mr. John Protheroe, ACA, aged 43, ***Acting Chief Financial Officer***

Mr. Protheroe is a Chartered Accountant. He spent seven years with Touche Ross, where he worked on numerous international transactions, including the administration of Polly Peck in Turkey and the administration of Bank of Credit and Commerce International in Luxemburg and Abu Dhabi. From 1995 until 2001, he was Group Finance Director of Easynet Group Plc, where he took the company from start-up, through AIM listing to FTSE-350. He currently provides consulting services for emerging companies.

Mr. Protheroe will continue to be the acting Chief Financial Officer of the Group until Mr. Round starts as Finance Director in September 2005.

17. Lock-in arrangements

Under the terms of the Lock-In Agreements, each of the Directors (other than Timothy Eggar) has undertaken that, save in certain specified circumstances, he will not (and that he will procure, in so far as he is able, that any person with whom he is connected will not) during the period of two years following Admission dispose of any interest in any Ordinary Shares held by him or his connected persons (as appropriate). Thereafter any such disposals shall only be made through Numis whilst Numis remains as broker to the Company.

Under the Lock-in Agreements, Timothy Eggar and Richard Round have undertaken that, save in certain specified circumstances, they will not (and shall procure, in so far as they are able, that any person with whom they are connected will not) during a period of one year following Admission dispose of any interest in the Ordinary Shares or options held by them or their connected persons. Thereafter, any such disposals shall only be made through Numis whilst Numis remains as broker to the Company.

In addition, certain other shareholders have undertaken, save in certain specified circumstances, not to dispose of any interest in any Ordinary Shares held by them for periods ranging from six months to two years. Thereafter in most cases such disposals shall only be made through Numis whilst Numis remains as broker to the Company.

The Ordinary Shares subject to the lock-in arrangements referred to above in aggregate represent a total of 62,806,966 Ordinary Shares (being 63.33 per cent. of the enlarged issued share capital of the Company immediately following Admission).

Further details of these arrangements are set out in paragraph 9.7 of Part VII.

18. Share option scheme and other options

The Company adopted a share option scheme on 25 July 2005. All employees, Directors and other persons who provide services to the Company or any subsidiary of the Company are eligible for participation under the scheme. Further details of the Share Option Scheme and those options granted by the Company under the scheme are set out in paragraph 8 of Part VII.

The Company has also granted options over Ordinary Shares to Numis and Anglo-Suisse Capital. These options are exercisable at 77p per share and the agreements relating to them are each summarised in paragraph 9 of Part VII.

Following Admission, the Company will have issued options over shares representing 3.75 per cent. of the enlarged issued share capital of the Company immediately following Admission. None of these options are subject to performance criteria. A further 6.25 per cent. of the enlarged issued share capital of the Company is reserved for issue under the Share Option Scheme.

19. Dividend policy

Anglo Asian is at a pre-revenue development stage and it is not expected that it will be in a position to pay dividends for the foreseeable future. Any earnings that do arise will be reinvested in developing the business of the Group.

20. Admission, settlement and dealings

Application has been made to the London Stock Exchange for all of the Existing Ordinary Shares and the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence at 8 a.m. on 29 July 2005.

No temporary documents of title will be issued. All documents sent to placees pursuant to the Placing, will be sent through the post at the placee's risk. Pending the despatch of definitive share certificates, instruments of transfer will be certified against the register of members of the Company.

21. CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument.

The Articles permit the holding and settlement of the Ordinary Shares in CREST. Application has been made for the Ordinary Shares to be admitted to CREST and it is expected that the Ordinary Shares will be so admitted and accordingly enabled for settlement in CREST on the date of Admission. CREST is a voluntary system and Shareholders who wish to receive and to retain share certificates will be able to do so.

22. Corporate governance

The Directors intend, in so far as is practicable given the Company's size and the constitution of the Board, to comply with the main provisions of the Combined Code.

The Directors have established an audit committee, a remuneration committee and a nominations committee. The remuneration committee, consisting of Timothy Eggar as chairman and John H. Sununu, will determine the terms and conditions of service of the executive directors, including their remuneration. The remuneration committee will also determine the allocation of share options to employees and Directors and will meet as required during the year. The audit committee, which will meet at least twice a year, consisting of Timothy Eggar as chairman and John H. Sununu (although Richard Round will be invited to attend meetings of this committee once he is appointed), will have primary responsibility for monitoring the effectiveness of the Group's internal controls and for ensuring that the financial performance of the Company is properly measured and reported on. The audit committee will also recommend the appointment of, and will review the fees of, the external auditors. The nominations committee, which leads the process for board appointments and makes recommendations to the Board consists of Timothy Eggar, as chairman, Charles Hancock and John H. Sununu.

The Directors will comply with the AIM Rules relating to directors' dealings in the Company's shares as applicable to AIM companies and will also take all reasonable steps to ensure compliance by the Company's applicable employees. The Directors further confirm that they will comply with the provisions of the Model Code on directors' dealings in securities set out in the UKLA Listing Rules (save to the extent that the Model Code conflicts with the provisions of the AIM Rules).

Until Mr. Round takes up his post in September 2005, the finance function of Anglo Asian will be the responsibility of John Protheroe, the Acting Chief Financial Officer, who is a chartered accountant.

23. Taxation

Information regarding taxation in relation to the Placing and Admission is set out at paragraph 12 of Part VII. If investors are in any doubt as to their tax position they should consult their own independent financial adviser immediately.

24. Additional information

Your attention is drawn to Part II of this document, which contains risk factors relating to any investment in Anglo Asian and to Parts III to VII of this document which contain further information on Azerbaijan and on the Group.

PART II

Risk factors

THE EXPLORATION AND DEVELOPMENT OF NATURAL RESOURCES IS A HIGHLY SPECULATIVE ACTIVITY THAT INVOLVES A HIGH DEGREE OF FINANCIAL RISK. The risk factors which should be taken into account in assessing the Group's activities and investment in the Company include, but are not necessarily limited to, those set out below. Any one or more of these risks could have a material effect on the value of any investment in the Company and should be taken into account in assessing the Group's activities. The information set out below does not purport to be an exclusive summary of the risks affecting the Group. The investment referred to in this document may not be suitable for all of its recipients. Investors are accordingly recommended to consult an investment adviser who is authorised under the Financial Services and Markets Act 2000 and which specialises on investments of this kind before making a decision to acquire Ordinary Shares.

Company objectives

The value of an investment in the Company is dependent upon the Company achieving its objectives. There can be no guarantee that the Company will achieve these objectives or the level of success that the Directors expect.

Exploration and mining risks

The business of exploration for minerals involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. The mineral deposits to be assessed by the Group may not contain economically recoverable volumes of precious or base metals. Should the mineral deposits contain economically recoverable resources then delays in the construction and commissioning of mining projects or other technical difficulties may result in the Group's current or future projected target dates for production being delayed or further capital expenditure being required.

The operations of the Group may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including geological, geotechnical and seismic factors, environmental hazards, industrial accidents, occupational and health hazards, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions, explosions and other acts of God. These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. No assurance can be given that the Company will be able to obtain insurance coverage at reasonable rates (or at all) or that any coverage it obtains will be adequate and available to cover any such claims.

The occurrence of any of these hazards can delay activities of the Company and may result in liability. The Group may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining activities for which it was not responsible.

Mineral exploration is highly speculative in nature, involves many risks and frequently is unsuccessful. There can be no assurance that any mineralisation discovered will result in proven and probable reserves being attributed to the Group. If reserves are developed, it can take a number of years from the initial phases of drilling and identification of mineralisation until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish ore reserves through drilling, to determine metallurgical processes to extract metals from ore and, in the cases of new properties, to construct mining and processing facilities. As a result of these uncertainties, no assurance can be given that the exploration programmes undertaken by the Group will result in any new commercial mining operations being brought into operation.

Specific additional risks are noted by Behre Dolbear in the Competent Person's Report set out in Part IV of this document.

Expansion targets and operational delays

The Company plans to develop and to expand its mining assets. However, there can be no assurance that it will be able to complete these expansions on time or to budget or that the current personnel, systems, procedures and controls will be adequate to support the Company's operations. Failure of management to identify problems at an early stage could have an adverse impact on the Company's financial performance.

Volatility of metal prices and exchange rates

Historically, gold, copper and other metal prices have displayed wide ranges and are affected by numerous factors over which the Group has no control. These include world production levels, international economic trends, currency exchange fluctuations, expectations for inflation, speculative activity, consumption patterns and global or regional political events. In the case of gold, purchases and sales of bullion holdings by central banks or other large holders or dealers may also have an impact on the market and price. The aggregate effect of these factors cannot be predicted.

There is also uncertainty as to the possibility of increases in world production both from existing mines and as a result of mines currently closed being reopened in the future, if price increases make such projects economically viable.

Consequently, as a result of the above factors, price forecasting is difficult.

Any future Group income from its product sales will be subject to exchange rate fluctuations and could become subject to exchange controls or similar restrictions. Currency conversion may have an adverse impact on income or asset values.

Governmental regulations, processing licences and land use rights

Governmental approvals, licences, easements, permits and other agreements are, as a practical manner, subject to the discretion of the applicable governments or governmental offices. The Company must comply with known standards, existing laws and regulations that may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and the interpretation of the laws and regulations implemented by the permitting authority. New laws and regulations, amendments to existing laws and regulations or more stringent enforcement of existing laws and regulations could have a material adverse impact on the Company's results of operations and financial condition.

The Group's exploration, mining and processing activities are dependent upon the grant of appropriate concessions, easements, leases, permits and regulatory consents which may be withdrawn, require extensions or made subject to limitations. There can also be no assurance that they will be granted, renewed or extended or, if so, on satisfactory terms.

The land use rights under the Production Sharing Agreement have not been formalised with the relevant local Land Committee in Azerbaijan and the State Registry of Immovable Property. This is not a breach of the obligations under the Production Sharing Agreement, but means that the title of the Group has not been perfected. Article 66 of the Land Code requires that right to land be registered at the appropriate state registry. Failure to register a right promptly may mean in practice that the owner of the right will run the risk that any later acquirer of a right may register its right first while this should not cause the Group to lose its rights over a mining property, it may result in disputes with subsequent acquirers of rights and/or the registration of rights over a mining property, which whilst in principle are capable of co-existing, may in fact inhibit the use of the mining property by the Group.

Production Sharing Agreement

Although in principle, the Production Sharing Agreement has the status of law in the Republic of Azerbaijan and the provisions of the Production Sharing Agreement should prevail over current and future laws of the Republic of Azerbaijan, recent case law raises significant doubt as to whether the courts of Azerbaijan will in practice implement this principle. There is also doubt whether the Governmental authorities of Azerbaijan, other than the party to the relevant Production Sharing Agreement, consider themselves bound by the provisions of the Production Sharing Agreement.

Under the Production Sharing Agreement, there is no certainty that the exploration and extraction periods for this agreement will be extended or if they are extended, that unforeseen restrictions, conditions or costs might be imposed on the current operations or subsequent extensions which could have an adverse effect on the value of the Company's business.

Development projects

The Group's development projects have no operating history upon which to base estimates of future cash operating costs. For development projects, estimates of proven and probable reserves and cash operating costs are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies which derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates, comparable facility and equipment operating costs, anticipated climatic conditions and other factors. As a result, it is possible that actual cash operating costs and economic returns may differ from those currently estimated.

Limited operating history

The Group has no properties producing positive cash flow and its ultimate success will depend on its ability to generate cash flow from producing properties in the future. The Group has not earned profits to date and there is no assurance that it will do so in the future. A portion of the Group's activities will be directed to the search for and the development of new mineral deposits. Significant capital investment will be required to achieve commercial production from the Group's existing projects and from successful exploration efforts. There is no guarantee that the Group will be able to raise the required funds to continue these activities.

Financing

The successful extraction of precious metals requires significant capital investment. In addition, delays in the construction and commissioning of any of the Group's mining projects or drilling projects or other technical difficulties may result in projected target dates for related production being delayed and/or further capital expenditure being required. In common with all mining and drilling operations, there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in laboratory conditions. Anglo Asian's ability to raise further funds will depend on the success of existing and acquired operations. Any additional equity financing may be dilutive to Shareholders, and debt financing, if available, may involve restrictions on financing and operating activities. Anglo Asian may not be successful in procuring the requisite funds and, if such funding is unavailable, it may be required to reduce the scope of its operations or anticipated expansion.

Resource estimates

The Company has derived the ore resource figures presented in this document from the calculations and estimates prepared by consultants and/or reported in the Competent Person's Report set out in Part IV of this document. Resource figures are estimates and there can be no assurances that they will be converted into mineable reserves and recovered or that they can be brought into profitable production. Resource estimates may require revisions based on actual production experience. Furthermore, a decline in the market price of gold, silver, copper or other metals that the Company may discover could render ore reserves containing relatively lower grades of these minerals uneconomic to recover and may ultimately result in a restatement of reserves.

The estimates of potential reserves are undeveloped. These reserves require further capital expenditure in order to bring them into production. No guarantee can be given as to the success of drilling programmes in which the Group may acquire an interest. In addition, drilling, development and production may be delayed or adversely effected by factors outside the control of the Company and the companies operating those drilling programmes.

Environmental factors

The Group's operations are subject to environmental regulation (including regular environmental impact assessments and permitting) in the jurisdiction in which it operates. Such regulation covers a wide variety of matters, including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and worker safety. Azerbaijani legislation consists of numerous federal and regional regulations which may/do conflict with each other and cannot be consistently interpreted. As a result, such compliance may not always be ensured. The Company may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of the Group's properties or which may be produced as a result of its operations. Environmental legislation and permitting in Azerbaijan are likely to evolve in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors and employees. This may have the effect of increasing the costs of environmental compliance across the Group.

Limitations on foreign control of mining companies

There are no restrictions on the foreign ownership of mining companies in Azerbaijan. However, there can be no assurance that the requirements of the various governments as to the foreign ownership and control of mining companies will not change.

Uninsured risks

The insurance industry is not yet well developed in Azerbaijan and many forms of insurance protection used in economically developed countries are unavailable on the terms common in such countries.

The Group, as a participant in exploration and mining programmes, may become subject to liability for hazards that cannot be insured against or against which it may elect not to be so insured because of high premium costs or other reasons. The Group may incur a liability to third parties (in excess of any insurance cover) arising from pollution or other damage or injury.

It should be noted that the Group has very limited insurance coverage for its main activities. It is the Board's intention to fully review this following Admission to ensure the Group has adequate insurance protection for its activities going forward.

Dependence on management and key personnel

The Group is dependent upon its current executive management team and key personnel. Whilst it has entered into contractual arrangements with the aim of securing the services of these personnel, the retention of their services cannot be guaranteed. Accordingly, the loss of any key management or key personnel of the Group may have an adverse effect on the future of the Group's business.

Taxation

The local and national tax environment in the Republic of Azerbaijan has changed extensively in recent years. Non-compliance with Azerbaijan laws and regulations could lead to the imposition of punitive damages in the form of penalties and interest. To the extent that future tax investigations or inquiries raise issues or assessments which the operating companies in Azerbaijan believe they are not subject to, or have complied with, and therefore have not provided for in their financial statements, such assessments could include taxes, penalties and interest, and those amounts could be material.

Administrative, legal and political

Although political conditions in Azerbaijan are generally stable, changes may occur in its political, fiscal and legal systems which might affect the ownership or operation of the Group's interests, including inter alia, changes in exchange control regulations, expropriation of mining rights, changes in Government and in legislative and regulatory regimes.

The views of the Directors expressed in this document assume that the relevant Azerbaijan authorities will act consistently, in good faith, reasonably and for proper purposes in arriving at decisions relating to the rights and privileges of the Company and the Production Sharing Agreement, and the agreements and related permits associated with the Contract Areas. However, the legal system in the Republic of Azerbaijan does not incorporate any system of precedent nor a system of judicial review similar to that contained within many Western legal systems, whereby decisions of Governmental bodies may be subjected to legal review by the courts according to specified guidelines intended to ensure that such bodies act consistently, in good faith, reasonably and for proper purposes in arriving at their decisions.

Since the break up of the Soviet Union, the Azerbaijani Government has rapidly introduced laws, regulations and legal structures. The speed with which the legislation has been drafted has resulted in legislation that in many instances has left key issues unresolved. In many areas, legislation has not yet been enacted, and where it has been enacted, it is often contradictory, inadequate or contemplates implementing regulations that have not yet been promulgated. Legislation of Azerbaijan may be subject to, or governed or affected by, other legislation which is not considered with it and whose relative hierarchy and consistency is unclear. These factors, combined with the rapid pace of legislation, have led to conflicting interpretations, overlapping jurisdictions between government bodies and ministries and substantive gaps. Moreover, the absence of definite interpretations of many of the provisions of these new laws, and the absence of a tradition in Azerbaijan of a judiciary independent from current political or other considerations, makes the application of laws uncertain.

New legislation is normally published in the government newspapers Azerbaijan and Respublika, followed by publication of bulletins in the Milli Mejlis (the Parliament). However, legislation of Azerbaijan may be in force without having been officially published or otherwise made available to the public. The constitutional authority and/or status of legislation or bodies enacting legislation is not always clear and formalities in relation to the enactment of legislation may not always have been followed, all of which may affect the validity of legislation or parts thereof.

The commitment of government officials and agencies to comply with legal obligations and negotiated agreements is unproved and there is a tendency for the authorities to take arbitrary action. Legal redress for breach and/or unlawful action may not be readily available, if at all, and/or may be subject to significant delays.

The courts of Azerbaijan are not bound by decisions made by other courts of Azerbaijan in similar circumstances and there is no consistent reporting of court judgments. This may have the effect that interpretation may be difficult and full compliance by the Group with all laws cannot be ensured.

Currency risk

Currency fluctuations may affect the cash flow that the Group will realise from its operations. The Group's costs are incurred primarily in United States dollars, pounds sterling and Azerbaijani manat. Fluctuations in exchange rates between currencies in which the Group operates may cause fluctuations in its financial results which are not necessarily related to the Group's underlying operations.

Competition

The mineral exploration and mining business is competitive in all of its phases. Anglo Asian competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Group, in the search for and the acquisition of exploration and development rights on attractive mineral properties. The Group's ability to acquire exploration and development rights on properties in the future will depend not only on its ability to develop the property on which it currently has exploration and development rights, but also on its ability to select and to acquire exploration and development rights on suitable properties or prospects for exploration and development. There is no assurance that the Group will continue to be able to compete successfully with its competitors in acquiring exploration and development rights on such properties or prospects.

Nakhchivan

The Ordubad Contract Area is located in the Nakhchivan region of Azerbaijan, which is separated from Azerbaijan proper by a corridor of land belonging to Armenia. There is therefore very limited road or rail access to Nakhchivan directly from Azerbaijan, with such access being limited to air transport (which is not subject to restriction) or by road via Iran or Turkey. Nevertheless, the Directors do not believe that this will affect the operations at Ordubad as all plant and equipment can be freely imported and all gold and copper can be freely exported by road and rail via Turkey or Iran.

Areas of investment risk

The Ordinary Shares will be quoted on AIM and not on the Official List. An investment in shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List. AIM has been in existence since June 1995 but its future success and liquidity in the market for the Company's securities cannot be guaranteed. Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover their original investment. The market price of the Ordinary Shares may not reflect the underlying value of the Company's net assets. The price at which investors may dispose of their Ordinary Shares in the Company may be influenced by a number of factors, some of which may pertain to the company, and others of which are extraneous. On any disposal, investors may realise less than the original amount invested.

The risks set out above do not necessarily comprise all those faced by the Company and are not intended to be presented in any assumed order of priority.

PART III

Information on Azerbaijan

The Republic of Azerbaijan has enjoyed democratic government since regaining its independence in 1991 following the collapse of the Soviet Union. The country is situated in South-Western Asia, bordering the Caspian Sea, between Iran and Russia, with a small European portion north of the Caucasus range. Azerbaijan borders Armenia, Georgia, Iran, Russia and Turkey. Despite a 1994 cease-fire, Azerbaijan has yet to resolve an ongoing conflict with Armenia over the Azerbaijani Nagorno-Karabakh exclave, which is largely Armenian, populated. Baku, the capital, is situated in the east on the Apsheron Peninsula that juts into the Caspian Sea. The official language is Azeri.

Geography

Azerbaijan covers an area of over 86,000 km^2, ranging from the flat Kura-Araks Lowland with Great Caucasus Mountains to the north to the Karabakh Upland in the west. The climate is semi-arid, with cold winters and hot summers.

Azerbaijan has mineral resources, including copper, salt, coal, molybdenum, gold and silver deposits not currently being exploited. There are also substantial oil deposits which are currently being exploited and developed. The terrain is predominately mountainous. The leading export is oil and natural gas.

Social conditions

Just over 23,000 km of the total 25,000 km road network is paved and well-maintained, providing connections to the main towns and economic centres. The country is well placed with rail networks, shipping and airports. The principal airport in Baku is well served by a number of direct international flights, additional international flights also use the airport at Nakhchivan. The telephone network requires considerable expansion and modernisation though 95 per cent. of Azerbaijan citizens can access the cellular network across 65 per cent. of the country's territory. The majority of telephones are in Baku and other industrial centres. A satellite service connects Baku to a modern switch in its exclave of Nakhchivan. Literacy is high, as almost 97 per cent. of the population aged over 15 is literate.

In 2002, 49 per cent. of people were thought to be living below the poverty line, and there is a high rate of unemployment. Life expectancy is estimated to be 59 years for men and 68 years for women.

The economy

Since the withdrawal of Azerbaijan from the Soviet Union in 1991, the moves towards a market economy have been well advanced, aided by the well-developed infrastructure, educated workforce, the diversity of agricultural and industrial production and the untapped oil and mineral reserves. Obstacles to reform include the remnants of Soviet economic and bureaucratic structures, the tensions with Armenia, continued trade dependence on other former Soviet republics and insufficient economic expertise to guide the transition.

For the past 15 years, the economy has been dominated by the oil and gas industry which has become the country's leading export. Azerbaijan is the oldest known oil producing region in the world. The country experienced an oil boom at the beginning of the 20th century and later served as a major refining centre in the former Soviet Union. Oil production peaked at about 500,000 barrels per day (bbl/d) during World War II, then fell significantly after the 1950s as the Soviet Union redirected resources elsewhere.

According to statistics provided by the United States Government's Energy Information Administration, Azerbaijan's oil production (total liquids) averaged 327,700 bbl/d in 2003, of which approximately 320,000 bbl/d was crude oil. Although 2003 represents only a two per cent. increase over 2002 production, it builds upon five consecutive years of growth. For the first half of 2004, oil production increased by almost 2,000 barrels per day to an average of 324,000 bbl/d compared to the same time period in 2003. However, according to the BP-led Azerbaijan International Operating Company ("AIOC"), oil production and exports actually decreased 6 per cent. compared to the 2003 yearly average. The AIOC blamed the drop in

production on planned maintenance and a temporary technical problem that forced a suspension in drilling. Domestic petroleum consumption in Azerbaijan has fallen since independence, resulting in a growing margin for net petroleum exports. Azerbaijan exported approximately 214,000 bbl/d in 2003, most of which was to Russia, Turkey and Italy. The State Statistics Committee reported that oil production in 2004 was approximately 312,000 bbl/d.

Estimates of Azerbaijan's proven crude oil reserves range between seven and 13 billion barrels according to industry journals and government sources. The State Oil Company of the Azerbaijan Republic (SOCAR) estimates proven reserves at 17.5 billion barrels, which probably includes reserves that are either not viable or not fully proven. The country's largest hydrocarbon structures are located offshore in the Caspian Sea and account for most of the country's current petroleum production. The majority of Azerbaijan's oil output (61 per cent. in 2003) comes from SOCAR.

For both economic and geopolitical reasons, Azerbaijan has taken great care to assure that multiple foreign powers and companies gain a stake in the expected oil boom. At the European Economic Summit in 2004, President Ilham Aliyev noted that foreign investment in Azerbaijan was adding up to around $10 million a day and was expected to reach $9 billion over the next few years.

In addition, the International Finance Corporation ("IFC") has been working actively in Azerbaijan, recognising the importance of the small and medium-size enterprise sector to Azerbaijan's development and supporting local companies by building the capacity of financial institutions that serve SMEs. IFC helped to expand availability of credit lines for small businesses and worked to establish the Microfinance Bank of Azerbaijan, the first commercial microfinance bank in the country. The IFC is advising creating opportunities in the non-oil sectors. One of the main priorities for technical assistance is building a strong financial markets infrastructure to support private sector and SME growth.

While Azerbaijan is still a lower-income country, it enjoyed a GDP of $7.1 billion in 2003. Real annual GDP growth for 2005 is estimated at 14.5 per cent. This is expected to accelerate as oil output increases. Inflation was relatively low for 2004 at 4 per cent.

In November 2004, Fitch Ratings, the London based international ratings agency, upgraded Azerbaijan's long-term foreign currency and local currency ratings from 'BB-' (BB minus) to 'BB'. The Short-term foreign currency rating was affirmed at 'B'. Following the upgrade, the outlook for the Long-term ratings is now "Stable". The upgrade reflects a combination of macroeconomic stability and low general government debt, together with the ongoing development of the import sector.

Political conditions

Azerbaijan is a multiparty democracy and presidential republic with a separation of the executive and legislative bodies. It is among the region's most stable countries and has a relatively good human rights record.

Azerbaijan has developed a fairly broad and diverse party political system, with close to 40 political parties. Most of these emerged from the basis of the umbrella pro-independence Popular Front Movement of 1988 to 1992. These parties range from ultra-nationalist to communist, but the political arena is dominated by a centre-right niche.

The current President of Azerbaijan is Ilham Aliyev who was elected on 31 October 2003.

Azerbaijan's Parliament, the Milli Majlis, executes the legislative functions of the state. Within eleven years of independence, Azerbaijan has somewhat succeeded in developing a division of power between the three branches of government but the share of Parliament's power appears significantly lower than that of the executive power, especially in practice. The Parliament, elected for five years with an election in 2005, has 125 deputies elected from single mandate constituencies. The constitution allows only the President, the Constitutional Court, the MPs and the Nakhchivan Supreme Council the right to initiate legislation. The national age of suffrage is 18.

The legal system is based on the civil system. Azerbaijan has not accepted the compulsory jurisdiction of the International Court of Justice.

Nagorno-Karabakh

An armed conflict over Nagorno-Karabakh lasted from 1990 to 1994 between Azerbaijan and Armenia. By the time a cease-fire came into effect in May 1994, Armenian forces controlled most of Nagorno-Karabakh, as well as large swaths of adjacent Azerbaijani territory. The years of fighting resulted in tens of thousands of deaths and produced hundreds of thousands of still displaced persons.

In 1992, the Commission on Security and Cooperation in Europe created the Minsk Group, an association of thirteen member states dedicated to facilitating a resolution of the conflict. The Co-Chairs of the Minsk Group (currently Russia, France and the United States) seek to help the parties to find the path to a peaceful and mutually acceptable settlement of this conflict. In 1999, President Aliyev of Azerbaijan and President Kocharian of Armenia began a direct dialogue through a series of bilateral meetings. Positive developments during a March 2001 meeting in Paris between presidents Aliyev, Kocharian and Chirac inspired US Secretary of State Colin Powell to invite both presidents to continue their dialogue in the United States.

Co-operation among the U.S., Russian, and French mediators remains excellent but the key to finding a lasting solution rests in the hands of the regions' leaders and their people. The activities directed toward finding peace have continued and intensified over the past year. Presidents Aliyev and Kocharian have continued their direct dialogue, the Co-Chair Representatives have made regular visits to the region and utilised other opportunities to meet the two presidents.

The international community has made clear that it is ready to assist in reconstruction and implementation efforts once agreement on a settlement has been reached. There is no doubt that the vast majority of the people of this region wishes peace and a return to normality in their lives and in their relations with their neighbours.

Mineral legislation

Mining in Azerbaijan falls under the Ministry for Ecology and Natural Resources. The legal framework for mining is provided through a similar joint venture format as that previously used for petroleum development, in the form of a production sharing agreement.

Private persons may acquire only exploration or production rights from the state pursuant to tenders, licences and/or other arrangements (such as production sharing agreements). The ownership and exploitation rights to subsoil resources and energy-related activities are governed by the Law on Subsoil Reserves, adopted on 13 February 1998, and other acts and regulations. These laws establish a system of permits, licences and energy contracts granted to successful applicants wishing to engage in mining exploration and/or production.

A production sharing agreement issued by the government creates a specific regulation regime for the exploration/production activities of the relevant mining territories. After being ratified, a production sharing agreement is submitted for approval to the parliament, the Milli Majlis. Milli Majlis adopts the production sharing agreement as a law of the Republic of Azerbaijan, which takes precedence over existing and future laws and regulations of Azerbaijan. This provides foreign investors additional guarantees against possible adverse changes in law. Moreover, production sharing agreements usually provide fewer requirements for foreign investors, compared to the general regulatory scheme of Azerbaijani law. For example, most foreign production sharing agreement participants are exempt from paying the majority of otherwise applicable taxes and are only required to pay a tax on profits. This is due to the Government's commitment to provide additional incentives to investors in the resources sector.

The legal system in Azerbaijan makes allowance for dispute resolution between foreign investors and Azerbaijani entities (including the Governmental authorities) by means of international arbitration pursuant to the agreement between the parties. The parties may choose to arbitrate in Azerbaijan or abroad. The procedure for international arbitration taking place in Azerbaijan is regulated by the Law on International Arbitration.

Azerbaijan also recognises and enforces foreign arbitral awards in accordance with the procedure and subject to the exceptions provided for in the Law on International Arbitration and the new Civil Procedure Code, effective 1 September 2000. Azerbaijan is an accessory to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, dated 10 June 1958, and the European Convention on International Commercial Arbitration, dated 21 April 1961.

PART IV

Competent Person's report

ANGLO ASIAN MINING PLC

ANGLO-SUISSE CAPITAL LIMITED

NUMIS SECURITIES LIMITED

GOLD AND COPPER PROJECTS, AZERBAIJAN

26 July 2005

Prepared by

BEHRE DOLBEAR INTERNATIONAL LTD.

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Dear Sirs

COMPETENT PERSON'S REPORT

ANGLO ASIAN'S PROPERTIES IN AZERBAIJAN

INTRODUCTION

The Engagement

In November 2004, Anglo Asian engaged Behre Dolbear International Limited to undertake a review of its mining entitlements in Azerbaijan. This engagement was subsequently extended to cover a Competent Person's Report (CPR), which is to be included in a prospectus for an initial public offering on AIM, a market of the London Stock Exchange (AIM).

For Part 1 of the engagement, Mr. Denis Acheson visited Baku and four of the potential mining sites in November 2004 and reported on the outlook for mine development in Azerbaijan on these sites. Part 2 is a geologist's report on the resource potential, following a visit to Baku and most of the sites, by Mr. Robert Wetzel. Part 3 is a presentation of possible capital and operating costs of conceptual developments estimated by Mr. Mark Anderson. Part 4 is the valuation, conducted by Mr. Bernard J Guarnera.

Behre Dolbear Professionals

To undertake the Competent Person's Report, Behre Dolbear used the following personnel, whose curricula vitae are provided in Appendix C

- Project Manager, Administrator and Client Contact: Mr. Denis Acheson.

  Mr. Acheson has had over thirty years of experience in the mining industry, including senior executive positions in the copper industry (Zambia) and a gold, silver and copper operation in Chile. Of particular relevance is his responsibility for the development from scratch and subsequent operation of the El Indio mine in the Andes Mountains. He is currently president of Behre Dolbear International Ltd.

- Valuation Specialist, Mr. Bernard J Guarnera

Mr. Guarnera is president and chief executive officer of Behre Dolbear & Company, Inc., the parent company, and also the firm's principal valuator. He is a Certified Mineral Appraiser with the American Institute of Mineral Appraisers, a Chartered Professional (Geology) with the Australasian Institute of Mining and Metallurgy (AusIMM) Valmin Code, a Qualified Person in Canada and a Competent Person in Australia.

- Project Advisor (Quality Control), Cost Specialist: Mr. Mark Anderson

  Mr. Anderson is a Senior Associate and non-executive chairman of the Board of Directors of Behre Dolbear & Company, Inc. He has had over thirty years of experience including senior management positions in copper and gold mining companies and has acted as Independent Engineer for financial institutions on several recent developments.

- Geologist and Resources Specialist: Mr. Robert Wetzel

  Mr. Wetzel is a US based Senior Associate of Behre Dolbear. He has over twenty-five years of experience in geological aspects of the minerals industry, especially in the assessment and evaluation of gold projects. He has made more than 15 field visits to projects in the Former Soviet Union and is fluent in Russian.

Mr. Wetzel has examined data and made technical field reviews on a number of properties in the Former Soviet Union ("FSU") which are now significant assets for several mining companies listed on AIM. These properties include Mnogovershinny (Highland Gold), Jullietta (Bema Gold) and Asacha (Trans-Siberian Gold). Mr. Wetzel has also done extensive due diligence work on other Russian mineral deposits including Kubaka, where subsequent mining by Cyprus/Amax and Kinross confirmed the reliability of a Soviet era resource estimate of several million ounces of gold.

1.0 SUMMARY AND CONCLUSIONS

The report is divided into four parts:

- A report based to assess general risks;
- A geologist's report and resources review;
- A section on cost implications; and
- A valuation;

This summary is intended to cover all of Behre Dolbear's observations and conclusions.

1.1 AZERBAIJAN

Azerbaijan is a secular, predominantly Muslim republic, formerly part of the Soviet Union, in the South Caucasus region. It is land-locked, apart from being on the Caspian, which is not connected to other large bodies of water, but has good rail and road connections with bordering Iran, Georgia, and Russia. Part of the country, Nakhchivan, is separated from the rest by Armenian territory, so that access from the capital, Baku, is by air. However, for heavy transportation, the rail link and road through Iran should be adequate. There is also a short border with Turkey.

The country is peaceful, without apparent security problems, apart from the occupation by the Armenian military of a significant section of the country including Nagorno Karabakh, which is populated by Armenians. A cease-fire has been in place for eleven years and a settlement is anticipated which is likely to enable surface transport through Armenia. There appears to be no special risk to mining development in the rest of Azerbaijan arising from the international dispute.

Azerbaijan is a significant oil and gas exporter with a reasonably robust economy and a positive rating from an international agency. Impressive foreign investment has been attracted, the largest item being the development by consortia led by BP plc amounting to over $10 billion for oil and gas and pipeline projects. There is much enthusiasm for diversification of the economy, including into mining, and no resistance from officials or local populace was apparent. The population is well-educated, with numerous qualified

professionals, mostly without English or experience abroad. Salaries and wages are low, even by the standards of the FSU.

1.2 THE PRODUCTION SHARING AGREEMENT

Development by Anglo Asian of viable mineral deposits will be through a joint-venture type Production Sharing Agreement ("PSA") between the company and an Azerbaijan state entity. The Production Sharing Agreement, described in some detail in Part 1 of this report, is a framework which has been used successfully in Azerbaijan for petroleum project development but is not common elsewhere for mine development. The essence is that, in exchange for funding development, Anglo Asian will have management control and will recover their investment first and then split proceeds 51:49 in favour of the state. In Behre Dolbear's opinion, this split is equivalent in financial value terms to a 55:45 split in favour of Anglo Asian, as explained in Section 5.

The Production Sharing Agreement covers six Contract Areas, to three of which no value is assigned as they are in areas currently occupied by Armenia. For the other areas, an exploration programme has been submitted and approved and Anglo Asian has four years (extendable by a year) to declare a "Discovery" with a development plan. After that the company has 15 years (extendable by two five-year periods) for development and production.

1.3 THE CONTRACT AREAS

The Ordubad Contract Area, in Nakhchivan covering 462km^2, contains several mineral deposits of high resource potential. Two other Contract Areas, Gosha and Gedabek, each covering 300km^2 are in the mainland not far from each other. Development of mining operations will accordingly require two management centres, probably in the towns of Ordubad and Gedabek. Both have good small-town facilities and populations enthusiastic for development. All of the Contract Areas have good accessibility and mountainous terrain generally favourable for mine development. No unusual construction, waste disposal, social or environmental problems are anticipated. Labour should be plentiful.

In the Contract Areas in the occupied region, two deposits are being mined or developed under Armenian authority. Behre Dolbear has reviewed data on these which contain impressive mineralization, but has considered it prudent to ascribe no value to them.

1.4 RESOURCES REVIEW

The Contract Areas are located on a major metallogenic belt which hosts many metalliferous deposits, including large porphyry copper-gold and bulk tonnage gold deposits. The Gedabek and Ordubad Contract Areas have significant resources of porphyry-style mineralization and shows of mineralization that are considered highly prospective for the discovery of additional large-scale resources.

At Gedabek there was a significant mining operation between 1849 and 1917. Since 1960, Soviet and Azeri exploration activity included mapping, sampling, trenching, drilling and underground exploration. Behre Dolbear believes that the data generated by this work are generally reliable. Soviet-system resource estimates were generated for many of the prospects. In Behre Dolbear's opinion most, but not all, were prepared according to good and standard Soviet-style practice.

Table 1.1 shows estimates of resources for deposits in the three accessible Contract Areas in the various Soviet-system classifications. These are estimates made in the Soviet period and subsequently by Azeri authorities and are not Behre Dolbear calculations; however, they are numbers that Behre Dolbear can support as being reasonable based on the evidence, and Behre Dolbear considers them to meet the criteria for Inferred Resources. The table indicates over 2.4 million tonnes of copper and 7.2 million ounces of gold are present at the properties.

Table 1.1 Summary of Accessible Area Resources

	Category	*Ore*	*Cu*	*Au*	*Ag*	*Cu*	*Au*	*Ag*
		Mt	*%*	*g/t*	*g/t*	*kt*	*koz*	*koz*
Accessible Contract Areas								
Gosha	C_2+P_1	2.75		4.7	6.33	0	416	560
Gedabek	C_2+P_1	19.2	0.36	1.44	13.95	69	889	8,612
Ordubad								
Shakardara	P_2	156	0.40	1.1	3.6	624	5,518	18,058
Misdag	P_1	350	0.43			1,505	0	0
Shalala	C_2+P_1	20.6	0.50			103	0	0
Agyurt	C_2+P_1	1.13	1.28	6.39	23.4	15	232	850
Piyazbashi	C_2+P_1	0.89		6.6		0	189	0
Diakhchay	C_2+P_1	14.4	0.44			63	0	0
Total						**2,379**	**7,243**	**28,080**

The Russian-system C and P categories are discussed in Section 3.3.

Behre Dolbear believes the potential of the overall project is significantly greater than is represented by the numbers in Table 1.1. Our estimate, as detailed in Section 5.10, is that an additional 10 million tonnes of copper and 45 million ounces of gold could possibly be discovered on the properties. At Gedabek, for example, the potential to find both high-grade lenses of massive sulphide and large areas of disseminated mineralization in silica is considered excellent. More importantly, the large area of high-sulphidation mineralization suggests that a large porphyry system could be located nearby. At Shalala, another example, the ultimate potential may be ten times that shown by the estimates; and in the Piyazbashi area there is excellent potential to discover a large, high-grade gold deposit. Recent sampling by Behre Dolbear supports the upside potential estimated for the properties. For example, recent grab samples in the Piyazbashi alteration zone, over two lengths of 200 metres, averaged 12 and 11 g/t Au.

In Behre Dolbear's opinion, the group of properties covered by Anglo Asian's Production Sharing Agreement constitutes a potential source of copper and gold of world-class importance.

1.5 COST CONSIDERATIONS

On the basis of its international experience of studies of gold and copper mine development plans, Behre Dolbear has developed cost estimates on models of two conceptualized potential orebodies. One is an open-pit mine with precious-metals values only, which could represent the Gosha or Piyazbashi deposit. This postulates a 5 million tonnes mineable resource at 6 g/t Au with a stripping ratio of 7 to 1 and shows a capital requirement of about $82 million, gold recovery of 130,000 oz/year, and operating costs of $90 per ounce.

The other model is a porphyry-type orebody which could represent the Gedabek or Shakardara deposit. This postulates a mineable resource of 292Mt at 1 g/t Au, 1% Cu and a stripping ratio of 1.5 to 1 and shows a capital requirement of about $1.0 billion, annual production of concentrates containing 250,000 tonnes of copper and 470,000 ounces of gold, for gross sales of $463 million and operating costs of $153 million. Capital costs could probably be reduced by using Russian or second-hand equipment. Allowances have been made for low-cost Azerbaijan labour and fuel costs.

Both hypothetical models present attractive scenarios.

1.6 VALUATION

The criterion that Behre Dolbear uses in establishing the fair-market value of mining properties is the amount a willing buyer would pay a willing seller in an arms-length transaction, wherein each party acted knowledgably, prudently and without compulsion.

The income approach to valuation – estimating a net present value on the basis of projected cash flows – is not appropriate in this case as insufficient data can be generated to estimate ore reserves. Other valuation methods exist, however, which are relevant to more remote or stand-alone exploration properties where no established cash flow can be defined, such as the Anglo Asian properties. Valuation methods considered by Behre Dolbear in this undertaking include:

- Related Transactions: Recent comparable transactions were reviewed. The difficulty is commonly determining to what extent the property or transaction is indeed comparable, unless the transactions involve the specific parties, projects or tenements under review.

- Rules of Thumb or Yardsticks: Certain industry ratios are commonly applied to mining and exploration projects to derive an approximate indication of value, most relevantly dollars per ounce of gold in resources. The ratios used are variable depending on 'quality' of the ounces in question. Low production-cost ounces, for example, are clearly worth more than high production-cost ounces. Where a project has substantial future potential not yet reflected in the quoted resources or reserves, a ratio towards the high end of the range may be justified.

- Prospectivity: Behre Dolbear has considered the exploration prospectivity and potential to be important in determining a value for exploration properties and their upside potential.

Behre Dolbear has a database of about 400 transactions between 1990 and 2003 in the precious metals industry and another of base-metal transactions. These indicate that exploration-phase precious metal properties (properties with drill-hole results and indication that an Inferred Resource is present) have traded at an average per-ounce value of about 2.5% of the current gold price.

An additional review has been conducted of recent (January 2004 to February 2005) transactions for gold properties. Included in this review were 11 transactions of gold deposits in Russia or former Soviet republics and acquisitions of copper/copper-gold deposits on a more global basis. The average of the transactions for Inferred Resources is $16.50 per ounce of gold and $0.015 per pound of copper.

The Anglo Asian properties have been valued with factors of comparison with "standard" properties, to reflect grade, likely mining technique, metallurgical considerations and "political" risk. Factors ranged from 100% to 160% of the average property value.

On the basis of an analysis, historical and current, of the gold and copper markets, Behre Dolbear adopted for valuation purposes a base case price for copper of $1.12/lb and for gold $372.27/oz. Other cases analyzed were $1.15/$400; $1.25/$425; and $1.45/$450.

Because the stock markets place a higher value on gold resources than on copper resources, studies were done on total gold equivalent ounces including copper content converted to price-equivalent gold content. The total gold equivalence is 15.6 million ounces. For this purpose, in recognition of market realities and marketing costs of copper concentrates, the copper value was halved when converted to gold equivalent.

The result for total metal as gold equivalent ($298 million) was higher than for copper and gold separately ($243 million), giving an average of $270 million. Using the "Rules of Thumb" approach, with a base case of a value of metal in resources of 2.5% of price, the result is a reasonably close $277 million, giving $272 million as an average of the three.

To this number, Behre Dolbear has added a value for the upside potential of $135 million, as detailed in Section 5.10, to give a total of $407 million.

Taking into account the current market sentiment and prices in the region of $430/oz gold and $1.45/lb copper, Behre Dolbear believes that a purchaser would pay a minimum of $450 million for the properties. Anglo Asian's 55% weighted interest, would thus be valued at a minimum of $247.5 million.

A separate valuation from market multiples gave a value of $639 million for the Company, indicating the recent equity market sentiment for gold shares. At this value, Anglo Asian's shares would be worth $351 million.

The valuation has been carried out in US$, but Behre Dolbear is aware that Anglo Asian is a UK company raising funds in Sterling. An appropriate exchange rate could be the recent rate of about $1.90/£ or the average of the past ten years which was (using 1 January values) $1.61 or the average of these two numbers, $1.75. Using the $1.75 exchange rate, the minimum value of $247.5M would be £141M. At the same exchange rate, the shares in the Company valued at $351 million would be worth £201 million.

2.0 PART 1 GENERAL REPORT

2.1 BACKGROUND

In 1997, Azergyzil, an Azerbaijani state entity, entered into a Production Sharing Agreement ("PSA") with a Delaware corporation, RV Investment Group Services LLC ("RVI") covering several gold and copper projects in Azerbaijan. AA Operations Limited, a UK company, subsequently merged with Anglo-Asian Cayman. The merged company was renamed Anglo Asian Operations Limited, while the operating company in Azerbaijan is a subsidiary of Anglo Asian, Azerbaijan International Mining Company Limited ("AIMC"). The rights and obligations of Azergyzil under the Production Sharing Agreement have passed to the Ministry of Ecology and Natural Resources ("MENR") of Azerbaijan.

Behre Dolbear International Ltd. (Behre Dolbear) has been engaged by Anglo Asian to undertake a Competent Person's Report ("CPR") including a valuation of its assets in Azerbaijan for the purpose of assisting with a listing and initial public offering on AIM, a market of the London Stock Exchange. The relevant assets are the benefits provided by the Production Sharing Agreement.

For this Part 1 of the study, Mr. Denis Acheson of Behre Dolbear spent four days in Azerbaijan from 10 to 13 November 2004, together with Mr. Gerald Phillips of Anglo Asian and an interpreter, to review a number of the mineral deposit areas and discuss relevant issues with experts and authorities. This Part covers risk assessment, particularly for non-technical considerations of the project.

2.2 AZERBAIJAN

The Republic of Azerbaijan, a secular, independent republic since the break-up of the Soviet Union, is mostly on the southern side of the Greater Caucasus mountain range. It is on the Caspian but otherwise land-locked with good rail and road communications with Georgia, Turkey and Iran. The climate is moderate. The Azerbaijani autonomous republic of Nakhchivan in the south-west is separated from Azerbaijan proper by Armenia. (Some of the place names in this report have various transliterations into English from the Russian or Azeri names.)

An oil producer since the nineteenth century, Azerbaijan has recently become a more significant exporter of oil (up to perhaps 20 million tonnes in 2005) and gas, largely as a result of foreign investment through production sharing agreements. A positive trade balance has resulted and the currency is reasonably stable, now about 5000 manats per US dollar. Some 23 production sharing agreements have been issued, including the first and largest with the BP-led AIOC in 1994. Reports show that commercial contracts are enforceable with delays and costs typical for Europe. In November 2004, Fitch Ratings have upgraded the Azerbaijani long-term debt to a BB rating or "Stable". This is a higher current rating than Brazil, Venezuela or Turkey and equal to Peru.

A new president, the son of the previous president, was elected in October 2003 by a large majority. The country is peaceful, without apparent security problems, apart from the occupation by the Armenian military of a significant section of the country including Nagorno Karabakh, which is populated by Armenians. A cease-fire has been in place for eleven years.

2.3 THE PRODUCTION SHARING AGREEMENT

The Production Sharing Agreement follows the style of agreements used with foreign oil companies. Because this sort of agreement is unusual for a mining company, a broad outline of its terms follows:

- Azergyzil granted RVI, as the "Contractor", exclusive rights to conduct, manage and control mining operations over six contract areas. RVI's rights include, subject to the payment of fees usually charged to third parties, the removal of soil, timber, etc, and the use of water.
- The Production Sharing Agreement was made effective after parliamentary approval in 1998. Within six months a detailed exploration programme had to be submitted to Azergyzil and approved within one month. (The programme, based on a study by Micon, was submitted and approved.)

- Failure to complete the exploration work within four years (with a possible one-year extension) constituted a breach of the Agreement, giving Azergyzil the right to terminate the Agreement or to terminate RVI's rights on any mining property, by giving 90 days' notice, with an opportunity for RVI to correct the breach. (Exploration work did not start, but Azergyzil did not give notice of a breach and the government has recently confirmed that the Production Sharing Agreement is still effective and that RVI has not committed a material breach.)

- Before the end of the exploration period, RVI was to notify Azergyzil of a "Discovery and its Commerciality" (the term "Commerciality" is not specifically defined) on each contract area, failing which the agreement "shall terminate". (During Behre Dolbear's November visit, the authorities clearly regarded the agreement as continuing as has now been formally confirmed.) The Agreement provides – Clause 20.1 – that it can be amended by written agreement between the parties.

- Azergyzil committed to use its best endeavours to assist RVI with permits, etc, and to provide all its data, etc, at cost. RVI committed to provide funds for "timely and efficient" implementation of mining operations to international standards.

- The "Development and Production Period" starts on the date of the notice of discovery and runs for 15 years with the option of two five-year extensions.

- A detailed development and production programme is to be submitted for each project within six months of the notice of discovery and requires approval by a "Steering Committee".

- The Steering Committee has the role of a Board of Directors. It is to consist of three representatives of each party, Azergyzil (now MENR) to appoint the chairman, RVI the secretary. The parties will have one vote each and decisions have to be unanimous. Arbitration procedures under UNCITRAL rules in London cover inability to agree.

- An Operating Company will carry out the operations on behalf of RVI, but will have no assets or profits or losses. Employment preference is to be given to Azerbaijanis and target percentages are detailed. Training is emphasised.

- MENR is to use its best endeavours to make available all necessary land, mine workings, its own facilities and equipment and to assist with infrastructure, etc.

- Title to any land purchased will become the property of MENR. Title to other assets will pass to MENR after "Zero Balance", the point when Anglo Asian has recovered all its investment.

- Until Zero Balance, proceeds from sales will be allocated:

    - 75% to RVI to recoup operating costs and loan interest, then capital costs; and the remainder split 51% to MENR, 49% to RVI.

    - After Zero Balance, a maximum of 75% of proceeds can be allocated to costs, the balance being split 51/49.

- The concept of production sharing is taken literally in the Production Sharing Agreement, assuming products are either doré or loaded carbon. The parties are to select jointly the processing point, eg, a foreign refinery, and to share the product. (Variations from the Production Sharing Agreement are likely to be essential as there will be a variety of products, including gold-bearing copper concentrates, for which sale to a smelter or refinery is likely to be the most economical method of realization, with split of the proceeds rather than the products).

- Imports, including of personal goods, and exports are to be free of tax or restriction. Customs service charges not more than 0.15%. Preference to be given to equivalent Azerbaijani purchases.

- Free conversion of currencies is provided for and no restriction on foreign or local bank accounts.

- A tax on profits, and no other tax, is payable by RVI at the rate of 32%. Losses, including costs incurred before the Effective Date, can be carried forward indefinitely. Fixed and movable assets, other than buildings, are amortized at a rate of 25% of declining balance.
- Financial statements and tax returns are to be in US dollars.
- Double taxation agreements apply. Employees are taxable on earnings in Azerbaijan. Social security deductions and benefits only apply to Azerbaijanis.
- Foreign sub-contractors pay tax of 32% on 25% of earnings for work in Azerbaijan. RVI and AIMC have to withhold this 8%, thus satisfying sub-contractors' liabilities.
- Insurance is up to AIMC and premiums are deductible. Liability of RVI is limited to wilful misconduct. Each party holds the other harmless against any claim from an employee.
- RVI was required to (and did) provide an assurance of its financial ability from an A-rated bank. Azergyzil gave RVI a government guarantee covering its performance and obligations.
- The applicable law is Azerbaijani and English or, if there is divergence, Canadian (Ontario). The Production Sharing Agreement constitutes a law of the Republic and Azergyzil indemnified RVI against any disbenefit of any future legislation.
- The Azerbaijani and English versions of the Production Sharing Agreement have equal validity. Arbitration would be under UNCITRAL rules and held in London in English.
- Environmental and safety provisions are included (and are not unduly onerous).

2.4 CONTRACT AREAS

Of the six contract areas, all subjected to Soviet-era studies, three are in the area occupied by Armenia. Conclusion of the dispute with Armenia could give these areas potential long-term value.

Six gold-bearing deposits in one contract area in the Ordubad region of the Nakhchivan exclave have been studied. Three of these were visited, Shakardara, Piyazbashi and Agyurt. Rough tracks climb from the inhabited Vanandchay Valley, but drainages are down different, unpopulated (presumably drier) valleys eventually into the Araz River, the border with Iran, which discharges into the Caspian. The terrain is rugged and semi-arid, but the adits seen were discharging water.

The other two contract areas, Gedabek and Gosha, in the north-west of the country, are reasonably close to each other although, at the time of the visit, the road involved a long detour. The Gedabek project, about five hours by road from Baku, was visited. It contains a large copper-gold porphyry overlooking the town of Gedabek which has about 90,000 inhabitants. Massive copper-gold sulphides were mined there from the 1860s to 1917.

All of the projects have had substantial Soviet-era exploration work on them and some have had detailed technological studies. The sites showed impressive surface indications of alteration, always an encouraging sign for geologists.

The peak of the mountain likely to be mined at Gedabek has an elevation of about 1900 metres. Some higher mountains, including Misdag in the Ordubad contract area were regarded by MENR as too high to exploit at 3800 metres. However, Behre Dolbear's experience is that mines operate at even higher elevations in South America.

The sites visited had advantages not always found at undeveloped mining projects:

- Ready accessibility and a reasonably short distance from both paved highway and rail track;
- Close availability of electric power at least for lighting, etc, (but no details of power capacity or voltage were available);

- Proximity of settled communities including normal small-town facilities of schools, medical services, minor engineering services, etc;
- Suitable space for plant construction and waste disposal, without disturbing habitation;
- Apparent abundance of water (although measurements were not available);
- Drainage initially away from populated areas;
- Moderate elevation and climate; and
- Evident enthusiasm of the local authorities and population for mine development.

Moreover, permits are effectively already granted by the Production Sharing Agreement and no indigenous "green" opposition is likely. The rule of law seems to be at an acceptable level and personal security does not appear to be threatened.

The economic activities of all the areas are currently agricultural and in decline, with apparent under-employment. Wage and salary levels appear low, even by FSU standards – labour is likely to be available at $100 per month and senior graduates would welcome $1000 per month. Many qualified engineers, geologists and environmentalists will be available, but few with Western or mine production experience.

Some disadvantages include aspects common to the FSU:

- Language: most people speak Russian as well as Azeri – few, apart from young graduates, speak any English;
- Lack of transparency in business and official transactions; and
- Excessive petty bureaucracy.

2.5 DISCUSSIONS

2.5.1. In Ordubad:

Mr. Ali Valiyev, the "Chief of Expedition" for the Nakhchivan area of the National Geological Exploratory Service, conducted the party around the Shakardara, Piyazbashi and Agyurt projects, all a short drive, some on minimal roads, from the town of Ordubad. Mr. Valiyev is an enthusiast for the merits of the projects on which he had personally worked.

The team was entertained by a community elder and veteran of the Soviet exploration works, who was confident that the community would welcome development.

2.5.2. In Gedabek:

Mr. Nazim Veysof, Chief of the Executive Power of Gedabek District;

Mr. Kamran Rzazade, Chief of the New Azerbaijan Party (the governing party) of Gedabek District;

Mr. Gudrat Pashayev, consultant to Gedabek District Executive Power;

Mr. Tofiq Kazimov, Head of Expedition for MENR in Gedabek.

The district Chief was impatient to get started for development of his district, although he denied that there was unemployment. He was not discouraged by mine development requiring land and using chemicals. The last two named officials accompanied the team to the potential mine.

2.5.3. In Baku:

Dr. Shahbeddin Musayev – Chief of National Geological Exploratory Service and Deputy Minister, MENR. He is likely to be the MENR-nominated Chairman of the Steering Committee established by the Production

Sharing Agreement as the governing body of the enterprise. He was most helpful and eager for work to get started.

Mr. Mamed Jafarov, Deputy Chief, MENR archived information;

Mr. Farkhad Kasimov, Advisor, Government and Partners Relations, Karasu Operating Company, an oil producer. This was primarily to discuss the workings of production sharing agreements, about which he was informative and comforting.

Mr. Ali Jam, an international lawyer familiar with RVI and the Production Sharing Agreement.

Mr. Vaqif Akhmedov, Vice President of Royal Bank of Azerbaijan and former head (and founder) of International Bank, the largest local bank. This was a useful discussion of the banking system.

Mr. Raymond Conway, Head of the Azerbaijan Office of EBRD: an interesting and more detached view of the political and economic situation especially the relationship with Armenia.

2.6 PART 1 CONCLUSIONS

The objective of this Part 1 of the CPR was to come to an opinion concerning the risk factors relating to Anglo Asian's planned investment in Azerbaijan. Behre Dolbear concludes that:

2.6.1. Country Risk:

Azerbaijan rates relatively highly by international comparison from most points of view including personal security and permitting procedures; less highly on transparency and bureaucracy. The major negative factor is the potential for hostilities with Armenia over the occupied territories. A number of people have expressed optimism about a settlement through a land swap. The contract areas visited are not close to the occupied territories.

2.6.2 The PSA Risk:

Subsequent to the re-start of the PSA, with a new effective date, the risk of operating under this regime, rather than a regular mining permit, appears small. However, the 51/49 split of profit, after recovery of capital and all other expenditure may require a lower cost of production for the same rate of return as under normal joint-venture regimes. This should be achievable.

2.6.3 Geological and Technical Feasibility Risks:

Geological risks are fully discussed in Part 2 of this report. No unusual problems are expected in processing techniques, waste disposal or construction.

2.6.4 Other Site-Specific Risks:

Land availability, labour availability and community relations are not expected to be difficult.

3.0 PART 2 GEOLOGIST'S REPORT: RESOURCES REVIEW

3.1 INTRODUCTION

Between 25 January and 5 February 2005, Mr. Robert Wetzel undertook literature review and held discussions with local geologists on nine of Anglo Asian's gold and copper properties in Azerbaijan and conducted field visits to the Gosha, Gedabek and Ordubad Contract Areas. This section of Behre Dolbear's Competent Person's Report represents Mr. Wetzel's professional review of the resources included in the areas covered by Anglo Asian's Production Sharing Agreement. This resources review includes the following.

- A professional opinion on the reliability of the Soviet and post-Soviet exploration data;
- A discussion of Soviet-style resource estimates;
- A description and evaluation of the geologic setting of the prospects;
- A realistic assessment of the Russian-style resources of the various prospects, including those covered by the Production Sharing Agreement which are in the territory at present occupied by Armenia;
- The potential for finding additional resources in nearby areas.

Behre Dolbear has used the following sources of information in compiling this report.

- Behre Dolbear's field visit with inspection and limited sampling of roadcut exposures and adit dumps at Shakardara and Shalala and discussions with Mr. Ali Valiyev of the Nakhchivan Geologic Expedition on 30 January 2005;
- Behre Dolbear's inspection and limited sampling of excellent exposures in the No.7 adit at Gosha; also inspection and limited sampling of abundant dumps and surface exposures at Gedabek on 1 February;
- Behre Dolbear's inspection and limited sampling of the core from several of the holes drilled between 1998 and 2002 at Gedabek on 2 February;
- Numerous discussions from 25 January to 5 February with Mr. Gerald Phillips, consultant to Anglo Asian, regarding his observation and the results of sampling done by or on behalf of Anglo Asian on the various subject prospects;
- Discussion of the overall potential of the various contract areas with Mr. Shahbeddin Musayev, Chief of the National Geological Exploratory Services and Deputy Minister, MENR, on 25 January and 3 February;
- Review of Russian-language reports and discussion with Mr. Mirmejid Saidov, Expedition Chief with MENR, regarding various prospects in the Ordubad and Vejnali Contract Areas on 26 and 27 January and 3 and 4 February;
- Review of reports and discussion with Mr. Akhmed Musayev and Mr. Nariman Kurbanov regarding the Gedabek prospect on 28 January;
- Review of reports and discussion with Mr. Allahverdi Agakishiyev, geologist with MENR, regarding the Gyzilbulakh Contract Area on 29 January, and regarding post-1995 exploration at Gedabek on 3 February;
- A United Nations 2000 Report on the potential for mining in Azerbaijan;
- A Micon International Limited report entitled "Review of, and Proposed Exploration Plan for the Gedabek, Gosha and Ordubad Properties, Azerbaijan Republic, September 1998";
- A draft technical review by ACA Howe dated December 2004; and
- Behre Dolbear's extensive experience reviewing Soviet-system exploration data and resource estimates and evaluating mineral properties in the former Soviet Union and worldwide.

3.2 DISCUSSION OF THE RELIABILITY OF THE DATA USED IN PREPARATION OF THIS REPORT

On other projects in the former Soviet Union, Mr. Wetzel has taken more than 500 samples to check the reliability of Soviet-style sampling from trenches and underground workings. These samples were analyzed at Russian laboratories. More than 25% of the pulps were then sent to one or more Western labs for cross checks on the Russian assay results. This work routinely showed that Russian lab results agree well with Western lab results for samples showing more than 1g/t gold.

Comparison of sample results from a given location often showed some variation, as is common for resampling in gold deposits worldwide. However, comparison of Soviet results and Mr. Wetzel's results across a mineralized zone typically showed good agreement and the weighted averages of all comparative samples from a given deposit typically agreed within 5%.

Behre Dolbear concludes that data generated from Soviet-methodology sampling of trenches and underground workings is typically reliable. In relation to the current study, Behre Dolbear's review of the reports, discussion with the geologists instrumental in the generation of those reports and limited check sampling indicate that the trench and underground sampling at Anglo Asian's properties in Azerbaijan is reliable.

Soviet-era core drilling typically showed poor recovery in broken or soft ground. Surface holes usually could not be drilled flatter than 60^{o} from horizontal, making evaluation of steeply dipping zones difficult. Poor core recovery was often a problem at virtually every property which is the subject of this report. This was true both for the high sulphidization (silica-sulphide-clay) mineralization and the stockwork porphyry Cu-Au mineralization. Use of Soviet core drilling results in resource estimation must be made with appropriate caution and in Behre Dolbear's opinion can not be relied on exclusively to assign "C_1" or "Measured" status to a resource.

Behre Dolbear re-assayed the pulps from samples collected by a Behre Dolbear Senior Associate working with Anglo Asian in November 2004. These samples were originally analyzed by OMAC Laboratories in Ireland. The re-assays of pulps by Chemex ALS in Reno, Nevada showed nearly perfect agreement with the original sample results.

Table 3.1 shows these comparisons and also assays on samples taken by Mr. Wetzel in January and February 2005. These samples showed potential ore grades in zones that appeared to represent widespread, previously unreported mineralization at Gedabek, Shakardara and Shalala, confirming the excellent exploration potential of Anglo Asian's Contract Areas.

Recent Assays on Collected Samples

Sample	*Description* *Behre Dolbear Samples Jan and Feb 2005*	*Au g/t* *OMAC*	*Au* *CHEM*	*Ag g/t* *OMAC*	*Cu g/t* *OMAC*	*Cu g/t* *CHEM*
	Shakadara					
SHAKRW1	Adit 12 dump dark green chlorite andesite, 3% quartz veinlets 5% fine pyrite	14.88		11.8	126	
SHAKRW2	Roadcut 4m bleached stockwork with limonite, jarosite, hematite on fractures	2.37		2.5	69	
SHAKRW3	Roadcut 4m bleached stockwork with limonite, jarosite, hematite on fracs Adit 10	4.28		5.9	76	
	Shalala					
SHALRW1	Roadcut 4m bleached stockwork with limonite, weak hematite on fractures	6.28		4.1	59	
	Gosha					
GOSHRW1	Adit 7 1.5m argillized volcanic with clay gouge 5cm coarse pyrite	4.00		11.2	139	
GOSHRW2	1.7m silicic breccia with 5% dissem. pyrite, minor gouge coarse pyrite	0.62		4.2	67	
GOSHRW3	0.7m E-W argillized "vein" with 5cm fine black pyrite in gouge	2.95		6	78	
GOSHRW4	1.0m silicified volcanic with 5% dissem. pyrite, 4cm gouge and coarse pyrite	3.05		5.1	11	
GOSHRW5	1.0m silicified volcanic with 5% dissem. pyrite, 50cm gouge, no course pyrite	5.12		14.4	114	

Sample	*Description* *Behre Dolbear Samples Jan and Feb 2005*	*Au g/t* *OMAC*	*Au* *CHEM*	*Ag g/t* *OMAC*	*Cu g/t* *OMAC*	*Cu g/t* *CHEM*
	Gedabek					
GEDRW1	2.0m brow Gorelaya Adit, Silica -pyrite rock moderate oxidation	2.71		3.4	134	
GEDRW2	4m gossanous argillized volcanic breccia, 20% iron oxide, some silica	2.23		5.9	1570	
GEDRW3	3m x 3m silica-sericite-pyrite rock 4% dissem. pyrite, moderate oxidation	1.22		4.1	686	
GEDRW4	DH44 80-82m silica-sericite-pyrite porphyry texture 3% disseminated pyrite	1.65		1.6	66	
GEDRW5	DH44 grabs 70-120m silica-sericite-pyrite	2.36		2.9	988	
	Samples October 2004					
GOR1	Gosha Adit 5, strong pyrite in footwall Zone 5, 20m from portal	23.24	23.9	18.9	119	110
GOR2	Gosha Adit 7 grab, strong clay N-S zone, 5% coarse pyrite	15.72	15.8	28.2	3.20%	3.23%
PY3	Piyazbashi grab along 200m of roadcut, strong clay-sericite-limonite in volcanic	12.32	11.9	7.6	132	124
PY4	Piyazbashi grab, strong clay sericite altered volcanic with 3% pyrite	0.02	<0.05	0	330	310
PY7	Piyazbashi grab along 200m of roadcut, strong clay-sericite-limonite in volcanic	11.80	11.5	10.6	161	160
SHR1	Shakadara Adit 10 dump, disseminated pyrite in grey-green chlorite volcanic	10.00	8.82	21.1	2.40%	2.36%
SHR2	Shakadara Adit 12 dump, disseminated pyrite in grey-green chlorite volcanic	33.6	35.6	106.9	439	411

3.3 DISCUSSION OF SOVIET-STYLE RESOURCE ESTIMATIONS

In Behre Dolbear's experience, Soviet-era resource estimates were always calculated in polygonal blocks that were assigned an average grade and thickness based on the weighted average of the drill intersections or samples in that block. Appropriate top-cutting methods were usually applied to high-grade outlier sample values. This simple polygonal method of resource estimation may not be as accurate as kriged resource calculations but generally the estimates vary by less than 10%.

"B" classification resource blocks in gold deposits are generally restricted to developed stope blocks in the Soviet system. Most Western gold resource blocks outside operating mines would not qualify as "B" class resources under the Soviet system.

Soviet C_1 resources were almost always based on at least some underground and trench sampling, as the Soviets generally recognized the unreliability of their core results. Virtually all C_1 resources which had been approved by the USSR State Committee on Reserves ("GKZ") would qualify as Measured Resources by Western standards, in Behre Dolbear's opinion. The C_1 resources at Gyzilbulakh and Vejnali would qualify as Measured. It should be emphasized that this refers to the reliability of the resource estimate and not a reserve as cut-off grades were not necessarily calculated using current technical or market factors and blocks too small or remote to develop may have been included in the resource estimate.

Lower quality C_1 resources and at least half of Soviet C_2 resources would qualify as Indicated Resources by Western standards in Behre Dolbear's opinion. Lower quality C_2 resources and many P_1 resources would qualify as Inferred Resources. In rare cases P_2 resources are based on the valid extrapolation of sampling data for long distances where this is reasonable in view of the geologic environment. However, most P_2 and P_3 resource estimates have little quantitative significance in Behre Dolbear's opinion.

In its review of the various reports, Behre Dolbear has noted some varying interpretations of the data at given prospects by different Soviet or Azeri authors at different times. In several cases resource estimates were prepared that Behre Dolbear believes were definitely not in accordance with standard Soviet practice. These estimates are disregarded by Behre Dolbear. Subsequent Western tabulations introduced more variations in the reporting of resource estimates. In the tabulation of resources presented in this report, Behre Dolbear uses what it believes to be the most current and reliable Soviet or Azeri classification of resources. Most of the other resource estimates are also listed in the text with comments on why they are less reliable than those tabulated. P_2 resources are tabulated in several cases because they are reasonable estimates based on the geologic environment and the amount and consistency of sampling. P3 resources are not tabulated in this report as Behre Dolbear believes they have little quantitative significance. Behre Dolbear also notes in this report where it believes that the Soviet or Azeri resource estimate has understated the realistic potential resource of a prospect.

3.4 REGIONAL GEOLOGIC SETTING AND IMPLICATION FOR FUTURE DISCOVERIES

Anglo Asian's Production Sharing Agreement areas are located on a major tectonic belt that extends from Pakistan through Iran, the Caucasus, Turkey and Greece into the Balkans. This is one of the world's significant copper and gold bearing belts as shown in Figure 1 which presents the distribution of the world's major porphyry copper and gold deposits.

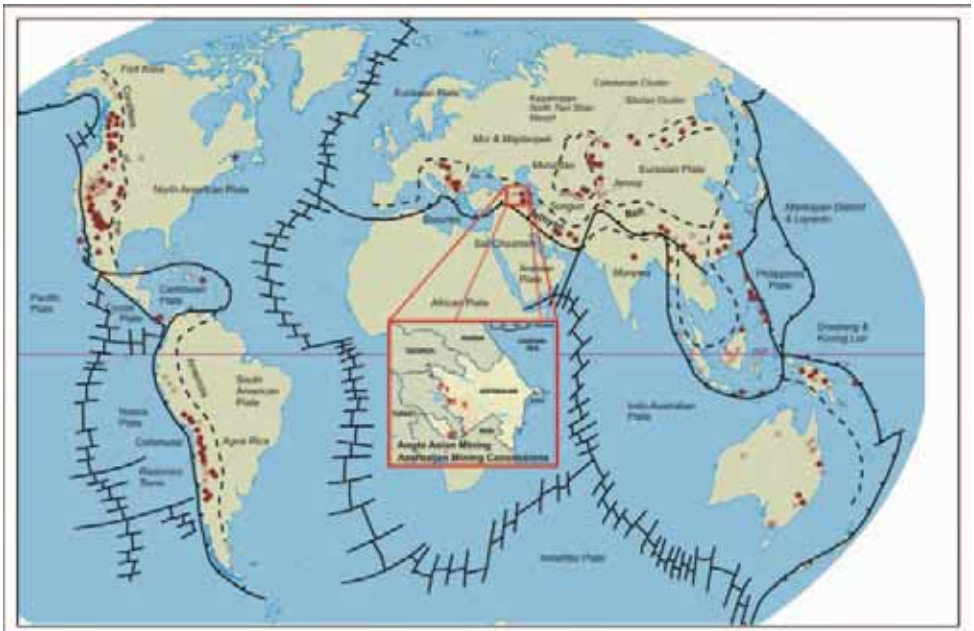


Figure 1. Distribution of the World's major porphyry copper and hydrothermal gold deposits

The Middle East Tertiary Fold Belt, also known as the Tethyan Tectonic Belt, is shown in Figure 2. This hosts mineral deposits of various types, most importantly a number of large porphyry Cu-Au-Mo deposits including: Sar Chesmeh (1.2Gt @ 0.75%Cu, 0.03%Mo, 0.3g/tAu) and Sungun (500Mt @ 0.75%Cu, 0.01%Mo) in Iran; Kadjaran (400Mt @0.27%Cu, 0.055%Mo, 0.03g/tAu), Agarak (45Mt @ 0.46%Cu, 0.027%Mo, 0.025g/tAu), Tekhout (460Mt @ 0.35%Cu, 0.022%Mo, 0.01g/tAu) in Armenia; and Skouries (>500Mt @ 0.37%Cu, 0.47g/tAu) in Greece. Sungun, Kadjaran and Agarak are located within 10-50km of Anglo Asian's Ordubad contract area. The Tethyan metallogenic belt also hosts the Madneuli mine in Georgia (23.5Mt @ 1.03g/tAu) and Zod on the Armenia/Azerbaijan border (4.3Mt @ 7.3g/tAu). Both gold deposits are less than 100km from Anglo Asian's Gosha and Gedabek Contract Areas.

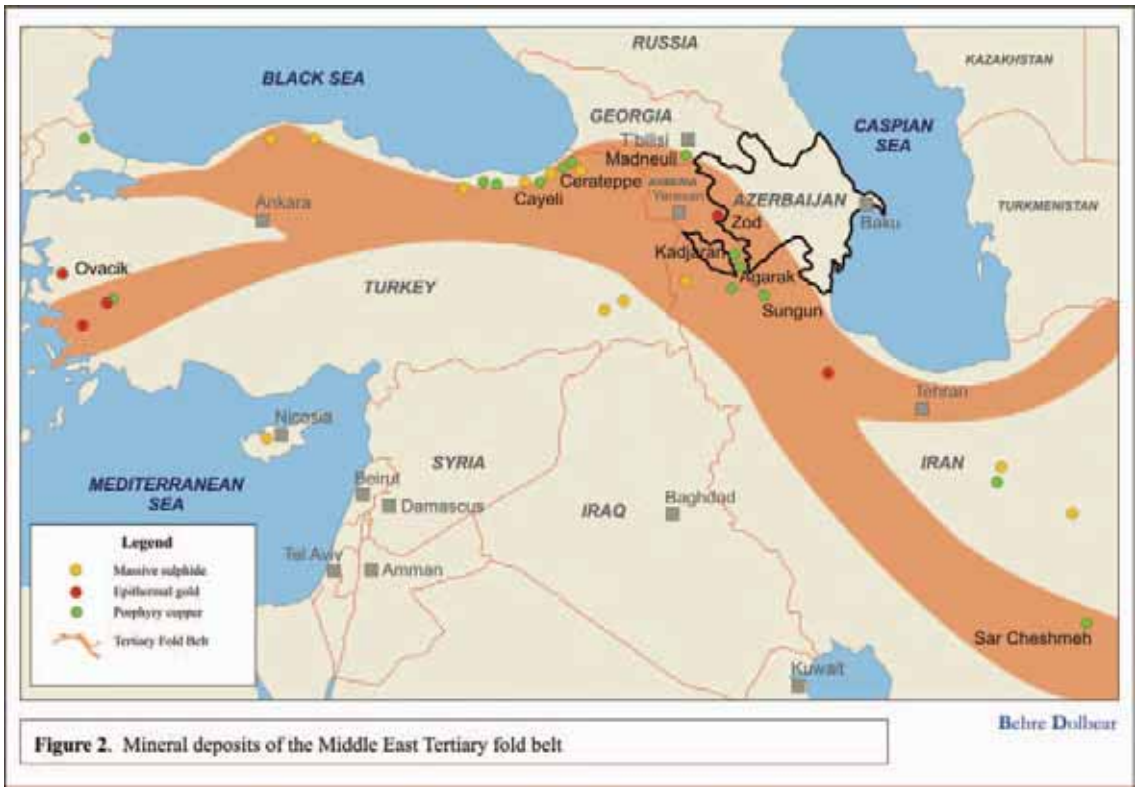


Figure 2. Mineral deposits of the Middle East Tertiary fold belt

Figure 3, below, shows Anglo Asian's Contract Areas.

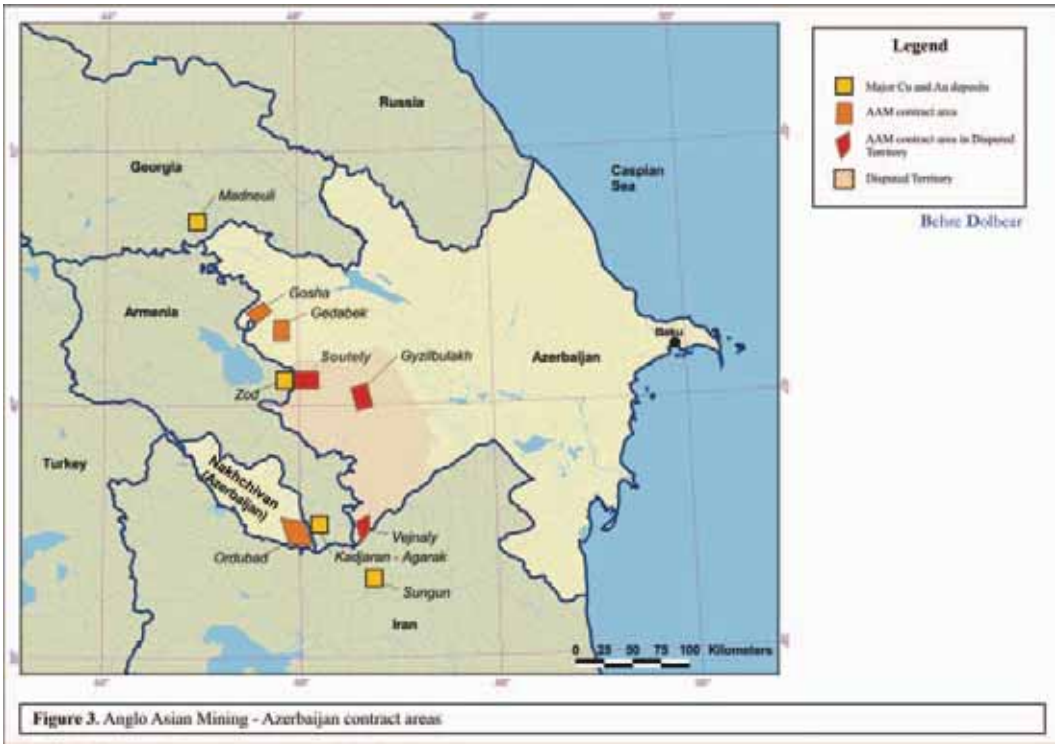


Figure 3. Anglo Asian Mining - Azerbaijan contract areas

Three targets (Shakardara, Misdag and Shalala) in the Ordubad Contract Area already show intercepts that indicate they have the potential to host resources similar to the deposits, listed above, in neighbouring countries. These intercepts include the following:

- 380m of 1.1g/tAu and 0.05%Cu in Adit 12 at Shakardara;
- 86m of 1.0g/tAu and 1.1%Cu, and an additional 15m of 0.93g/tAu and 0.83%Cu at the face in Adit 10 at Shakardara;

- 347m of 0.42%Cu in Adit 5 at Shalala;
- 75m of 0.75%Cu in drill hole 37 at Shalala;
- 145m of 0.83%Cu in trench K256 at Misdag;
- 327m of 0.40%Cu in trench K253 at Misdag.

Gold was not assayed in the samples from Misdag and was not routinely determined at Shalala, although a representative metallurgical sample showed 0.2g/tAu. Gold may add considerable value to the mineralization at both Shalala and Misdag. All three prospects are open to expansion at depth. Shalala and, especially, Shakardara are open to expansion in several horizontal dimensions as well. The intercepts in Adits 10 and 12 at Shakardara are discoveries of essentially blind mineralization that was found while driving to undercut quartz veins exposed at the surface. There is excellent potential to discover other economically significant mineralization in the Ordubad Contract Area.

The Balkans are host to porphyry deposits at Bor (400Mt @ 0.95%Cu, 0.35g/tAu), Veliki Krivelji (750 Mt @0.42%Cu, 0.07 g/tAu) and Majdenpek in Serbia (1.0Gt @ 0.6%Cu, 0.3g/tAu) and Recsk, (779Mt @ 0.66%Cu) in Hungary, and others. Bor and Recsk also have high sulphidation mineralization in "silica caps" similar to the mineralization on Anglo Asian's Gedabek contract area. At Bor, 40Mt @ 2.75%Cu, 3g/tAu were mined; and at Recsk 3Mt @ 1%Cu, 2.6g/tAu, 21g/tAg. At Gedabek 1.72Mt of 3.8%Cu, 5g/tAu and 86g/tAg were mined before mining and exploration were halted by the Russian Revolution in 1917. There is excellent potential to find additional similar grade mineralization in sulphide lenses as well as large tonnages of lower grade in extensive zones of silicification.

The high sulphide mineralization at Gedabek itself and numerous other prospects in the Gedabek Contract Area suggest there is excellent potential to find one or more large porphyry systems in this Contract Area.

Porphyry copper deposits are not only the largest source of copper in the world, they are also some of the largest producers of gold and molybdenum. Two of the most significant mineral discoveries of the last five years have been Oyu Tolgoi in Mongolia, and Pebble in Alaska. These two porphyry copper deposits were found in under-explored portions of known porphyry copper belts. Because of their typically large size and desirable commodity mix of copper, gold and molybdenum, porphyry copper deposits are probably the most sought after geologic class of deposits in the world today.

3.5 GOSHA CONTRACT AREA

3.5.1 Gosha Prospect

The Gosha prospect is located about 70km north-west of the city of Ganja near the border with Armenia, as shown in Figure 3. The property can be reached from Ganja by 70km of paved road and 20km of gravel road. The final kilometre of narrow, steep, road winds through the very small village of Gosha.

The deposit is located in moderately steep terrain at an elevation of about 1500-1700m. The hills are covered with open beech and oak forest. Soil is well developed and outcrop is scarce. Snow accumulation is seldom more than 30cm. Year-round access can be easily maintained.

The deposit is hosted in Jurassic, mostly andesitic volcanics that have been intruded by a small diorite intrusive. Two essentially orthogonal, steeply-dipping fault sets control the mineralization at Gosha. The first set trends almost east-west and shows argillic alteration up to 20m wide. The second set of faults trends north-south. The N-S faults appear to be younger but do not significantly offset the E-W faults. The mineralization in both sets of structures is very similar in composition and Behre Dolbear suspects that it was emplaced contemporaneously. Mineralization is typically more deeply oxidized on the E-W zones where it is oxidized up to 100m from the surface.

Mineralization appears to have been in two stages. An early brecciation of the volcanics along structures with emplacement of a siliceous weakly pyritic matrix was followed by gouge formation and veining by coarse-grained pyrite with lesser amounts of chalcopyrite and other base metal-sulphides. Gold is reported to be associated with pyrite and tellurides. Gold mineralization above a 1g/t cut-off is seldom wider than 2.5m in the N-S veins and 5m in the E-W veins. Gold is localized along the fault/veins in shoots that are typically a

few metres wide and 50-150m in length. Some of the best grades were encountered in the lower level exploration adits and the potential for the ore shoots to project to depth is excellent. Preliminary metallurgical tests indicate excellent recovery with cyanide.

There are five main N-S veins. From west to east they are Zones 4, 10, 11, 12 and 13. These zones are fairly regularly spaced about 60m apart, as shown in Figure 4 on the next page. There are four main E-W vein zones. They are Zones 1 and 2 in the north and Zones 3 and 5 about 350m south of Zone 1. These zones have been explored by trenches that are 10 to 50m apart along strike. Exploration adits at five levels 40m apart have been driven to evaluate the mineralization, but not every zone has been tested at 40m intervals down dip. The sampling in these trenches and adits appears to have been done according to good Soviet-style practice.

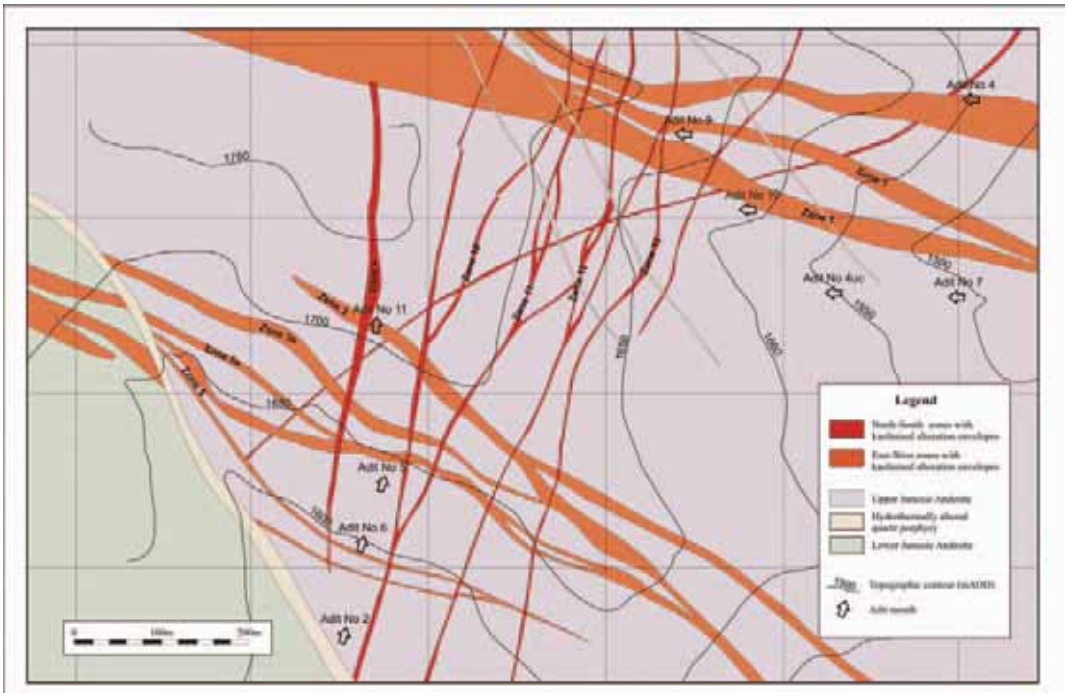


Figure 4. Gosha deposit geology

Figure 3D 1 presents a three-dimensional view of the Gosha property and exploration adits, drifts etc. Behre Dolbear took five samples from adits and the samples returned gold values ranging from 0.62g/t to 5.12g/t.

A C_2+P_1 resource of 1.97 Mt at a grade of 3.87g/tAu and 3.79g/tAg has been estimated in the E-W veins by Soviet and Azeri geologists. The N-S veins were estimated to contain a C_2+P_1 resource of 786,000t at a grade of 6.79g/tAu and 12.7g/tAg. This gives a combined C_2+P_1 resource of 2.75Mt at a grade of 4.70g/tAu (12.9t contained gold) and 6.33g/tAg. Behre Dolbear has inspected many of the long sections that were used in preparing this resource estimate and it appears reasonable.

A $C_1+C_2+P_1$ resource of 4.25Mt at a grade of 6.6g/tAu (27.9t contained gold) and 11.1g/tAg is shown as a 1996 estimate in the Micon report. This estimate appears to have arbitrarily upgraded the C_2 resource to C_1 and the P_1 to C_2 classification. It also includes 1.5Mt of P_1 resource at 10g/tAu, which is a grade twice as high as the C resource. An unclassified resource of 21.86Mt at a grade of 1.88g/t (41.16t contained gold) is shown as a 1998 estimate in the Micon report. Behre Dolbear does not endorse these estimates, but notes them in the interest of full disclosure.

Figure 3D 1a Gosha plan view

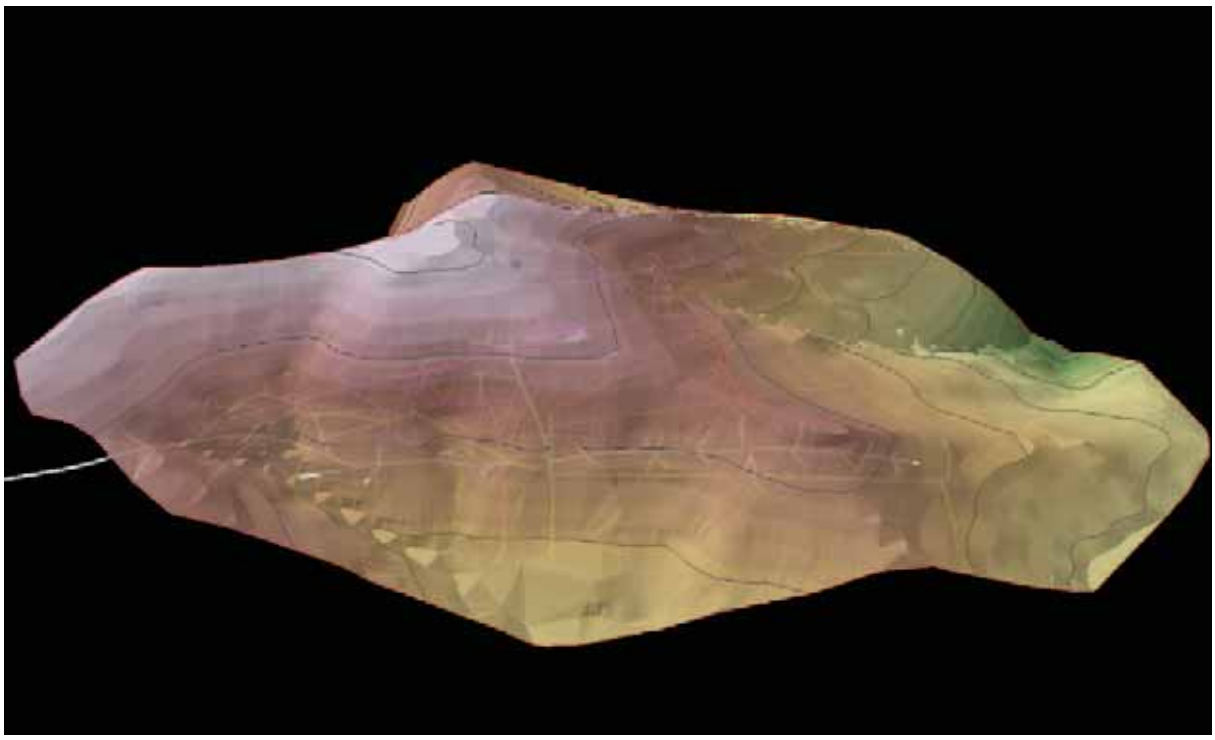
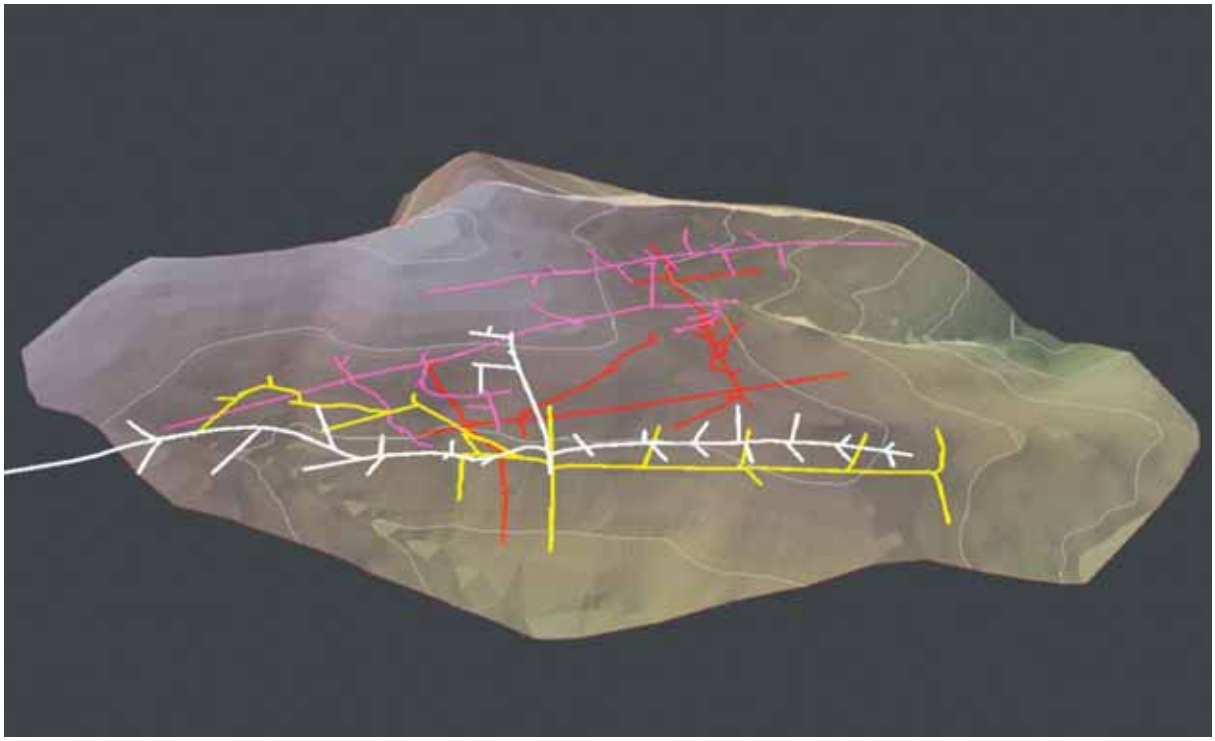


Figure 3D 1b Gosha transparent view



LEGEND:

Red – Adit 7; Green – Adit 3; Light Blue – Adit 5; Purple – Adit 4

3.5.2 Other Prospects in the Gosha Contract Area

The Itkirlan prospect is located just west of Gosha right on the Armenian border. Zones of silicification have yielded 1 to 2g/tAu in very limited exploration. The Mundjuglu prospect showed 5m of 3 to 5g/tAu in one drill hole. Future work on these projects should have relatively low priority.

3.6 GEDABEK CONTRACT AREA

3.6.1 Gedabek

The Gedabek prospect is located adjacent to the village of Gedabek at elevations between 1500 and 2000m. It is located about 55km from the regional centre of Ganja. Access by paved road is excellent. The climate is moderate continental. Soil is typically poorly developed at Gedabek itself, but is well developed on the surrounding plains. Outcrops and subcrops are abundant. Vegetation consists of grass and a few low bushes.

Mining activity at Gedabek is reported to have started as long as 2,000 years ago. More recent activity began around 1849 when the Mekhor Brothers, followed by a German enterprise, the Siemens Bros Company developed and operated a copper mine at Gedabek. At least five 100,000-tonne and numerous smaller sulphide lenses were mined during the period between 1849 and 1917. Records from 1864 to 1917 indicate that 56,000t of copper and 134.16t of gold-silver doré were produced from 1.72Mt of ore during that period. Average metallurgical recovery was reported to be 85%. At an assumed gold to silver ratio of 1:16, this would give an average feed grade of 3.8%Cu, 5.4g/tAu and 86.4g/tAg. Some of the ore was also reported to contain more than 2% zinc and lead. The underground stopes were accessed by 10 main adits with a combined length of 2817m. Mining activity ceased in 1917 with the start of the Russian Revolution.

Sporadic exploration activity has occurred since that time. Several adits were driven, but all were inaccessible at the time of the visit. Rehabilitation of the mine workings is currently in progress and access to three adits is now available. Records of sampling for copper conducted in 1957 to 1959 were compiled for the Gorelaya adit by Azeri geologists in 1995. The high ratios of Cu to S reported from the Gorelaya adit suggest that significant amounts of covellite-chalcocite-bornite are present. Some trenching took place and the adit dumps were systematically sampled by auger holes and pits up to 5m deep. Also 16 core holes were drilled to depths between 141m and 275m prior to 1995. Because the core recovery was only 15% to 20%, these holes provided little useful information. Forty-seven core holes were drilled from 1998 to 2002. Core recovery during this campaign averaged about 70%.

The location of these drill holes and the regional geology at Gedabek are shown in Figure 5.

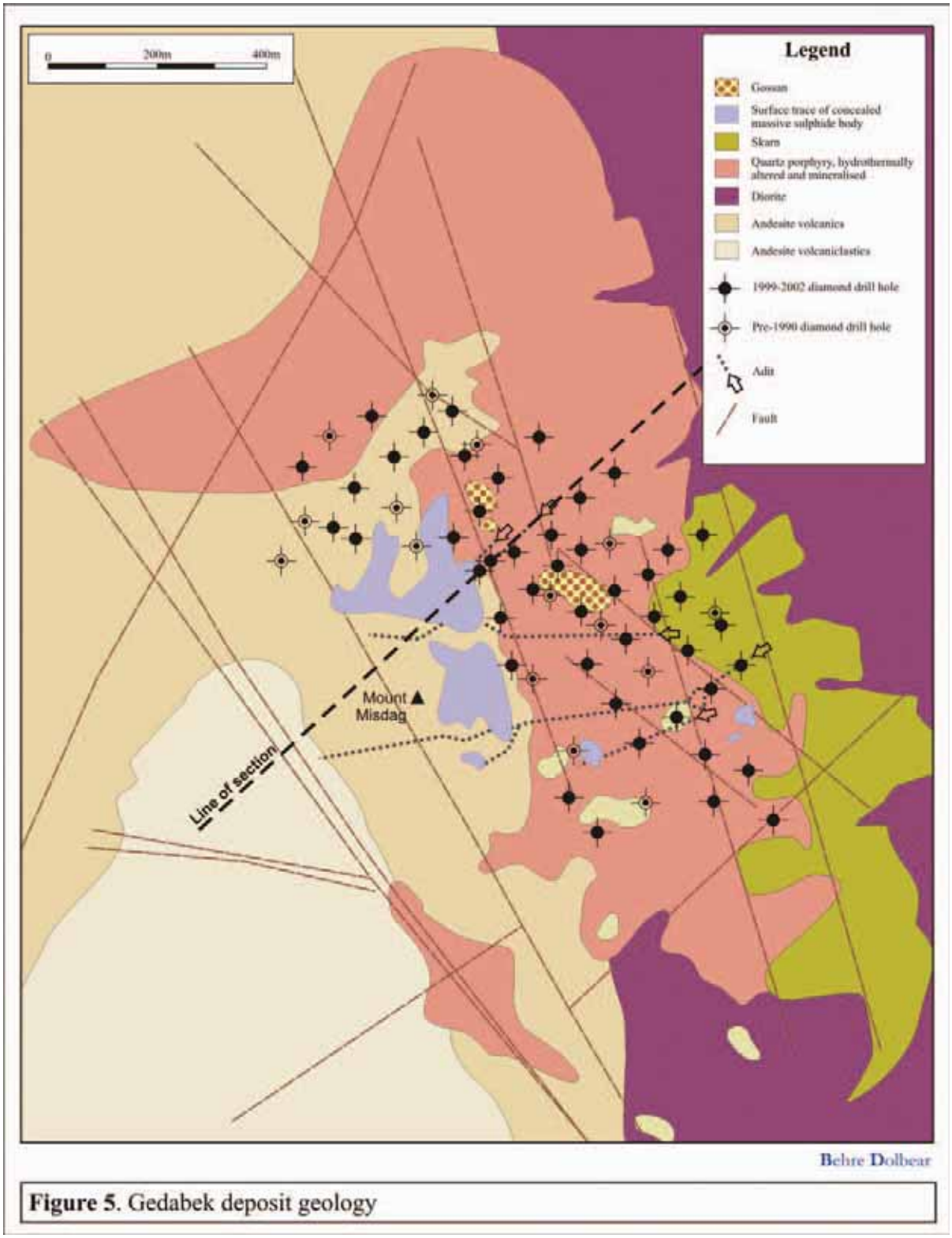


Figure 5. Gedabek deposit geology

Figure 6 represents a cross section of the geology at Gedabek.

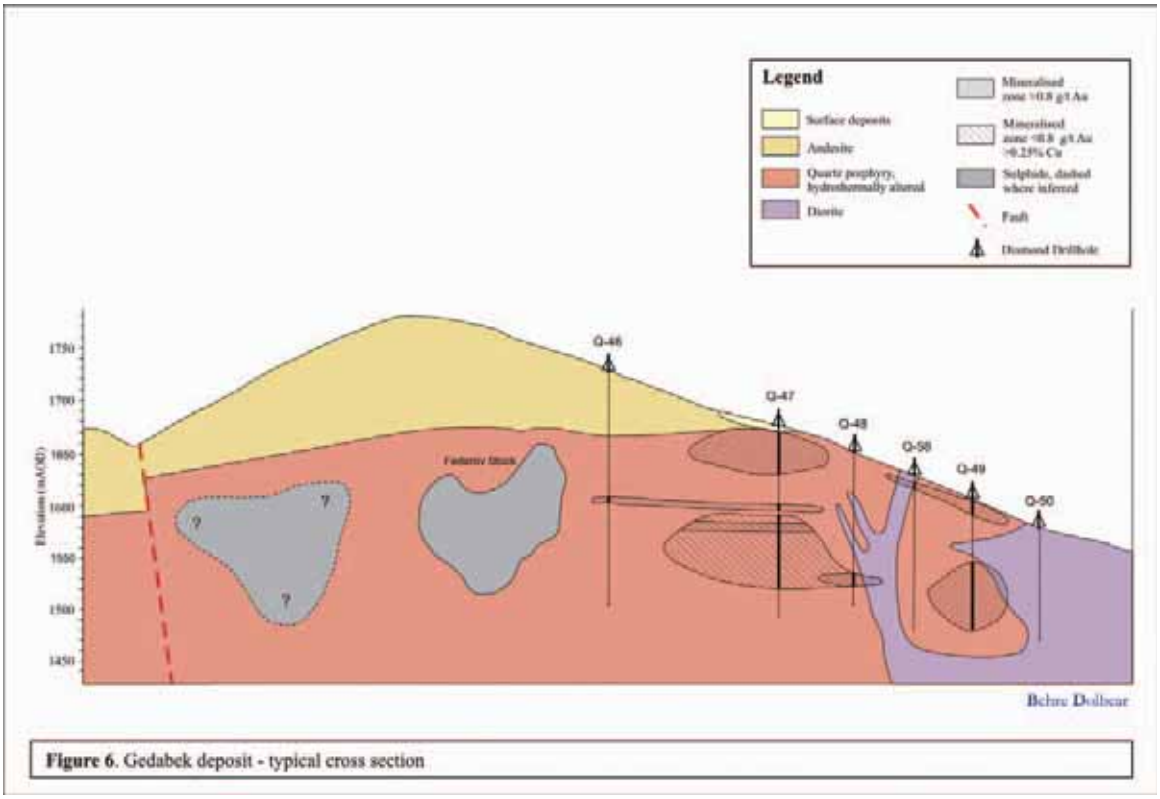


Figure 6. Gedabek deposit - typical cross section

Figure 3D 2 is a three-dimensional illustration of the Gedabek deposit, showing some of the historic workings which can be accessed for future exploration for an open-pit deposit.

Behre Dolbear took three samples from the surface that appeared representative of wide areas of mineralization at Gedabek. Additionally, two samples taken from a drill hole (DH44) revealed 1.65 and 2.36g/t. All five of these samples showed potentially economically significant grades. A detailed resampling of the historic mine workings is expected to indicate additional resources at Gedabek.

The exposed mineralization at Gedabek is hosted in a highly altered “quartz porphyry” which is believed to be a subvolcanic dacitic intrusion into Jurassic andesitic volcanics and volcaniclastics. Inspection of the dumps and outcrops at Gedabek shows the mineralization to consist of fine-grained silica, clay, sericite, alunite and pyrite with lesser amounts of other sulphides.

The silica-sulphide-clay mineralization is the high-sulphidation stage or sulphide-rich “silica cap” of a porphyry copper hydrothermal system. Late-stage and high-level sulphidation events are not developed or preserved at all porphyry copper systems and they have varying morphologies, mineralogies and spatial relationships to the porphyry system. Some have little silica, some have dense, weakly vuggy silica like the deposits at Gedabek and others have highly vuggy, light-grey silica. Most are gold-rich and parts of them typically contain 1 to 5g/tAu, but much higher grades are also known. Most contain enargite and many contain covellite-chalcocite. A few, such as Gedabek, have abundant chalcopyrite. Zinc and lead are also common and all of them have lenses and pods of semi-massive to massive pyrite.

Figure 3D 2a Gedabek plan view

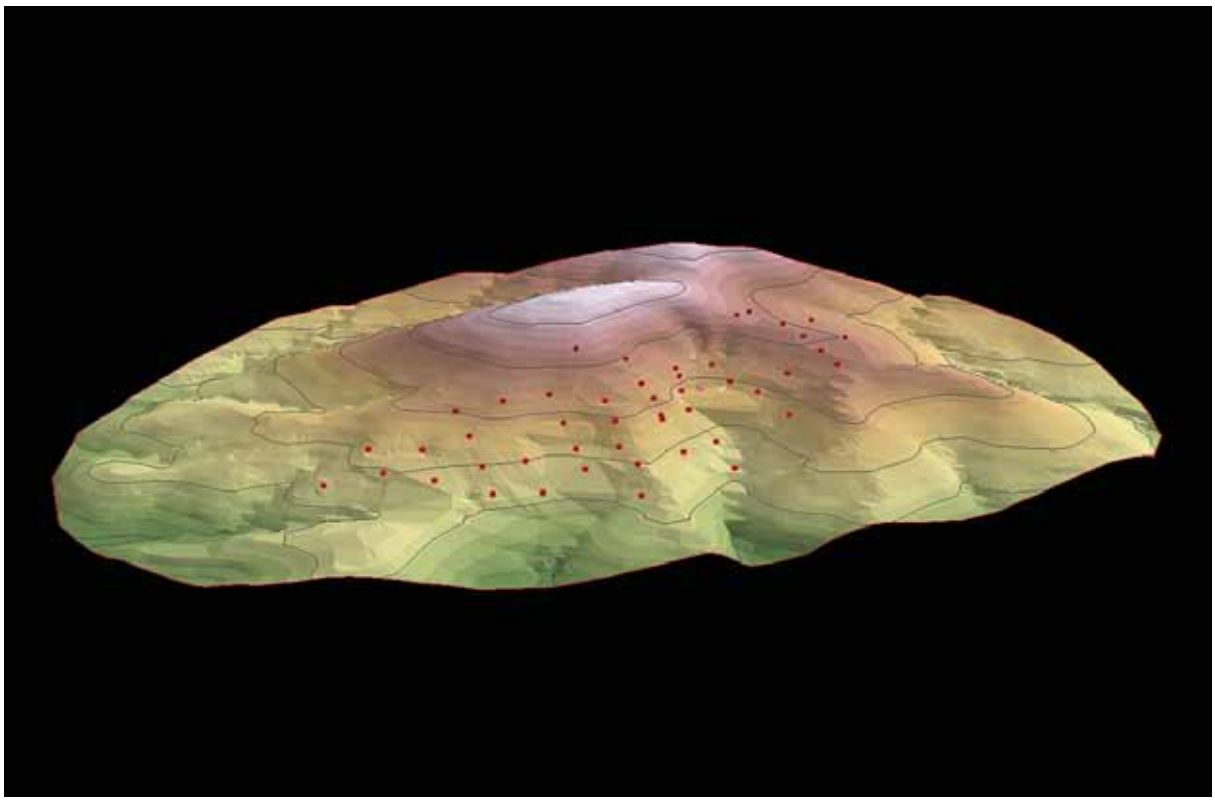
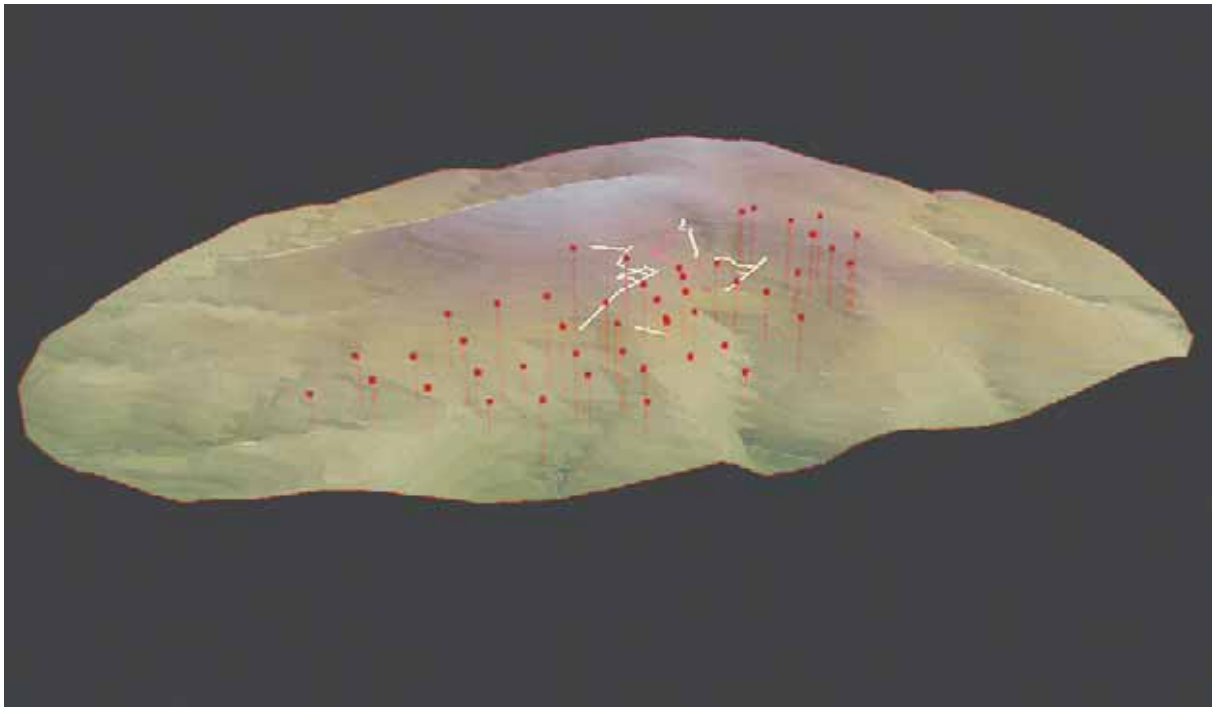


Figure 3D 2b Gedabek transparent view



LEGEND:

Purple – Adit South Karl; Yellow – Adit North Karl; Green – Adit New;
Light Blue – Adit Ezel; Beige – Adit Middle; Red – Drill Holes.

Resources calculated by Azeri geologists after the 1998-2002 core-drilling campaign indicate a C_2 and P_1 resource for Gedabek of 19.2Mt at 1.44g/tAu, 0.36%Cu and 13.95g/tAg including mineralization in the dumps. Behre Dolbear believes that this estimate is reasonable and may be conservative in terms of classification. This programme only tested a small portion of the ultimate potential. A 1500m long and 500m wide NNW-trending zone of silicification, advanced argillic and sulphide alteration is exposed at the surface. Historical underground development has shown the alteration and mineralization to extend another 400m to the west under cover of unaltered Jurassic volcanic rocks. This alteration and mineralization is completely open to the west and, to a lesser extent, along strike to the north and south. The potential to find both high-grade lenses of massive sulphide and large areas of disseminated mineralization in silica is considered excellent. More importantly, the large area of high sulphidation mineralization suggests that a large porphyry system could be located nearby.

In addition to the above estimate, a $C_1+C_2+P_1$ estimate of 382.7Mt of 0.53g/tAu, 5.44g/tAg and 0.48%Cu is presented in the Micon Report. Except for the 1.4Mt of resource contained in dumps and gossan, Behre Dolbear does not endorse this estimate, but notes it in the interest of full disclosure.

3.6.2 Other Prospects on the Gedabek Contract Area

There are a large number of altered and mineralized areas on the Gedabek Production Sharing Agreement Area which appear geologically favourable for hosting both high sulphidation and porphyry Cu?Au mineralization. Some of these prospects are listed below and shown on Figure 7.

- Gyzildzhadag Ore Field
  - Bittibulagh – Siemens is reported to have mined about 16,000t of 2%Cu ore; 50m by 60m area with disseminated pyrite-enargite mineralization; poor outcrop.
  - Gyzildzhadag – Gossanous breccias of “secondary quartzites” with remnants of disseminated stockwork and massive sulphides. Tested by only two drill holes, which showed up to 50m of 0.4 to 1.4g/tAu, 0.1to 1.2%Cu and 100 to 300 ppm Zn and Pb.
- Maarif Ore Field
  - Maarif – Andesite porphyries intruded by subvolcanic rhyodacites with a 20 to 60m wide 700m long zone of local disseminated and stockwork pyrite-chalcopyrite mineralization.
  - Ertep – Two small (0.5 to 0.8Mt) deposits of sulphide reported to carry 5%Cu and 14.5%Zn.
  - Geyer – Altered quartz porphyries; several drill holes, two short adits and 40 channel samples showed 0.1 to 0.6%Cu, 0.8 to 1.2g/tAu and up to 0.6%Pb.
- Shekerbey Ore Field
  - This group of showings in an area 12 to 16km2 includes sulphide showings with up to 0.74%Cu, 2.7%Pb and 4.2%Zn in locally, intensely kaolinized volcanics.
- Aitalasu Ore Field
  - Gumlu – 5 to 200m wide 4km long zone of brecciated, silicified, pyritized dioritc rocks with quartz veins. Up to 2.4% Cu with Zn. Gold content is not known.
  - Aitalin – Kaolinized and pyritized zone 180 to 200m wide, 5km long with 300 to 1000ppm Cu and up to 1g/tAg.

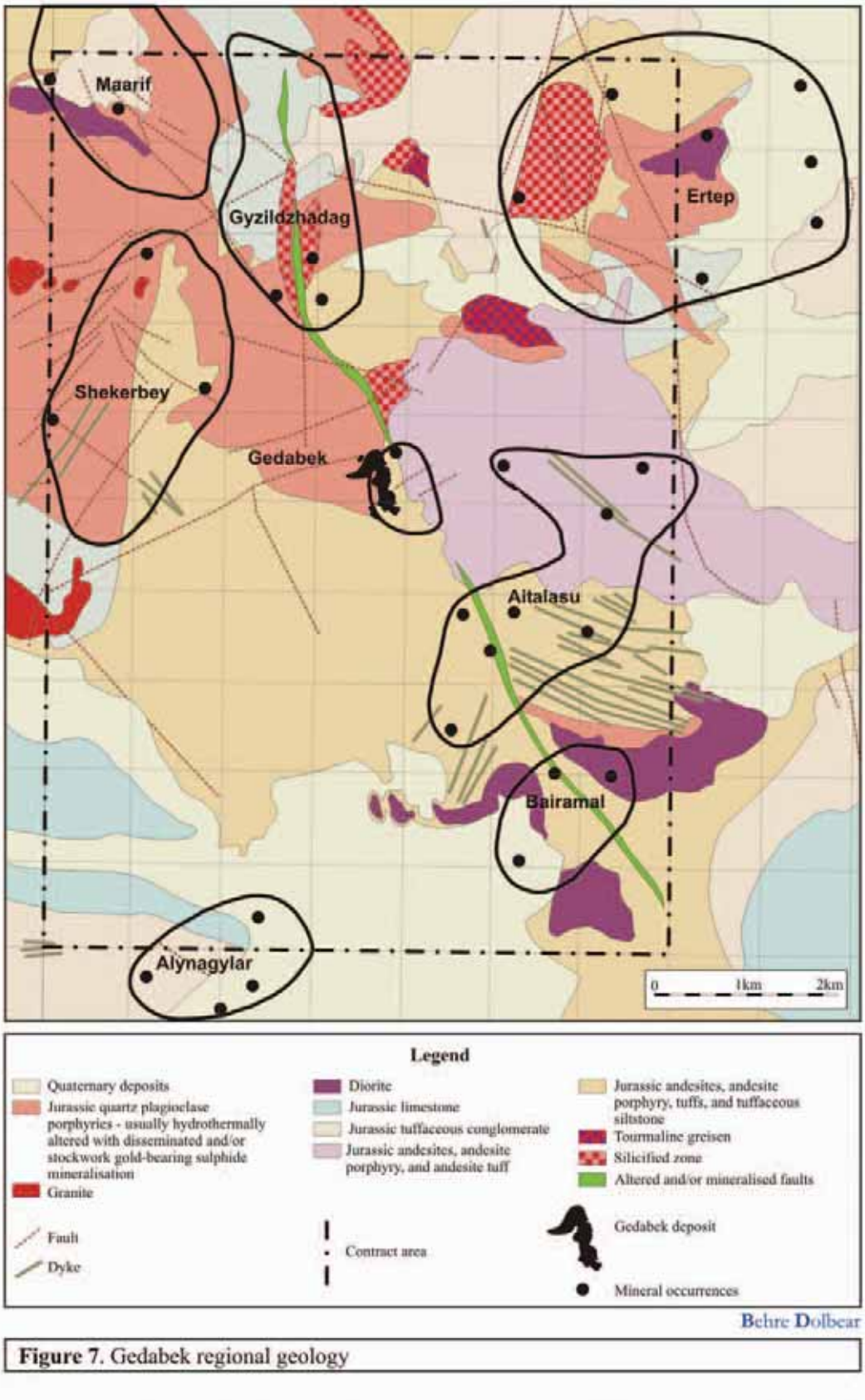


Figure 7. Gedabek regional geology

3.7 ORDUBAD CONTRACT AREA

Figure 3D 3 shows a three-dimensional picture of the five major deposits in the Ordubad Contract Area.

3.7.1 Shakardara

The Shakardara deposit is located about 4km northwest of the village of Keleki at an elevation of 1600 to 2000m. The deposit lies in steep terrain and can be accessed by about 6km of four-wheel-drive road, which could be easily upgraded. Soil development is poor and outcrops and subcrops are common. Mineralization is hosted in Eocene andesitic flows and tuffs. The mineralization is on the east side of the regional 100 to 500m wide north-north-west trending Mazra fault. Shakardara is located about 4km west of the even larger scale Ordubad fault which also trends north-north-west (See Figure8). These faults are part of the large-scale porphyry-hosting tectonic belt mentioned above.

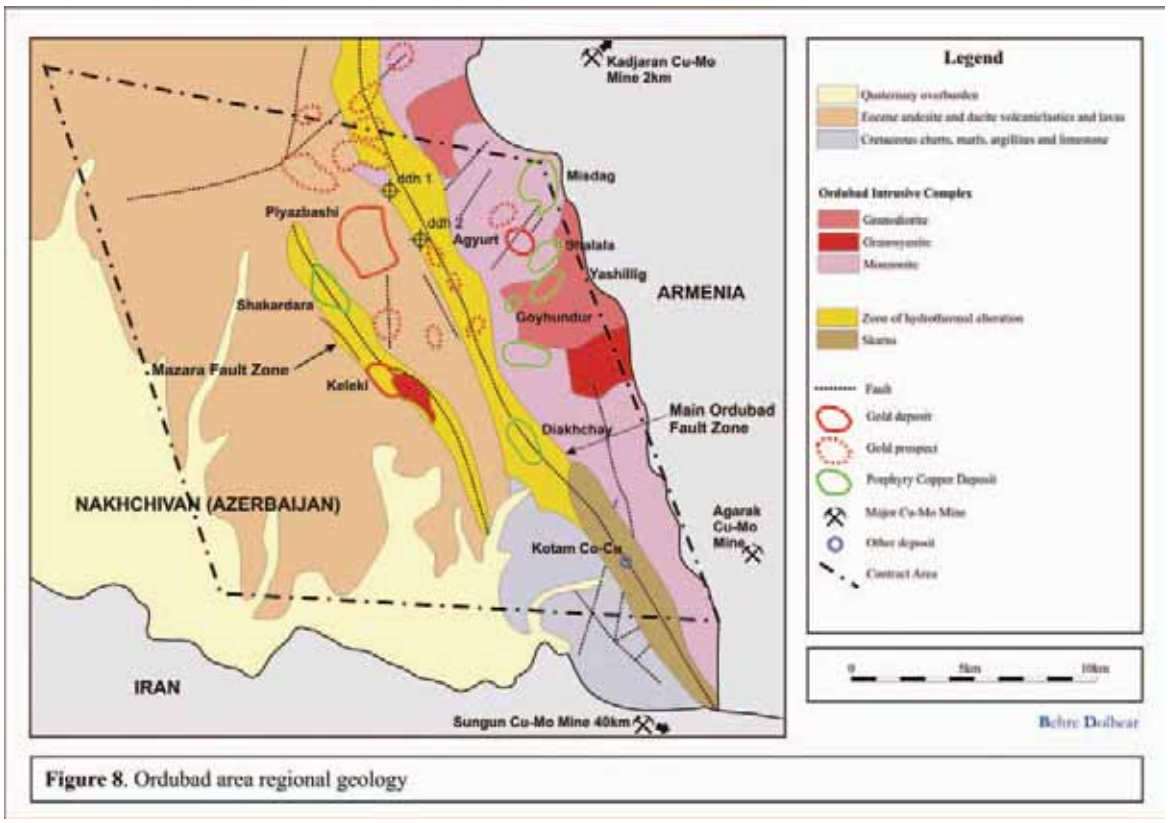


Figure 8. Ordubad area regional geology

Figure 3D 3a Ordubad plan view to scale

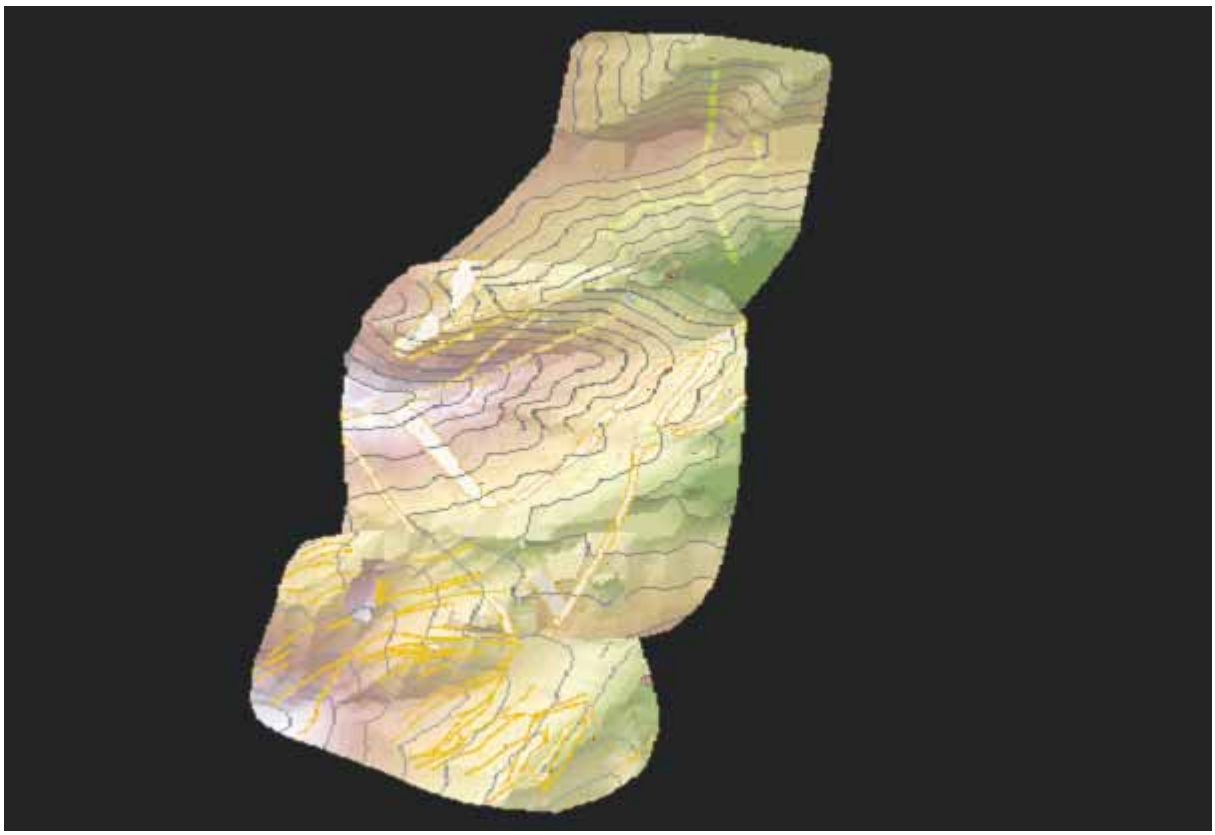
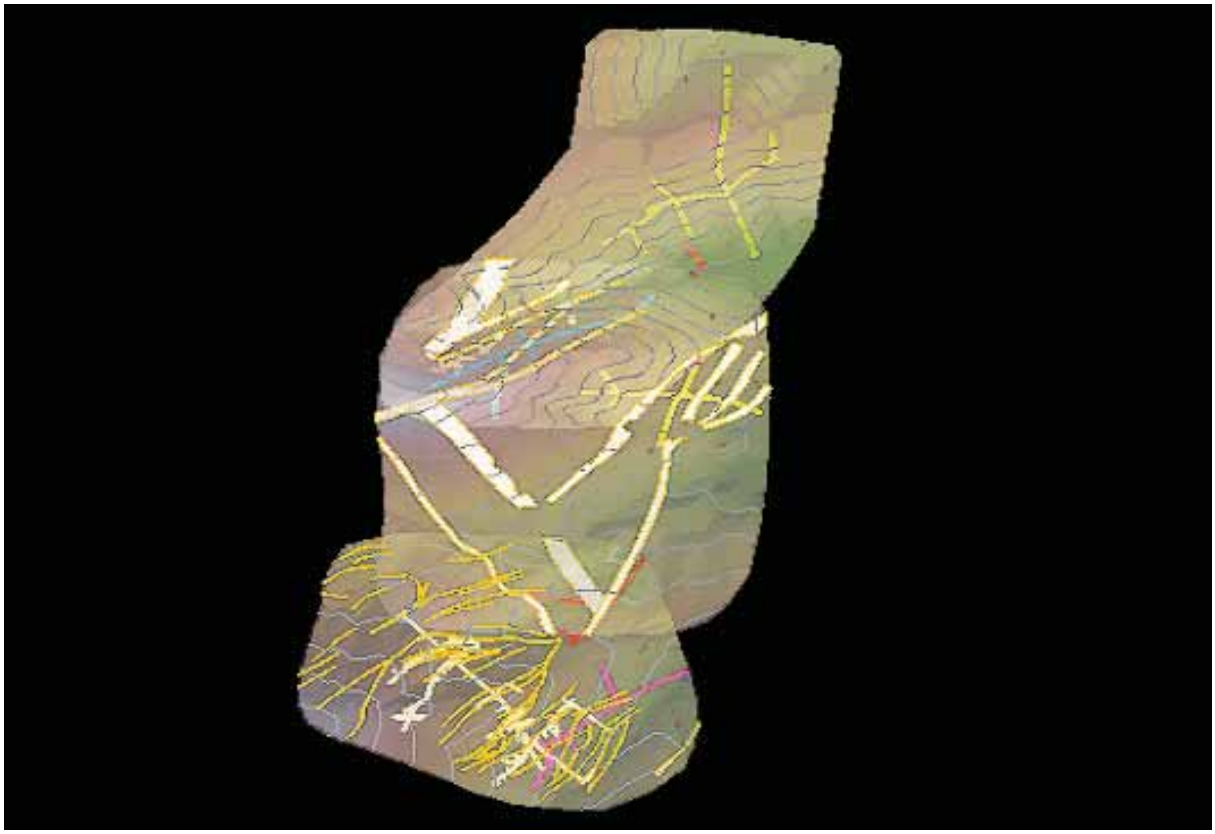


Figure 3D 3b Ordubad transparent view to scale



LEGEND: Bottom Left Corner: **Misdag.** Clockwise **Agyurt & Shalala** (overlapping), **Shakardara, Piyazbashi.** These pictures are from aerial surveys and show actual distances apart. Misdag to Agyurt is about 2km, Agyurt to Shalala about 4km. Closer views are on following pictures.

Exploration at Shakardara originally targeted several 1 to 3m wide quartz veins that contained several grams of gold per tonne and about 1% Cu. Adits driven to explore these veins at depths of 70 to 140m below the surface encountered wide zones of porphyry-style Au-Cu mineralization. Adit 12 encountered 380m that averaged 1.1g/tAu and 0.05%Cu in chloritized and epidotized andesites with 1% to 2% fine quartz-pyrite veinlets and 2% to 5% finely disseminated pyrite.

Anglo Asian and Behre Dolbear took grab samples from a 1000m2 area of the dump at adit 12 in November 2004 and January 2005. These samples of dark green chloritized andesite with minor quartz-pyrite veinlets and 2-5% fine disseminated pyrite returned values of 33.6 and 14.88g/tAu, respectively. Adit 10 encountered 86m of 1.0g/tAu and 1.1%Cu and an additional 15m of 0.93g/tAu and 0.83%Cu at the face. Mineralization visible on the dump consists of more typical porphyry-style stockwork of oxidized sulphides in strongly argillized and sericitized volcanics. This style of mineralization is well exposed in the roadcut adjacent to the portal of Adit 10 and yielded a value 4.28g/t across 4m in sample SHAKRW-3. Similar style mineralization extends for more than 30m on either side of this location. Chloritized and pyritized volcanics similar to that encountered in Adit 12 are also visible on the Adit 10 dump. Anglo Asian's sample of this dump showed 10.0g/tAu and 2.4%Cu.

A cross section of Adit 12 is illustrated in Figure 9. Figure 3D 4 presents a three-dimensional illustration of the exploration adits and other work.

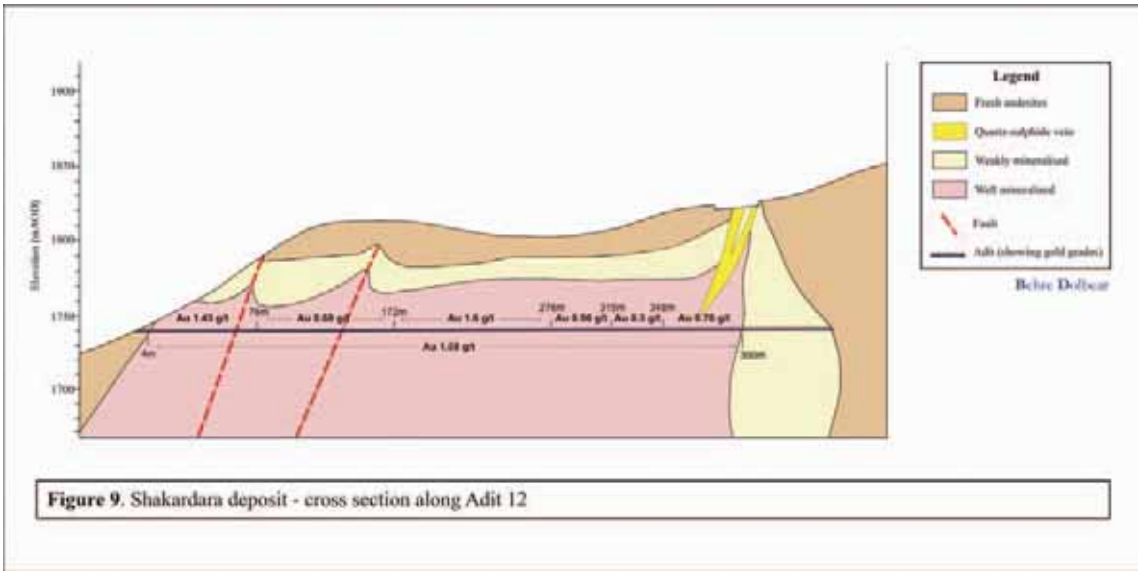


Figure 9. Shakardara deposit - cross section along Adit 12

Based on the sample results in Adits 10 and 12, the Azeri geologists have estimated a P_2 resource of 156Mt at 1.1g/tAu, 3.6g/tAg and 0.4%Cu. This appears reasonable based on the density of sampling and the geologic environment. The ultimate potential is probably much larger. Many porphyry deposits that have ultimately shown resources of more than 500Mt had less significant intercepts than Shakardara exhibits at this early stage of exploration.

Figure 3D 4a Shakardara plan view

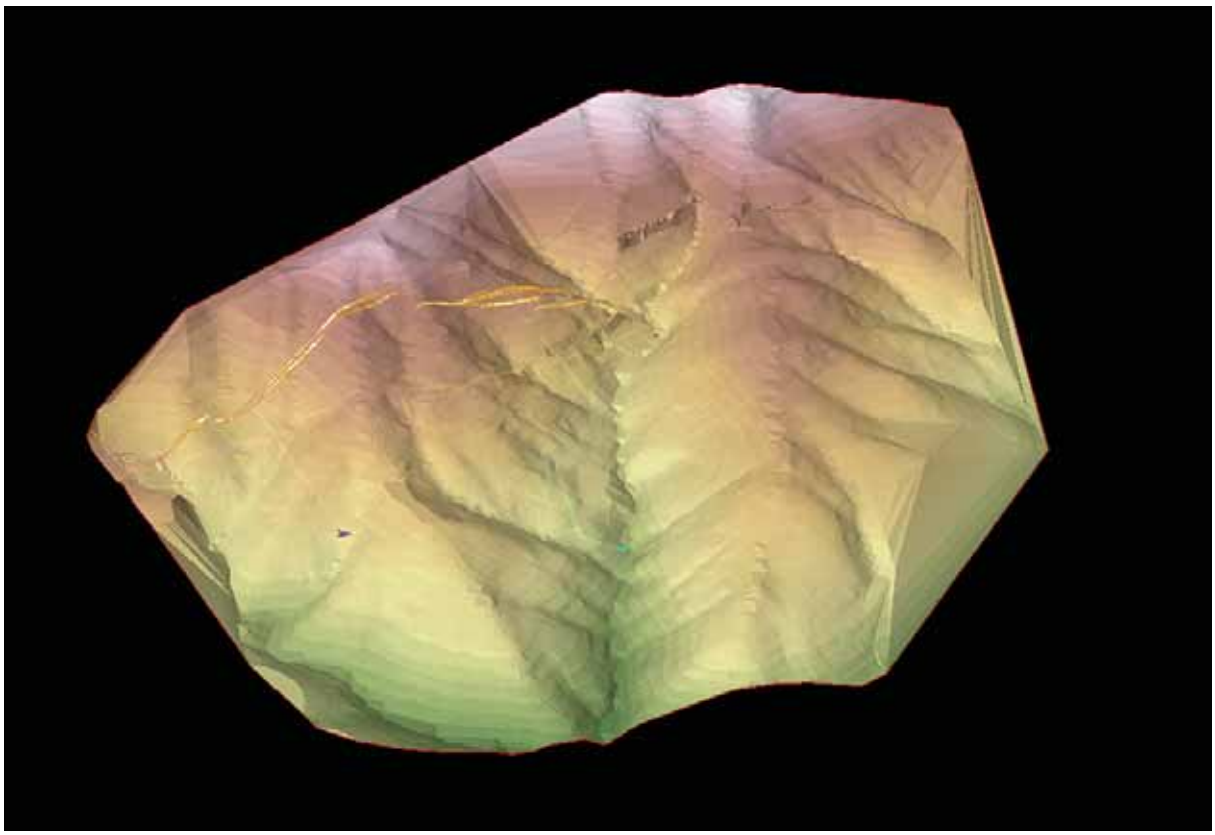
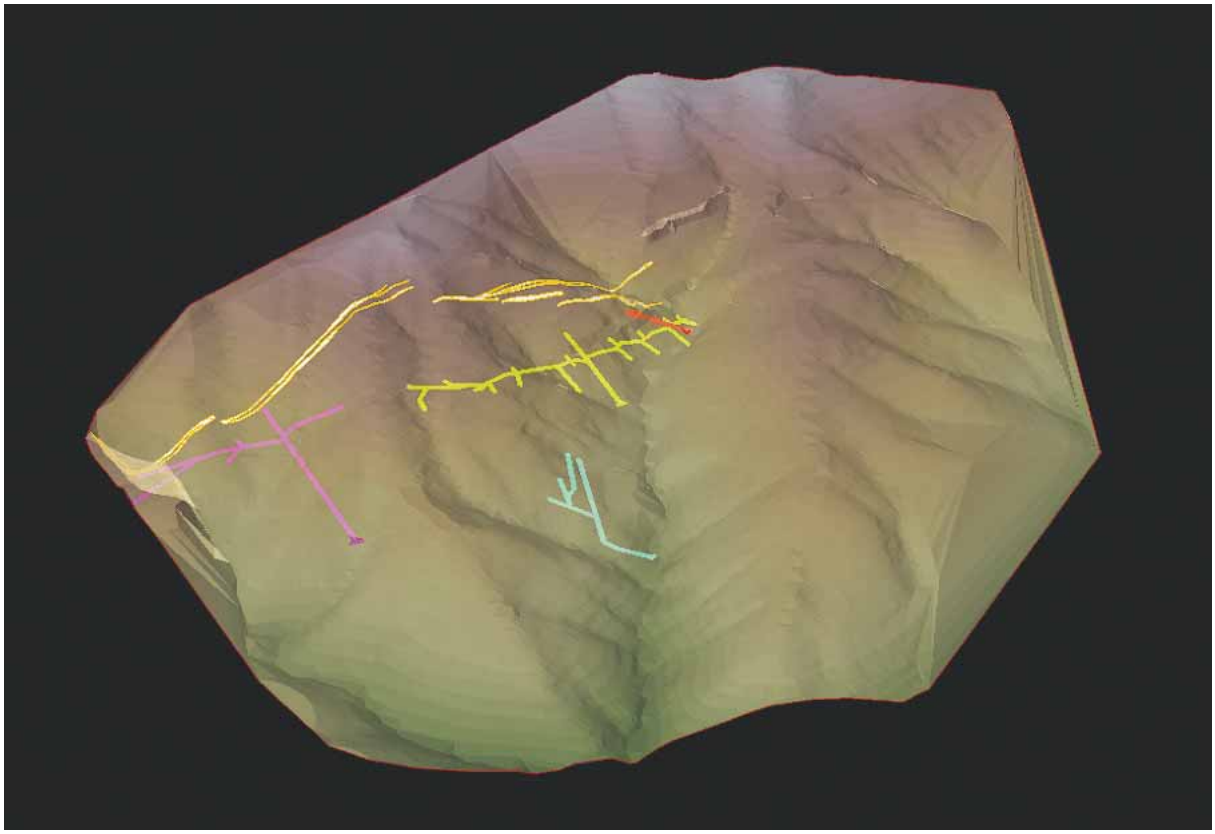


Figure 3D 4b Shakardara transparent view



LEGEND

Red – Adit 1; Green – Adit 10; Blue – Adit 11; Purple – Adit 12
Light Brown – surface mineralized zones

Soviet and Azeri geologists had also prepared a P_2 estimate of 56Mt at a grade of 1.0g/tAu, 5.8g/tAg and 0.65%Cu. This estimate is presented in the Micon report. Based on the continuity of mineralization in Adits 10 and 12, Behre Dolbear believes that this estimate underestimates the amount of resource which can reasonably be inferred from the existing data.

The discovery of wide intercepts of ore-grade mineralization in Adits 10 and 12 also has positive implications for the discovery of other "blind" mineralization in the Ordubad Contract Area. Wide zones of well developed stockworks of iron oxides in intensely altered volcanic rocks have not been routinely sampled in the Shakardara area and may yield other encouraging exploration targets.

3.7.2 Shalala

The Shalala prospect is located about 5km northeast of the village of Keleki at an elevation of 2200 to 2600m. Access is by 8km of four-wheel-drive road. The prospect is located in steep rocky terrain with abundant outcrop. Vegetation consists of grass and scattered low bushes. The location of the prospect, shown on Figure 8, is immediately south of the Agyurt deposit and about 2km south of the Misdag deposit. It is hosted in dioritic intrusives that are part of the Mergi-Ordubad massif. The deposit is characterized by zones of stockwork mineralization up to 300m wide along 2000m of a north-north-west-trending structural zone that dips steeply to the east. A geologic map follows as Figure 10.

The Shalala deposit has been explored by adits at 2210m, 2300m, and 2522m and approximately 30 vertical drill holes up to 400m deep. Adit 5 intersected 347m of 0.42%Cu and 0.008%Mo. Seventy-five metres of 0.75%Cu were intersected in drill hole 37. Gold was not analyzed in most of the adits and drill holes at Shalala; however, Adit 27 intersected 57m of 0.25%Cu and 0.48g/tAu about 2km north of the Adit 5 intersection, where the Shalala zone approaches the Agyurt zones.

Azeri geologists estimated a C_2+ P_1 resource of 20.6Mt at 0.5%Cu and 0.006%Mo. Soviet and Azeri geologists also estimated a P_2 resource of 11.7Mt at a grade of 0.84%Cu, 0.023%Mo on "Orebody No. 2". This resource estimate is based on a single 30m intersection in crosscut No. 3 of Adit 5, that has been extrapolated for 300m along strike and 500m down dip. Soviet and Azeri geologists estimated another P_2 resource of 9.0Mt of 1.11%Cu, 0.005%Mo on "Orebody No. 3". This is based on another single 14m intercept in crosscut No. 3. Behre Dolbear believes there is insufficient information to quantify any resource on these occurrences, especially involving extrapolation of such long distances; however, these are obviously excellent exploration targets.

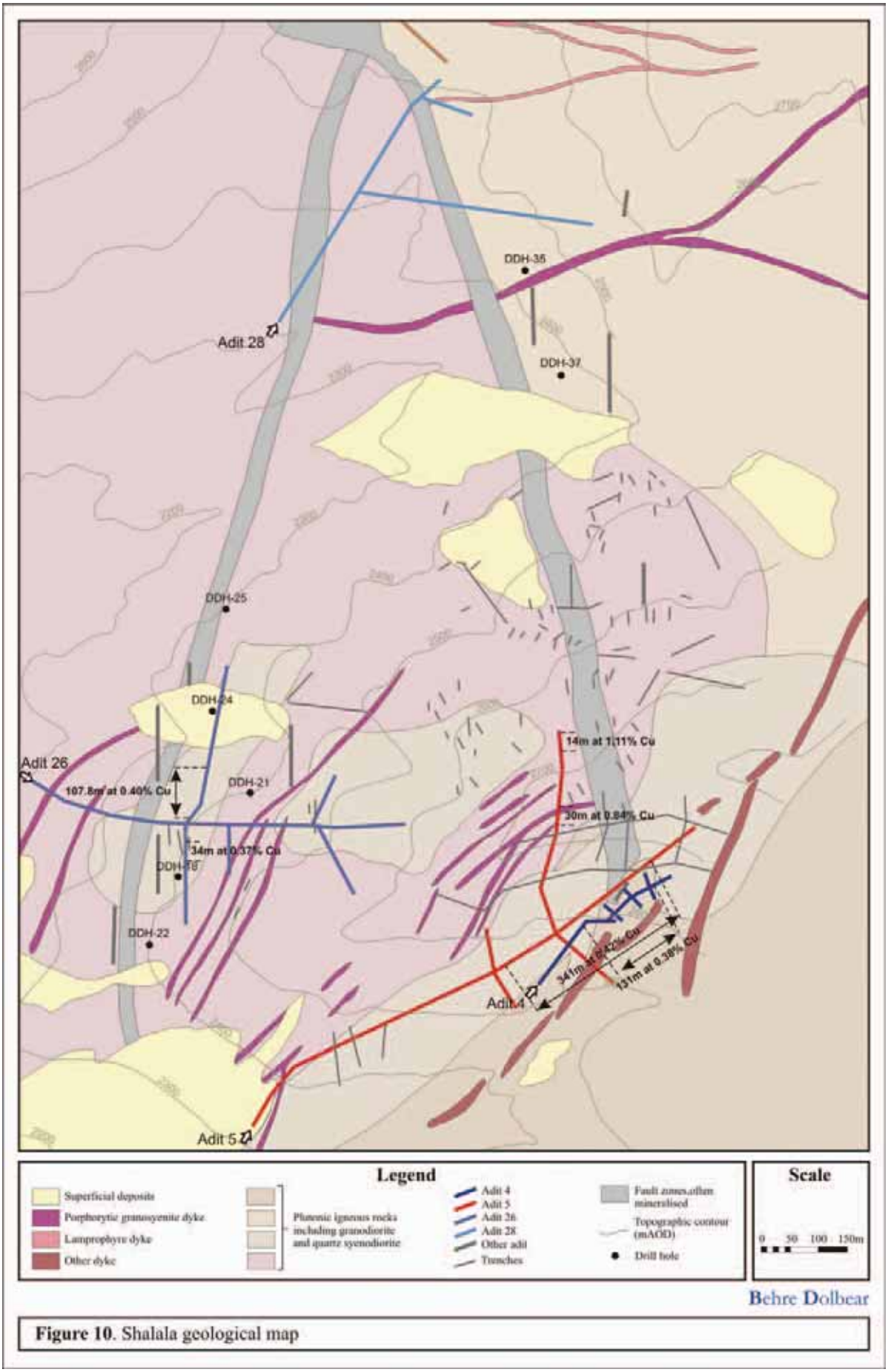


Figure 10. Shalala geological map

There are many other excellent exploration targets at the Shalala prospect. Numerous encouraging intercepts in adits and drill holes have not been followed up by additional exploration and may represent significant additions to the resource. One of many examples is drill hole 34, which hits 32m of 0.80%Cu at a depth of 125m. Drill holes 18, 21, 22, 24, and 25 also indicate excellent potential as shown in Figure 11.

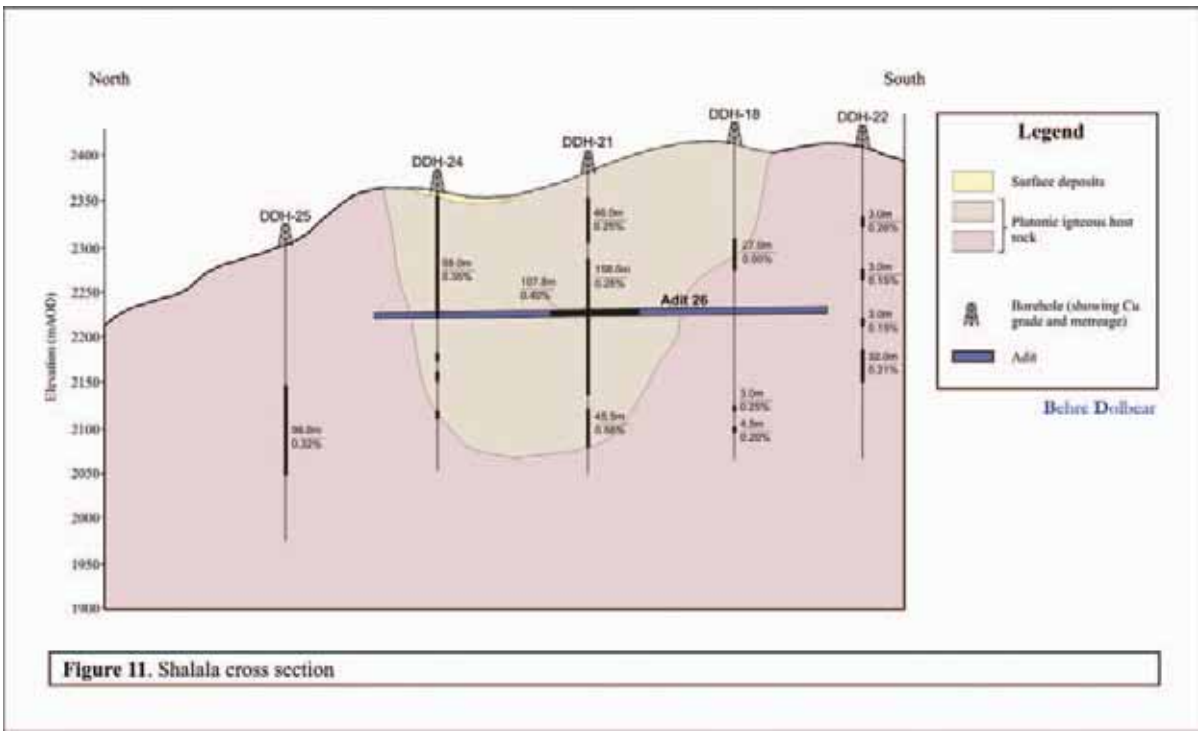


Figure 11. Shalala cross section

Most of the workings and all of the drill holes were not sampled for gold. In February 2005 Behre Dolbear took a 4m wide sample from a 30m wide zone of stockwork mineralization in a previously unsampled roadcut that ran 6.28g/tAu. Behre Dolbear believes that gold values will add significantly to the potential, and the ultimate potential of Shalala may be an order of magnitude larger than what has presently been estimated.

Figure 3D 5 presents a three-dimensional picture of Shalala.

Figure 3D 5a Shalala plan view

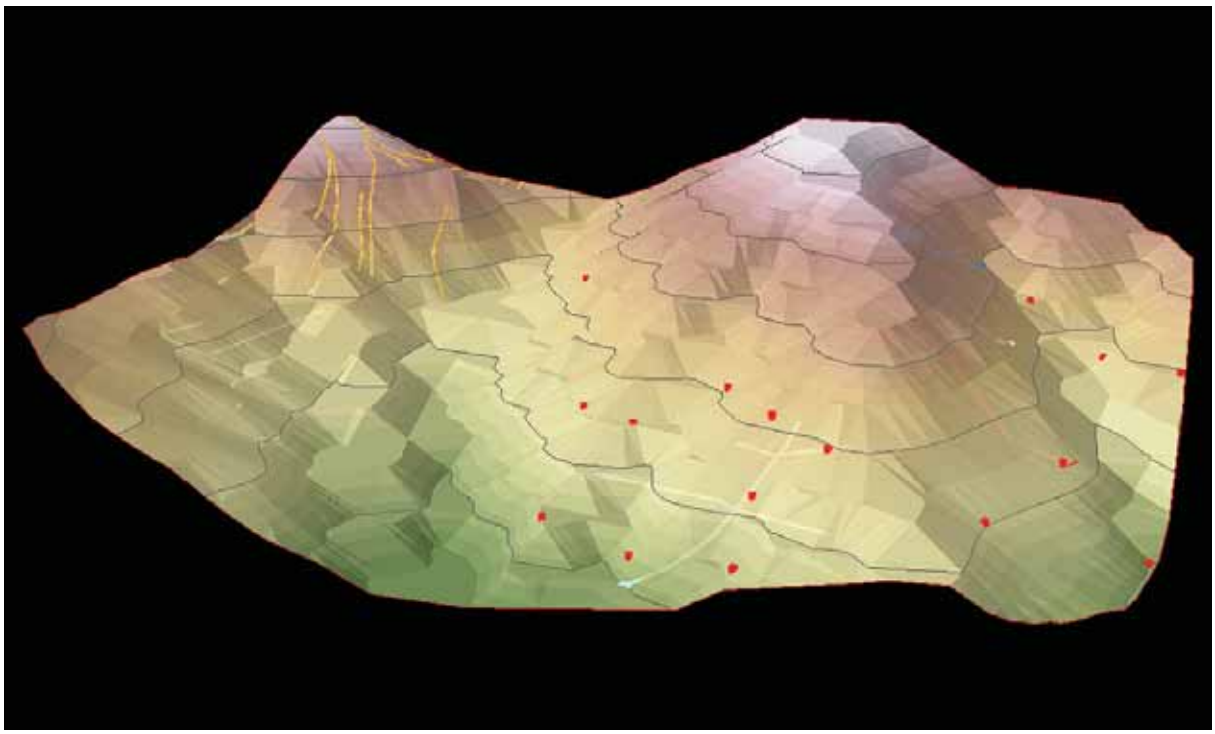
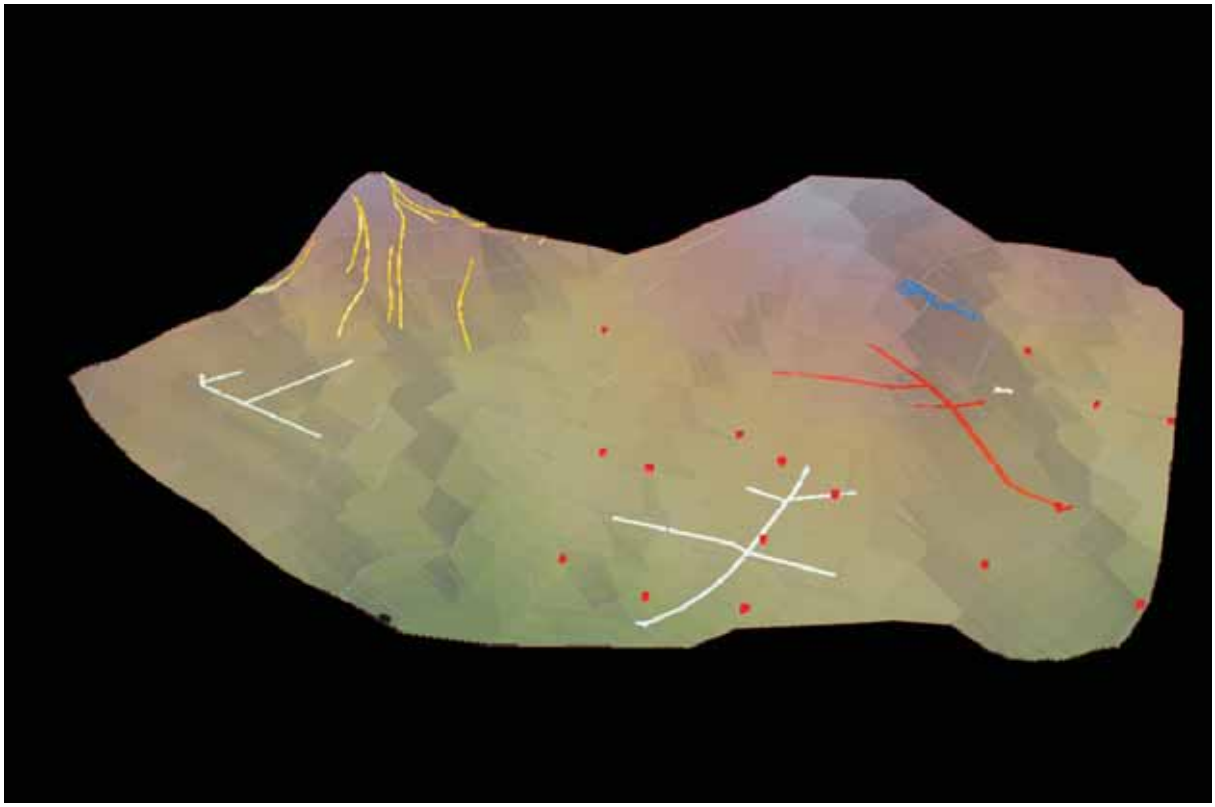


Figure 3D 5b Shalala transparent view



LEGEND

Light Blue – Adit 28; Blue – Adit 26; Dark Blue – Adit 4; Red – Adit 5; Beige – Adit 3. Red – Drill Holes; Brown – Surface Mineralization

3.7.3 Misdag

The Misdag deposit is located about 7km north-west of the village of Keleki at an elevation of about 3400m as shown on Figure 8. The deposit is hosted by quartz monzonites, which are a late phase of the intrusions making up the Megri-Ordubad massif. The deposit is located on the large-scale, north-east-trending Misdag fault The large Kadjaran Cu-Mo deposit in Armenia is located about 15km to the northeast of Misdag on the extension of the Misdag fault

The Misdag deposit was originally discovered in 1966 and most of the exploration work was conducted before 1980. The deposit has been explored by numerous trenches and a few adits and drill holes. Significant trench intercepts at Misdag include 145m of 0.83%Cu and 327m of 0.40%Cu. Figure 3D 6 shows the trenches and adits at Misdag.

Classic porphyry-copper disseminated and stockwork pyrite chalcopyrite mineralization is hosted in swarms of north-east-trending structural zones. These zones are exposed at the surface in a roughly semi-circular area that is about 900 metres in diameter. See Figure 12 on page 73.

Molybdenum values of 50 to 100 ppm have also been noted. Behre Dolbear has seen only isolated analyses for gold at Misdag. Additional work may reveal that gold adds considerable value to the mineralization. Some of the mineralization in the adits appears higher grade than the overlying mineralization in trenches. It is reasonable to expect that copper values have been leached in the surface trenches and the grade of copper at depth may be greater than that indicated by the trenches.

Metallurgical tests indicated that 93% of the copper could be recovered by flotation and a gold value of 2.1g/t in the concentrate produced was reported by Soviet professionals. This indicates that excellent recovery of both copper and gold can be made by standard flotation processes.

Soviet geologists estimated a P_1 resource of 686Mt resource grading 0.43%Cu. Based on the data and cross sections, Behre Dolbear believes that this large resource estimate would require extrapolation to greater depths than the surface trenching and limited underground workings would reasonably allow. Behre Dolbear has tabulated a P_1 resource of 350Mt at a grade of 0.43%Cu.

Figure 3D 6a Misdag plan view

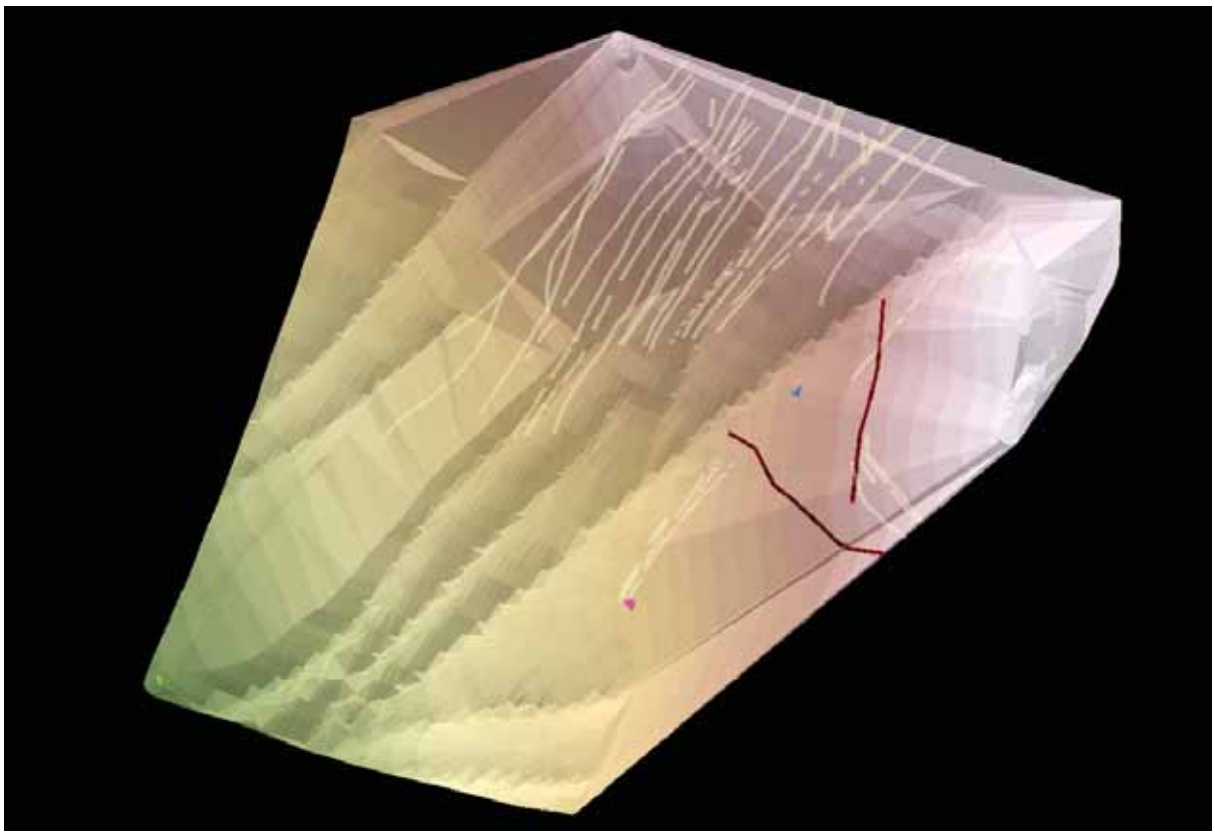
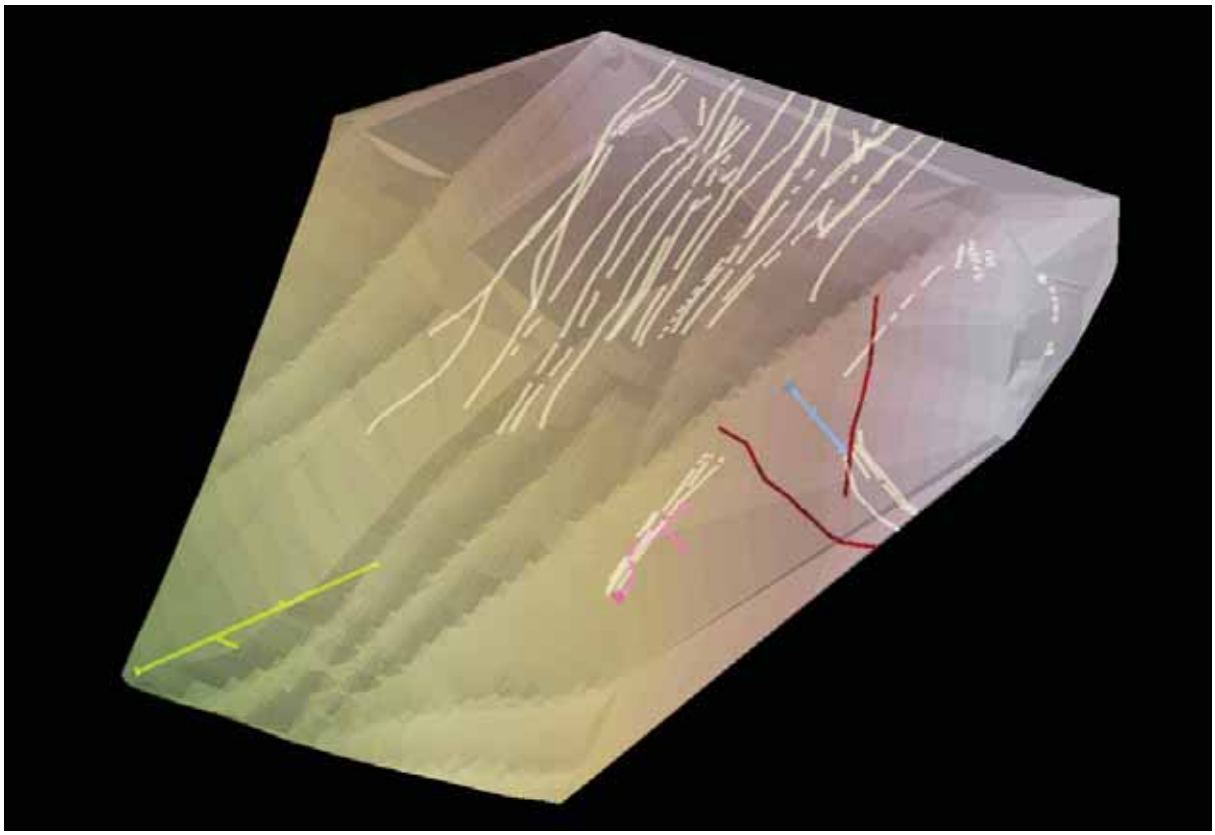


Figure 3D 6b Misdag transparent view



LEGEND: White – surface mineralization; Red – trenches; Blue – Adit 12;
Pink – Adit 13; Green – Adit 25.

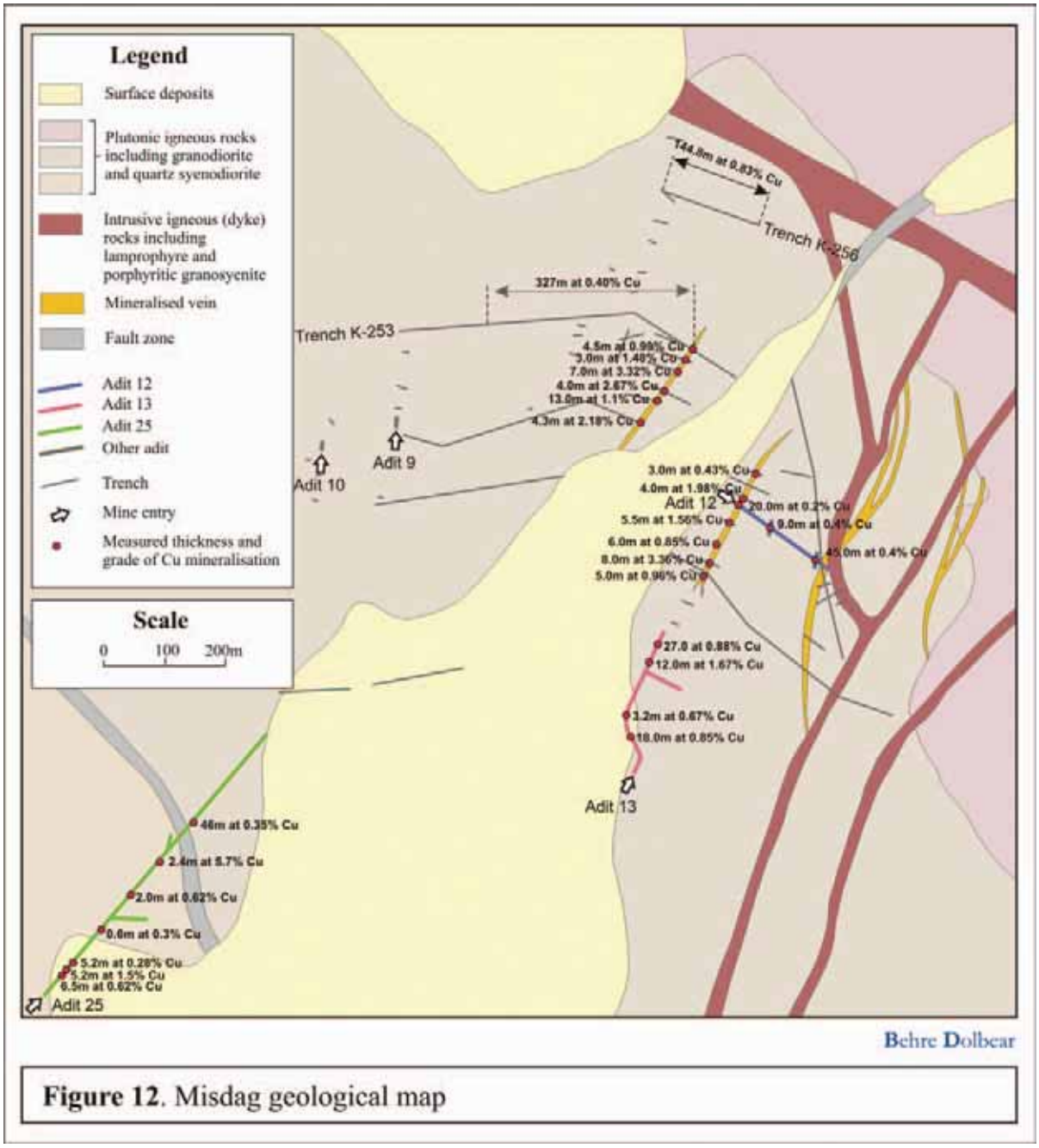


Figure 12. Misdag geological map

3.7.4 Agyurt

The Agyurt deposit is located on the northern extension of the Shalala deposit, between the Shalala and Misdag deposits (See Figure 8 and Figure 3D 3). The Agyurt deposit is a series of steeply north-west-dipping, north-east-trending quartz-sulphide-carbonate veins hosted in a dioritic pluton. The contact of the host pluton with granodiorites of the Megri-Ordubad massif is formed by the north-east-trending Misdag fault, which also lies close to the Misdag and Khadjaran (Armenia), Cu-Mo deposits, which are located 2 and 15km to the north-east, respectively.

Alteration consists of sericitization and pyritization and is apparently restricted to narrow zones near the veins. Alteration and mineralization are reported to be weak at the surface but to increase in width and intensity with depth.

Exploration at Agyurt was carried out sporadically between 1971 and 1988. Surface mapping, trenching, core drilling and extensive underground development were conducted. Adits were driven at the 2300m, 2432m, and 2528m levels. Figure 13 represents a cross section of the deposit. Figure 3D 7 shows the work performed.

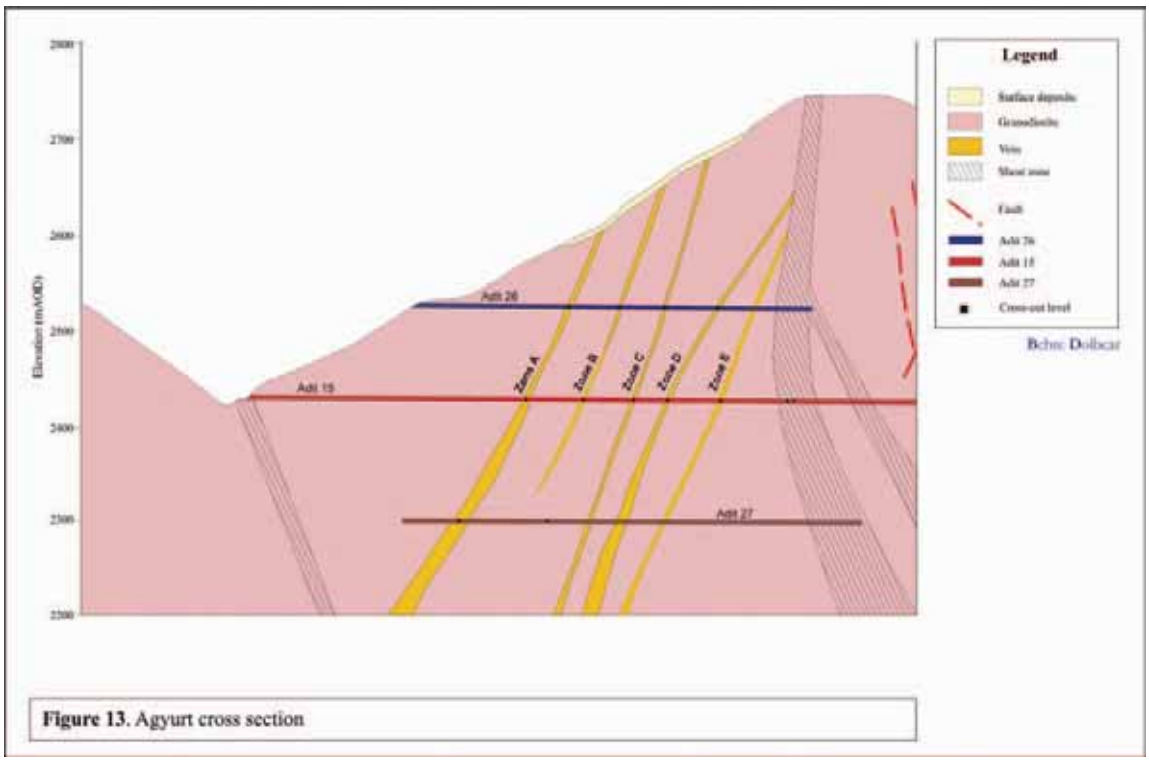


Figure 13. Agyurt cross section

A resource estimate on Zones 3, 3a, the Parallel Zone and Zone 5 was completed in 1985. Soviet geologists estimated a C_2+P_1 resource of 1.13Mt at a grade of 6.39g/tAu, 23.4g/tAg and 1.28%Cu.

As previously noted the Shalala zone projects to an intersection with the zones at Agyurt and this intersection is a good exploration target.

Figure 3D 7a Agyurt plan view

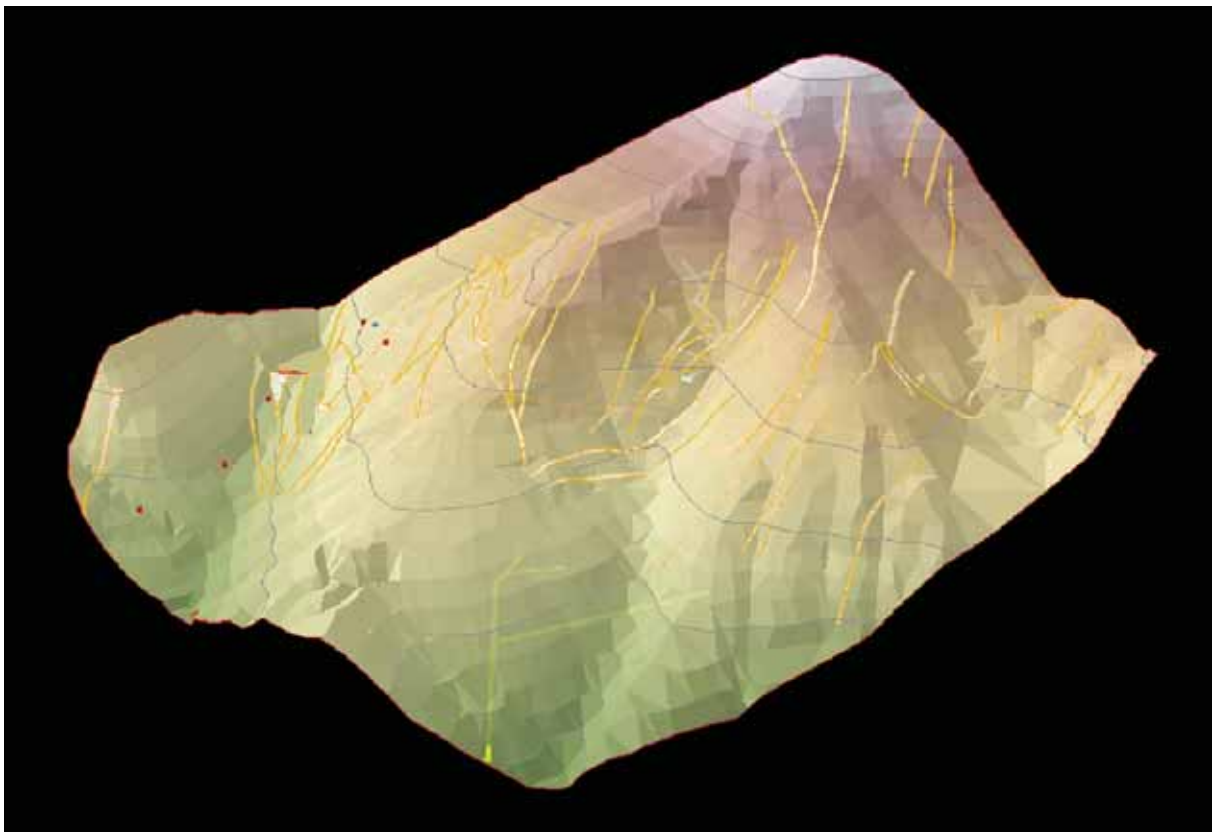
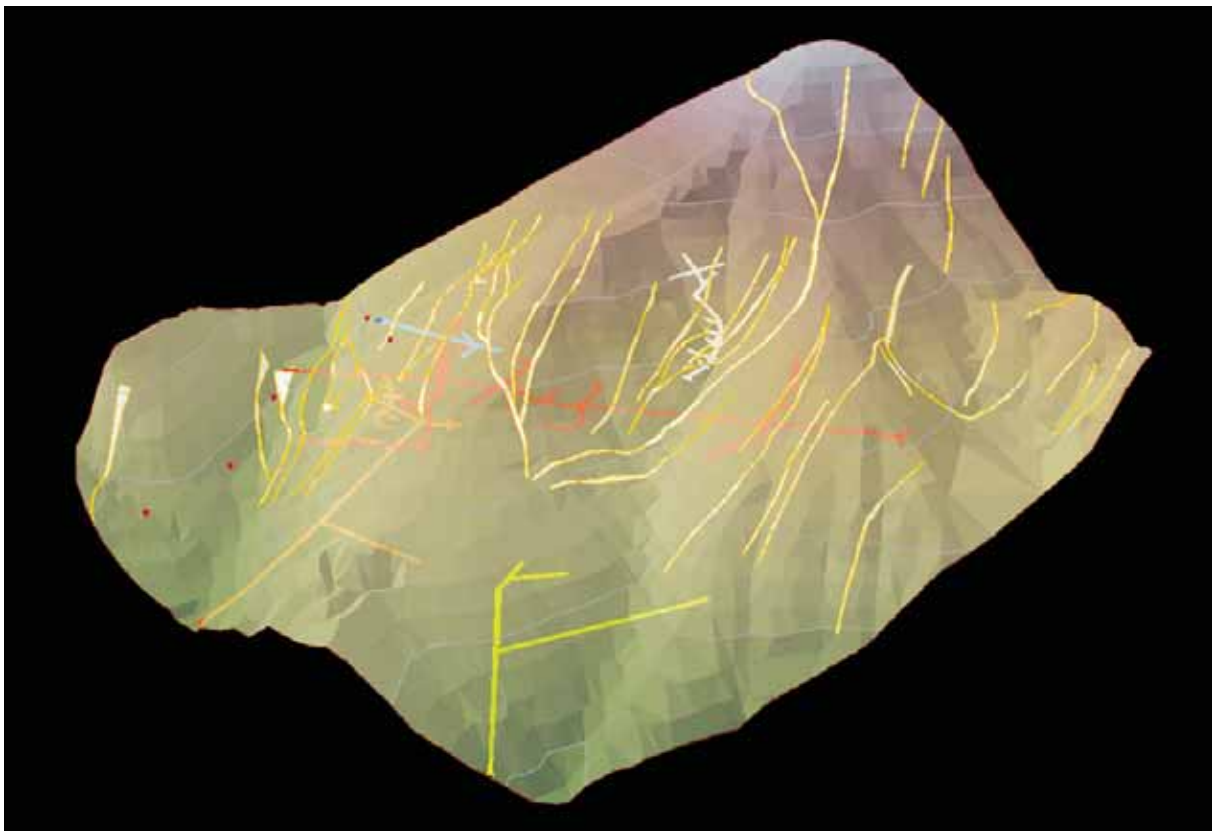


Figure 3D 7b Agyurt transparent plan view



Legend: White and pale brown – surface mineralization; Brown – Adit 27; Blue – Adit 26; Green – Adit 28; Light blue – Adit 30.

3.7.5 Piyazbashi

Piyazbashi is located about 5km north of the village of Keleki at an elevation of 2200 to 2600m (See Figure 8). Access is by about 9km of four-wheel-drive road.

The deposit is hosted in Eocene andesitic to dacitic volcanics. These volcanics contain more than 50 steeply-dipping quartz sulphide veins, which are up to 800m in length. The veins are oriented in two principal directions over an area of approximately 1.5km square. One set trends north-east, like the structures at Misdag, and the other set trends north-north-west, like the large scale Mazra fault. In addition to the potential contained in the quartz veins, there is potential in wide zones of intense kaolinization, silicification, sericitization and pyritization.

Exploration at Piyazbashi has been sporadic over the period from 1961 to 1997. Work consisted of surface trenching, mapping and sampling and underground development on three levels to a depth of 300m. Figure 3D 8 A is a three-dimensional presentation of the property and Figure 14 below represents a cross section.

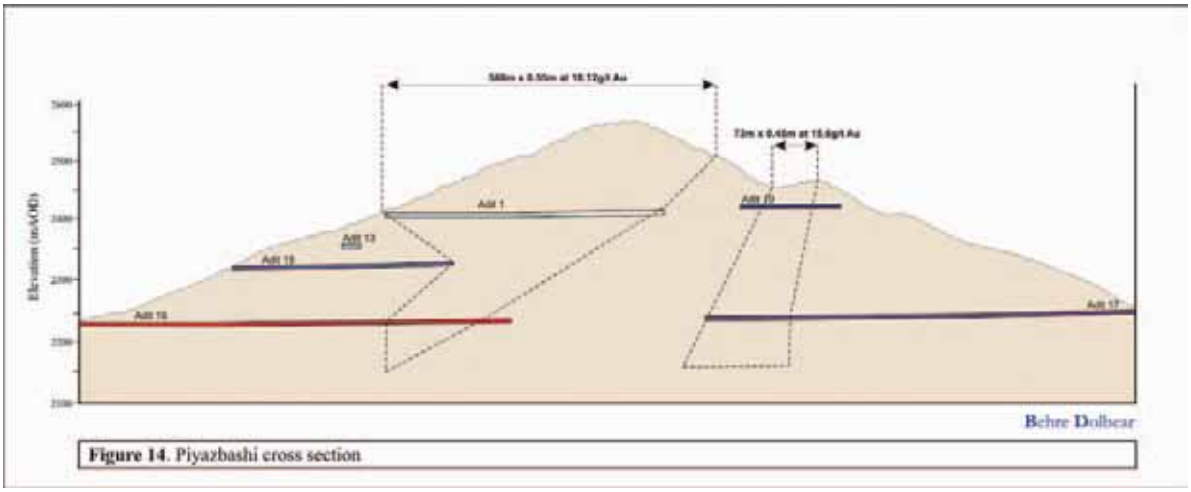


Figure 14. Piyazbashi cross section

Azergyzil estimated resources on eight of the quartz veins that have been evaluated in greater detail and reported a resource estimate of $C_2 + P_1$ of 890,000t at 6.6g/tAu for a total of 5.87t of contained gold.

Azergyzil also calculated a P_1 resource of 11.7Mt at a grade of 2.3g/tAu. This estimate appears to be based on the 41m intersection of 6.39g/tAu in Adit 17; however, the crosscut 20m away is reported to contain only 20m of 0.8g/t. Behre Dolbear does not currently believe that there is sufficient evidence to quantify a resource larger than the 0.89Mt listed above, but believes the potential is high for finding a significant gold deposit at Piyazbashi.

Figure 3D 8a Piyazbashi plan view

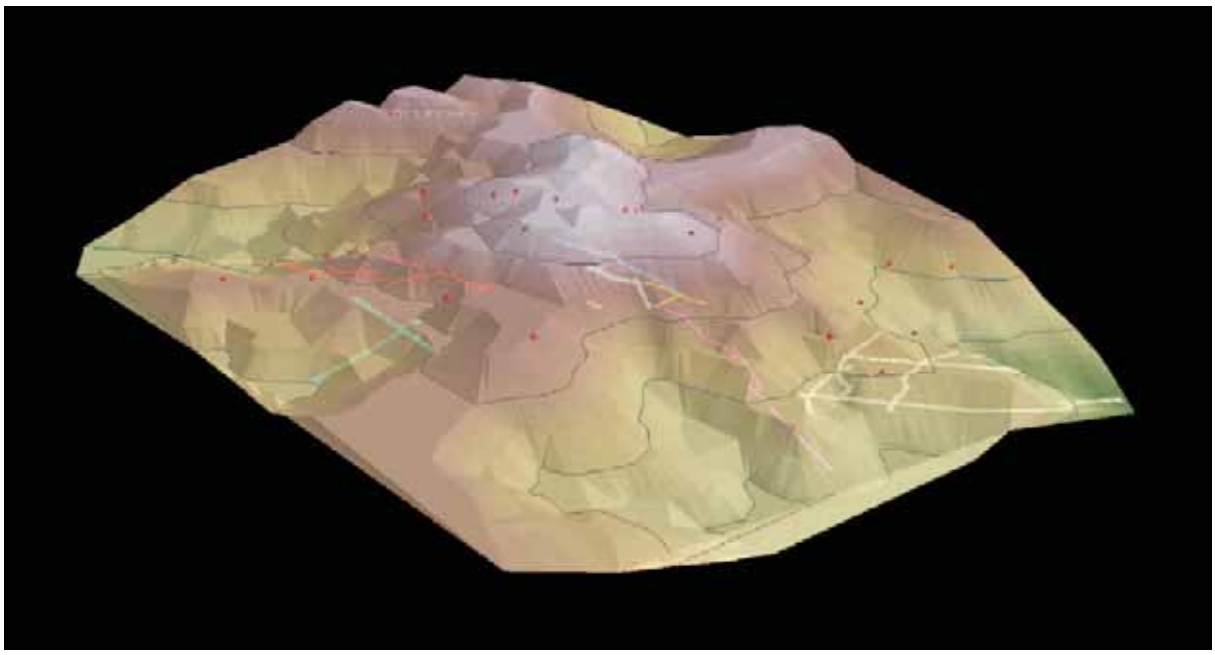
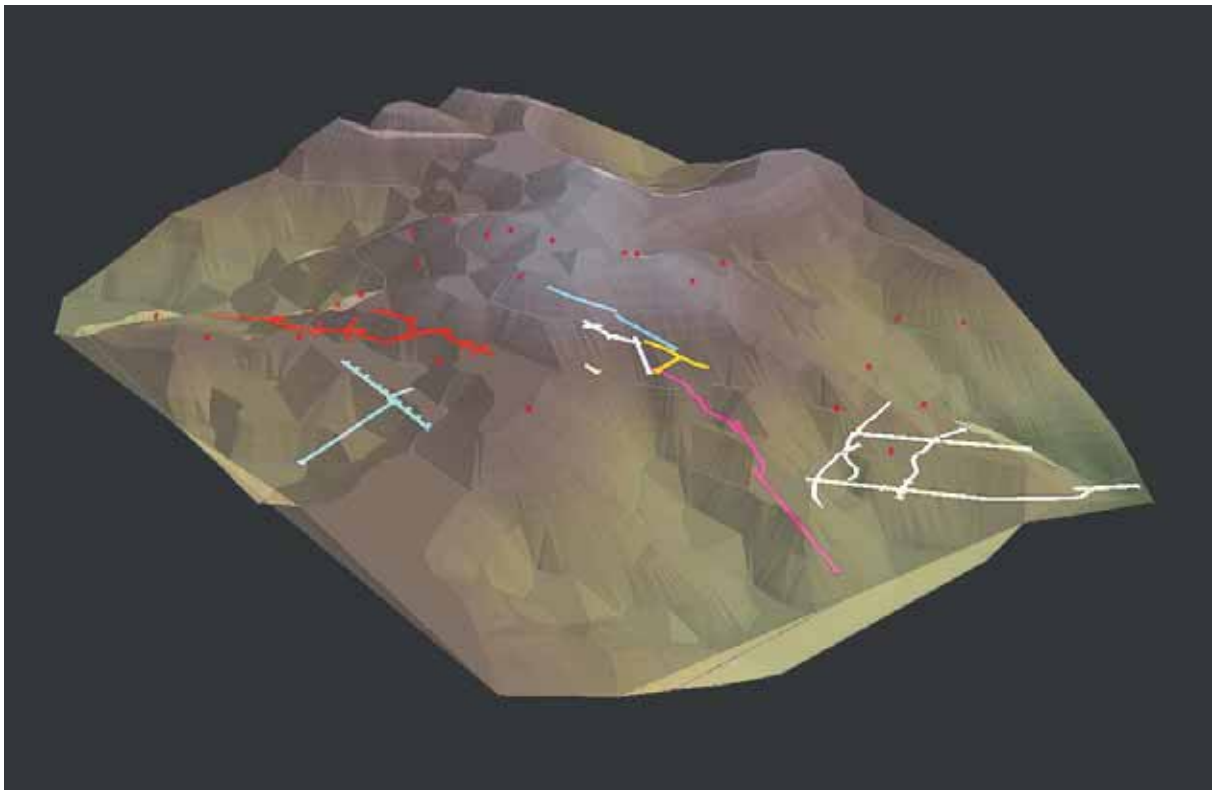


Figure 3D 8b Piyazbashi transparent view



LEGEND: Beige – Adit 20; Light Green – Adit 21; Light Blue – Adit 2a; Orange – Adit 4; Blue – Adit 15; Red – Adit 16; Purple – Adit 17; Dark Blue – Adit 19; Light Brown – Adit 2; Red dots – Drill Holes

3.7.6 Exploration Potential at Piyazbashi

There is excellent exploration potential contained in wide zones of alteration at Piyazbashi. As noted above, one zone in Adit 17 showed 6.39g/tAu across 41m. However, the same zone showed only 0.8g/tAu across 20m in a crosscut 20m to the west.

Two deep drill holes (DDH1 and DDH2) were completed in the Ordubad fault zone approximately 1km both north and east of Piyazbashi as shown on Figure 8 above. These two holes targeted zones of pyritization, sericitization and kaolinitization. This type of alteration is widespread for tens of kilometres along both the Ordubad and Mazra faults.

According to several of the Azeri geologists DDH-1 (TD-474m) returned spectacular gold values including 12m of 24.7g/tAu and 14.7g/tAg from 89m to 101m and an average of 3.2g/tAu from 12m to 310m, but the high gold values were disregarded in spite of the fact that the assays had been done in duplicate. The leadership of the Geologic Committee refused to believe that material other than quartz veining could contain those high gold grades. Values of less than 2g/tAu were registered in the drill hole log in place of the high-grade gold values, but the original 5 to 20g/tAg values were allowed to remain in the "official" log. Behre Dolbear saw the "official" log with low gold values and a sheet with high gold values. The silver values were identical for the corresponding intervals on both logs.

DH-2 (TD-530.5m) is reported to have intersected 79.5m of 2.5g/tAu from 167.5m to 247m down-hole.

In October 2004, a Behre Dolbear Senior Associate working with Anglo Asian took two samples consisting of grabs at 10m intervals that were composited into two 200m samples along stretches of roadcut in the Piyazbashi area. Sample PY3 showed 12.32g/tAu and 7.6g/tAg and Sample PY7 showed 11.8g/tAu and 10.6g/tAg along a total of 400m of roadcut. Behre Dolbear panned the pulps from samples PY3 and 7. This panning of approximately 100 grams of pulp showed more than 10 leafy flakes of light yellow (~700 fine)

gold. These samples show essentially the same gold to silver ratio as the Azeri geologists reported for the high-grade interval in DDH-1, located approximately 300m from samples PY3 and 7 suggesting they are within the same hydrothermal system.

All of these observations suggest that there is excellent potential to discover a large, high-grade gold deposit in the Piyazbashi area.

3.7.7 Yashillig

Yashillig is located about 1km south of Shalala (See Figure 8 above). Copper grades are lower than at Shalala but molybdenum grades are higher. Interesting adit intersections include 26m of 0.17%Cu and 0.03%Mo in crosscut No. 2 in drift No. 1 and 26m of 0.016%Cu and 0.011%Mo in crosscut No 1, drift No 1. No resource has been defined at Yashillig.

3.7.8. Diakhchay

The Diakhchay deposit is located on the Ordubad regional fault (See Figure 8). A zone of feldspathization, biotitization, silicification, and sericitization is up to 1.2 to 1.5km wide. Pyrite, chalcopyrite and molybdenite fill a stockwork of fractures in zones along a strike length of 2km. A Soviet style C_2 resource of 14.4Mt at 0.44%Cu and 0.015%Mo has been estimated. This resource has been accepted by Behre Dolbear.

3.7.9 Goyhundur

The Goyhundur deposit is located about 2km southwest of Shalala in intrusive rocks of the Megri-Ordubad massif (See Figure 8). The mineralized zone is reported to extend 1200 to 1500m along strike with a width of 480 to 600m. Mineralization is both stockwork and vein type. In drift No. 6, 20m 0f 0.31%Cu and 0.012%Mo was reported. Behre Dolbear is not aware of sufficient data to validate a resource estimate at Goyhundur.

3.7.10 Other Prospects in the Ordubad Contract Area

Keleki

Mineralization similar to Shakardara has been reported at the Keleki prospect. Keleki is located about 4km south of Shakardara along the Mazra fault. Some trenching and underground exploration targeting copper mineralization has been conducted at Keleki. Some grades of over 2%Cu have been reported.

Kotam

An occurrence of copper and cobalt-rich mineralization has been reported at Kotam. Underground exploration was begun but was halted because of security concerns. Behre Dolbear has not seen any of the original data or a resource estimate for this occurrence (See Figure 8).

Kilit Ketan

A copper-cobalt occurrence is reported in skarn zones along a 2.5km strike length of the faulted contact of Mergi-Ordubad massif. Underground exploration was begun but was halted because of security concerns. Behre Dolbear has not seen any data on Kilit Ketan.

Shikhyurd

Mr. Ali Valiyev reported to Behre Dolbear that there is a 500m by 800m area of malachite on fractures about 1km east of Shalala at elevations above 3500m. This area had never been explored because it was deemed too high and inaccessible; however, as previously noted, mining at such elevations is common in South America.

3.8 BEHRE DOLBEAR'S OBSERVATIONS

During Behre Dolbear's brief visit many prospective-looking zones of stockwork fracturing and alteration were noted that had apparently never been systematically sampled. Modest gold and, especially, copper values in these leached outcrops could be strongly indicative of economically significant mineralization at depth where significant leaching has not taken place.

The wide zones of gold mineralization indicated by Anglo Asian's very preliminary sampling of roadcuts, the underground exposures and reports of broad zones of high grade in DDH-1 at Piyazbashi are also very encouraging. Behre Dolbear's subsequent samples from Piyazbashi, Shakardara and Shalala confirm this potential. The samples taken by Behre Dolbear at the Gosha and Gedabek properties also confirm the presence of potentially significant open pit mineable deposits.

There is a great deal of geologic information in the Azerbaijani geologic archives, which Behre Dolbear has not viewed due to time constraints. This information will have considerable value in expediting future work on the above mentioned projects and is expected to suggest other good exploration targets.

It appears that the extensive underground workings in the Ordubad and Gedabek contract areas can be easily rehabilitated, remapped and resampled. This will greatly expedite future exploration work. These underground workings will also enable more geologically definitive and cost-effective drill definition of further resources and provide access to valid bulk sampling sites for metallurgical testing and enable movement to feasibility studies in a shorter time frame.

In conclusion Behre Dolbear believes that thorough exploration will reveal significantly more potentially economic mineralization than is presently known, especially in the Ordubad and Gedabek Contract Areas.

3.9 CONTRACT AREAS IN TERRITORY OCCUPIED BY ARMENIA

3.9.1 Gyzilbulakh

There is evidence of prehistoric copper workings at Gyzilbulakh, which is towards the north of the occupied territory (See Figure 3). The deposit was worked on a small scale starting in 1934, but the main deposit is separated from these old workings by a fault and is completely covered. Good exploration technique revealed the presence of the main deposit beneath cover. An area of about 500m by 1000m has been well explored by drill holes, drifts, raises and winzes

The deposit consists of generally tabular lenses of silica-sulphide that are sub-parallel to the low to moderate dip of the host volcanics. High gold and copper values generally correlate with sulphide abundance but not necessarily with each other. Gold values greater than 100g/t were encountered. Appropriate top-cutting methods were applied to these high-grade samples during resource calculation.

A C_1+C_2 resource of 4.2Mt at 3.76g/tAu, 1.32%Cu and 5.27g/tAg has been well defined in Behre Dolbear's opinion. The deposit itself is compact and well defined. Preliminary inspection of the cross sections indicates the deposit could be exploited by open-pit methods at a stripping ratio of less than 5:1.

The immediate surrounding area has been well explored and only small satellite mineralization has been found. However, the description in the report indicates a geologic environment similar to Gedabek and suggests the potential for discovery of nearby porphyry mineralization.

3.9.2 Vejnali

The Vejnali prospect is located near the southernmost point of Armenian-occupied Azerbaijan near the border with Armenia and Iran as shown in Figure 3. It consists of a series of steeply-dipping quartz veins that are rarely more than 1m wide. The prospect has been thoroughly and systematically explored by underground workings including raises and winzes.

A C_1+C_2 resource of 463,000 tonnes grading 9.5g/tAu, 33.7g/tAg, 0.22%Cu has been well defined by the exploration work, in Behre Dolbear's opinion. Preliminary metallurgical testing indicated that 98.4% of the gold could be recovered by cyanidation.

The mineralization is also highly anomalous in Te, As, and Bi which is indicative of an intrusive source for the mineralization. Although no indication of large-scale mineralization was seen in the data reviewed by Behre Dolbear, the regional geologic environment is considered permissive for bulk-tonnage gold and copper mineralization.

3.9.3 Soutely

This area in the north-east of the occupied territory borders Armenia as shown in Figure 3. This Contract Area includes part of the mineral deposit being mined from the Armenian side as the Zod mine. Because there is no agreement on the exact line of the border, no analysis on this property was undertaken.

3.10 SUMMARY AND CONCLUSIONS OF PART 2

Anglo Asian's Contract Areas are located on a major metallogenic belt which hosts metal deposits of many kinds, including many large porphyry copper-gold and bulk tonnage gold deposits. The Gedabek and Ordubad Contract Areas have significant resources of readily accessible porphyry-style mineralization and shows of mineralization that are considered very prospective for the discovery of additional large-scale resources.

Extensive Soviet-style exploration activity has been conducted since 1960 at all the Contract Areas and at Gedabek there was a significant mining operation between 1849 and 1917. The post-1960 activity included mapping, sampling, trenching, drilling and underground exploration. Behre Dolbear believes that the data generated by this exploration activity are generally reliable. Soviet and Azeri specialists have generated Soviet-system resource estimates for many of the prospects. Most of the resource estimates, but not all, were prepared according to good and standard Soviet-style practice, in Behre Dolbear's opinion.

Table 3.2 presents estimates of resources in the various Soviet-system classifications. These are estimates made in the Soviet period and subsequently by Azeri authorities and are not Behre Dolbear calculations. However, they are numbers that Behre Dolbear can support as being reasonable based on the evidence. The columns show the tonnage of contained copper, gold and silver.

Table 3.2 Summary of Projects' Resources

	Category	*Ore*	*Cu*	*Au*	*Ag*	*Cu*	*Au*	*Ag*
Accessible		*Mt*	*%*	*g/t*	*g/t*	*kt*	*koz*	*koz*
Gosha	C_2+P_1	2.75		4.7	6.33	0	416	560
Gedabek	C_2+P_1	19.2	0.36	1.44	13.95	69	889	8,612
Shakardara	P_2	156	0.40	1.1	3.6	624	5,518	18,058
Misdag	P_1	350	0.43			1,505	0	0
Shalala	C_2+P_1	20.6	0.50			103	0	0
Agyurt	C_2+P_1	1.13	1.28	6.39	23.4	14	232	850
Piyazbashi	C_2+P_1	0.89		6.6		0	189	0
Diakhchay	C_2+P_1	14.4	0.44			63	0	0
Total						**2,379**	**7,243**	**28,080**
Occupied								
Gyzilbulakh	C_1+C_2	4.2	1.32	3.76	5.27	55	508	712
Vejnali	C_1+C_2	0.463	0.22	9.5	33.7	1	141	508
Total						**56**	**649**	**1,213**

The totals show 2.4 million tonnes of contained copper and 7.2 million ounces of contained gold with another 0.65 million ounces in the occupied territory.

Results of sampling by Anglo Asian and subsequently Behre Dolbear, closely correlate and support and interpretation indicating that significantly greater amounts of mineralization are potentially present at the properties. At Gedabek, for example, the potential to find both high-grade lenses of massive sulphide and

large areas of disseminated mineralization in silica is considered excellent. More importantly, the large area of high-sulphidation mineralization suggests that a large porphyry system could be located nearby. At Shalala, another example, the ultimate potential may be ten times that shown by the estimates; and in the Piyazbashi area there is excellent potential to discover a large, high-grade gold deposit, as indicated by the sample results from roadcuts (200m at 11.8g/t Au and 200m at 12.38g/t Au).

In Behre Dolbear's opinion, the group of properties covered by Anglo Asian's Production Sharing Agreement constitutes a potential source of copper and gold of world-class importance.

4.0 PART 3 COST CONSIDERATIONS

4.1 INTRODUCTION AND SUMMARY

For Behre Dolbear's valuation of Anglo Asian Mining PLC's properties in Azerbaijan, it was not possible to include a valuation based on the net present values of anticipated cash flows, because the resources were not sufficiently defined. However, Behre Dolbear has developed cost estimates on models of two conceptualized potential orebodies. The models are not meant to be probable scenarios of real situations but should be considered as realistic representations of what might be established in Azerbaijan.

One of the two models is an open-pit mine with precious-metals values only, which could represent the Gosha deposit. This postulates a 5Mt mineable resource at 6g/tAu and 10g/tAg with a stripping ratio of 7 to 1. This model shows a capital requirement of about $82 million, gold recovery of 130,000 oz/year, and operating costs of $90 per ounce.

The other model is a porphyry-type orebody which could represent the Gedabek deposit. This postulates a mineable resource of 292Mt at 1g/tAu, 1%Cu and a stripping ratio of 1.5 to 1. It shows a capital requirement of about $1.0 billion, production of concentrates containing 250,000 tonnes of copper and 470,000 ounces of gold, for annual gross sales of $463 million and operating costs of $153 million.

To produce these estimates, experience of geologically similar projects in North and South America was the principal source, with allowances made for substantially lower costs in Azerbaijan for labour (taken as about 15% of North American costs) fuel (diesel taken as $0.15/litre), power and ammonium nitrate. An assumption of all new Western equipment was used, so lower capital costs could be achieved (with concurrent risks) by contract mining or Russian or second-hand equipment.

A limited amount of Soviet-era testwork has been reviewed, suggesting good leachability of the gold ore and good flotation recovery from the copper ores.

Both models present reasonably attractive scenarios, but, it has to be stressed they are models, not forecasts.

4.2 GOSHA-TYPE MODEL

The basic assumptions were:

Open-pit available resource	5,000,000 tonnes @ 6g/tAu, 10 g/tAg
Stripping Ratio	7 to 1
Gold Recovery	92%
Silver Recovery	37%
Mining Rate	
Annual ore mined	730,000 tonnes
Annual material mined	5,840,000 tonnes
Daily ore mined	2,000 tonnes

The output from these assumptions would be:

Doré production containing gold	130,000 oz/year
and silver	87,000 oz/year
Combined gold equivalent (1Ag to 0.015Au)	131,000 oz/year

4.2.1 Gosha Model Mining

With an average stripping ratio of 7:1, average daily mining volume would be 16,000t, annual volume 5.84Mt. Without allowance for used or Russian equipment, but assuming that power supply is made available by the state, the relevant mine capital and operating costs might be as shown in Tables 4.1 and 4.2:

Table 4.1 Gosha Model Mine Capital US$ Millions

Category	*$M*
Equipment	16.0
Haul Roads/Site Work	0.7
Pre-production stripping	1.0
Buildings	1.7
Electrical System	0.5
EPCM	2.5
Sub-total	22.4
Working Capital	1.5
Contingency (30%)	6.7
Total Mine Capital	$30.6M

Table 4.2 Gosha Model Mine Operating Costs 2000 t ore per day, stripping ratio 7:1

Item	*US$M/y*	*$/t mined*	*$/t ore*	*$/oz gold*
Supplies and Materials	4.89	0.837	6.70	37.33
Labour	0.60	0.102	0.82	4.58
Administration	0.75	0.137	1.09	5.73
Miscellaneous	0.75	0.137	1.09	5.73
Total	6.99	1.223	9.70	53.36

4.2.2 Gosha Model Processing Plant

The conceptual design for this model includes a conventional crushing and grinding plant, coupled to a Carbon-in-Leach (CIL) or Carbon-in-Pulp (CIP) leach circuit, and a typical carbon Adsorption-Desorbtion-Recovery (ADR) plant to produce doré bullion on site. This typical design has been used to produce generic capital and operating cost estimates for the plant.

4.2.2.1 Gosha Model Capital Costs

Capital costs for the typical Gosha plant are presented in Table 4.3.

Table 4.3 Capital Cost Estimate Gosha Model Plant1 Behre Dolbear 2,000t/d CIL or CIP Leach

Category	*Capital Costs US$M*
Comminution	4.65
CIP/CIL Leaching	14.68
Solid Liquid Separation	1.23
General	8.85
Total Constructed Cost	29.41
Engineering/Field Indirect	3.00
Overhead & Administration	2.49
Sub-Total	34.90
Contingency	10.40
Sub-Total	45.30
Startup Costs	4.54
Working Capital	1.34
Total Plant Capital	**$51.18**

All costs assume new Western equipment purchase

4.2.2.2 Gosha Model Plant Operating Costs

Table 4.4 summarizes the likely operating costs of a 2000 t/d CIL or CIP plant, allowing for the lower labour and power costs in Azerbaijan. Consumables, not available in Azerbaijan, have been priced at European levels with increased levels of freight costs.

Table 4.4 Gosha-type Model Plant Operating Costs Behre Dolbear 2005 US$

Operation	*Labour*		*Operating Supplies*		*Utilities Maintenance*		*Total Costs*	
	$k/y	*$/t ore*	*$k/y*	*$/t ore*	*$k/y*	*$/t ore*	*$M/y*	*$/t ore*
Comminution	266	0.36	876	1.20	613	0.84	1,755	2.40
CIP Leaching	123	0.17	1,562	2.14	153	0.21	1,838	2.52
ADR Plant	14	0.02	66	0.09	29	0.04	109	0.15
General	73	0.10	124	0.17	226	0.31	423	0.58
Administration	478	0.65	117	0.16	80	0.11	675	0.93
Total	**954**	**1.31**	**2,745**	**3.76**	**1,101**	**1.51**	**4,800**	**6.58**
		$/oz		$/oz		$/oz		$/oz
Cost/oz Au eq		7.28		20.95		8.4		**36.64**

If the assumptions used in formulating Table 4.4 were to proved to be realistic, then the Gosha leach plant and gold recovery circuits could be expected to produce gold at an estimated processing cost of $37/oz.

Adding the mine operating cost of $53/oz gives an attractive basic cash operating cost of $90/oz. At a realized price of $356/oz (95% of $375) this model could yield a gross margin of around $266 per ounce or $33 million per year.

4.3 GEDABEK-TYPE MODEL

The basic assumptions for this model are an open-pit mine and a flotation concentrator. Leaching the tailings to recover more gold is an option which might be justified by metallurgical test work, but is generally not economic on this type of deposit.

Basic criteria:	
Open-pit available resource	292Mt at1g/tAu, 1%Cu
Stripping Ratio	1.5 to 1
Mining Rate	
Annual tonnes ore	29.2Mt
Annual tonnes material	73.0Mt
Daily tonnes ore	80,000t
Gold Recovery in copper concentrates	50%
Copper Recovery	85%
This would result in	
Concentrate production containing:	
Copper	248,200 tonnes per year
and gold	469,400 ounces per year

4.3.1 Mining

Using the same criteria for cost estimates as for the Gosha model, the Gedabek-type model capital costs might be as shown in Table 4.5.

Table 4.5 Gedabek Model Mine Capital Cost

Category	*US$M*
Equipment	92.1
Haul Roads, Site Work, etc,	3.3
Pre-production stripping	2.9
Buildings	11.1
Electrical System	0.5
EPCM	22.6
Total Capital before contingency	132.5
Contingency (30%)	39.8
Working Capital	10.0
Total Financing for Mine	**182.3**

Potential mine operating costs are shown in Table 4.6.

Table 4.6 Gedabek Model Mine Operating Costs 80,000t/d @ 1.5:1 Stripping Ratio US$

	$M/y	*$/t ore*	*$/t copper*
Supplies & Materials	37.2	1.27	150
Labour	3.5	0.12	14
Administration	7.0	0.24	28
Miscellaneous	7.0	0.24	28
Total Operating Costs	**54.7**	**1.87**	**220**

4.3.2 Gedabek Model Plant

The conceptual design includes a conventional crushing plant followed by semi-autogenous grinding, copper flotation and concentrate drying on site. This is typical of existing extraction facilities worldwide. Metallurgical testwork may indicate that additional facilities are feasible, such as tailings leaching for further gold recovery or further local treatment of the concentrates or for differential flotation of molybdenum sulphide, if there is sufficient molybdenum in the deposit to justify molybdenum separation.

The most economic means of recovering the values in copper concentrates are generally shipping to an existing smelter, even though, in current market conditions, smelter charges are onerous and together with freight, metal losses, treatment charges and refining charges are likely to consume about 40% of the nominal copper value.

The typical plant design has been used to produce generic capital and operating cost estimates. as shown in Table 4.7.

Table 4.7 Gedabek Model Capital Costs

Category	US$M
Mill Equipment (installed)	225
Foundations, Structures etc	111
Tailings dam	118
Buildings, electricals, etc	117
EPCM	46
Overheads and Administration	30
Total without contingency	647
Contingency (30%)	152
Start-up costs	40
Working Capital	18
Total Capital Funding	**$857M**

Gedbek Model Plant Operating Costs

Table 4.8 is a summary of the expected operating costs for a copper flotation facility operating in Azerbaijan to process 80,000t/d ore.

Table 4.8 Gedabek Model Plant Operating Costs Behre Dolbear 2005 US$

Cost Items	*$M/year*	*$/t ore*	*$/t copper*
Supplies & Materials	92.86	3.18	374
Labour	1.46	0.05	6
Administration	1.46	0.05	6
Miscellaneous Costs	2.92	0.10	12
Total Operating Costs	**98.70**	**3.38**	**398**

4.3.3 Combined Gedabek-type Mine and Plant

If the parameters used in this Gedabek-type model proved to be realistic, in rounded numbers:

- The combined mine and plant capital might amount to $1.0 billion
- The combined operating cost could amount to $153M/y
- Contained copper in concentrates might be 250,000t/y
- With contained gold in concentrates of 470,000oz/y
- Payable copper (60% after freight, tc/rc, etc) might be 150,000t/y
- At a price of $2000/t this would yield $300M/y
- Gold credits (95% at a price of $375/oz – $10/oz) might be $163M/y
- Giving gross revenue of $463M/y
- Or gross profit of $310M/y

Behre Dolbear stresses again, that these numbers are based on hypothetical models, not forecasts.

5.0 PART 4 VALUATION

5.1 EFFECTIVE DATE FOR VALUATION

The effective date of valuation of the Anglo Asian assets is midnight 28 February 2005.

5.2 FAIR-MARKET VALUATION CRITERIA

The criterion that Behre Dolbear has used in establishing the fair-market value of a property is the amount a willing buyer would pay a willing seller in an arms-length transaction, wherein each party acted knowledgeably, prudently and without compulsion.

5.3 STANDARDS AND PROCEDURES

Behre Dolbear's methodology for the valuation follows international and mineral industry standards and conforms to the requirements of the Australasian Institute of Mining and Metallurgy Valmin Code. Behre Dolbear has maintained a complete record of the working papers utilized in the valuation and the documentation includes:

- the rationale and assumptions for utilizing specific valuation methods;
- information utilized in the valuation, and the reasons for using it;
- information excluded and reasons for excluding it; and
- the basis for derivation of commodity prices used.

Behre Dolbear has independently developed the long-term commodity prices used in the valuation. Behre Dolbear's valuations have historically been upheld in courts of law and taxation courts.

This section of the report constitutes an independent valuation of Anglo Asian's rights to mineral properties in Azerbaijan. As detailed in Parts 1 and 2, two visits were made to the project sites by Behre Dolbear professionals involved in this CPR. Behre Dolbear has reviewed technical data, reports and studies produced by other consulting firms as well as information provided by Anglo Asian. Our review was conducted on a reasonableness basis and Behre Dolbear has noted herein where such provided information engendered questions. Except for the instances in which we have noted questions, Behre Dolbear has relied upon the information provided as being accurate and suitable for use in this valuation.

Behre Dolbear assumes no liability for the accuracy of the information provided. We retain the right to change or modify our valuation if new or undisclosed information is provided which might change our opinion of value.

5.4 VALUATION METHODS

Behre Dolbear considers the Azerbaijan properties to be in the exploration to advanced exploration stages. There is no single method of valuation for such properties which is appropriate for all situations. Rather, there are a variety of valuation methods, all of which have some merit and are more or less applicable depending on the circumstances. Several approaches have been used to value the Anglo Asian interests based on the property status, mineral resources, production plans, historic or projected costs, financial data, public reports and information and other information collected during the project by the Behre Dolbear team.

5.4.1 Valuation of Exploration Properties

If exploration properties are an extension of, or adjacent to, an existing mining operation and will provide additional ore to feed an existing plant, and opportunities for expansion or extension of property life, Behre Dolbear usually valuates the exploration property by the Income Approach reflecting, through factoring, its ability to add to the generation of additional cash flows to the operation. In purchasing such a mining property, a willing and knowledgeable buyer would be mindful of the exploration potential to provide additional ore feed to the project and would pay a higher price than if it were a stand-alone property. In Behre Dolbear's view, it is appropriate to estimate an additional exploration value as described, as this is essentially

the process followed by a willing and knowledgeable buyer. The Anglo Asian properties do not meet these criteria.

Other valuation methods exist, however, which are relevant to more remote or stand-alone exploration properties where no established cash flow can be defined, such as the Anglo Asian properties. Valuation methods adopted by Behre Dolbear in this undertaking for such properties include:

- **Related Transactions.** The price paid in recent comparable transactions is of relevance to the valuation of exploration projects and tenements. The difficulty is commonly determining to what extent the property or transaction is indeed comparable, unless the transactions involve the specific parties, projects or tenements under review.

- **Rules of Thumb or Yardsticks.** Certain industry ratios are commonly applied to mining and exploration projects to derive an approximate indication of value. The most commonly used ratios are dollars per ounce of gold in resources, or, for more advanced properties or operations, dollars per ounce of gold in reserves, and dollars per ounce of projected annual production. The ratios used cover a substantial range that is generally attributed to the 'quality' of the ounces in question. Low production-cost ounces, for example, are clearly worth more than high production-cost ounces. Where a project has substantial future potential not yet reflected in the quoted resources or reserves, a ratio towards the high end of the range may be justified.

- **Prospectivity.** Over-riding any mechanical or technical valuation method for an exploration property is the recognition of prospectivity and potential, which is the fundamental value in relation to exploration properties. Behre Dolbear has considered the exploration prospectivity and potential to be important in determining a value for the acquired exploration ground.

5.4.2 Valuation of Equity Interests in Listed Securities

Where certain of the assets acquired relate to an equity interest in a publicly traded listed security, Behre Dolbear has adopted the market value of such securities as of 28 February 2005. This is not relevant for this valuation.

5.4.3 Other Independent Valuations

Where other independent experts or analysts have made recent valuations of the same or comparable properties these opinions clearly need to be reviewed and to be taken into consideration. Behre Dolbear is aware of no other valuations on these properties.

5.4.4 Special Circumstances

Special circumstances that relate in particular to mining projects or holdings can have a significant impact on value and modify valuations, which might otherwise apply. Examples could be:

- environmental risks, which can result in a project being subject to extensive opposition, delays and possibly refusal of development approvals;

- social issues where projects in areas of significance to the indigenous population could experience prolonged delays, extended negotiations or veto; and

- technical issues peculiar to an area or orebody, such as geotechnical or hydrological conditions or metallurgical difficulties, could affect a project's economics.

The value applied to corporate entities as part of an acquisition will frequently include a "Control Premium" if the acquisition of a part or all of the entity results in effective control of the entity. The Control Premium typically ranges from 20% to over 50%.

5.5 DEVELOPMENT OF VALUES FOR RELATED TRANSACTIONS

Related transactions (comparable sales) of mineral properties are controversial due to the fact that every mineral deposit, even of the same commodity, is different to some extent from other deposits. Differences occur in mineralogy, mining conditions, metallurgy, environmental aspects, social issues present, ore grades, etc. Most mineral deposits demonstrate some form of zoning where metal contents and grades change dramatically over short distances; leading to different values for different portions of the same mineral deposit. Accordingly, it is essential that other transactions be adjusted to try to develop a true degree of equivalence.

Behre Dolbear has a database of approximately 400 individual transactions in the precious metals industry and an additional database of base metal transactions which have occurred during the period of 1990 through 2003. The database indicates that, historically, exploration phase precious metal properties (properties with drill-hole results and indication that an Inferred Resource is present) trade at an average per-ounce value of approximately 2.5% of the current per-ounce gold price. Properties with a Measured and Indicated Resource average approximately 5% of the per-ounce gold price, those where feasibility has been demonstrated 10% of the per-ounce gold price, and operating properties 20% of the per-ounce gold price. Thus, at $400 per ounce gold, such sales would respectively average $10 per ounce, $20 per ounce, $40 per ounce, and $80 per ounce for each ounce believed present at the property. Importantly, these prices reflect the "average" property and must be adjusted for the qualities of the specific property being valued and current trends in the gold mining sector.

An additional review has been conducted of recent (2004 to February 2005) transactions for gold properties. Included in this review were 11 transactions of gold deposits in Russia or former Soviet republics and acquisitions of copper/copper-gold deposits on a more global basis. Table 5.1 presents a summary of transaction values by category of project for the periods of 1990 through 2003 and for 2004 to early 2005. Appendix B presents the most recent transactions reviewed for purposes of this valuation.

Table 5.1 Summary of Related Transaction Values

	Average of +300 Transactions 1990-2003		*Average 2004 – 2005*	
	($/oz Au)	*($/lb Cu)*	*($/oz Au)*	*($/lb Cu)*
Producing	60	0.64	77	0.65
P & P Reserves (Bankable FS)	30	0.11	41	0.16
M & I Resources (Prefeasibility)	15	0.06	37.71	0.08
Inferred-mid exploration	7.5	0.01	16.50	0.015

Behre Dolbear, as previously noted, also compiled recent transactions for gold properties in Russia and former Soviet republics. These are presented in Table 5.2. The average of the transactions for Inferred Resources is $16.47 per ounce of gold. We have used a rounded value of $16.50 per ounce for our related transaction matrix.

Table 5.2 Detail of Related Gold Transaction Values -Russia and Former Soviet Republics

	US $ per Resource Ounce	
Asset Acquired	*Measured + Indicated*	*Measured + Indicated+ Inferred*
MAJOR COMPANIES		
Barrick-Celtic	53.00	30.70
Barrick Investors – Highland Gold	49.59	24.19
Anglogold Ashanti – Trans-Siberian	42.00	23.30
OTHER COMPANIES		
Kupol-Bema – feasibility	44.66	
Tokur-Peter Hambro – exploration	32.56	17.83
Taseevoskoye-Highland Gold– exploration	14.74	6.60
NovogodneeMateau-PokrovskiyRudnik (Peter Hambro) -exploration	13.30	3.66
Ametistovoye-Peter Hambro*– feasibility	14.12	9.03
AVERAGE OF TRANSACTIONS	$37.71	$16.47

*Acquisition terminated, 29 December 2004

Since the aforementioned percentages and the prices presented in Table 5.2 are for the average property, each of the Anglo Asian properties need to be "factored" for particular credits or debits. Behre Dolbear considers the "average gold property" to possess the following:

- Grade 2gAu/t;
- Mining Method open pit;
- Metallurgy non-refractory, conventional milling; and
- Political Risk stable environment

The average copper property is considered to have these characteristics:

- Grade 0.45%Cu;
- Mining Method open pit;
- Metallurgy conventional flotation/some SX/EW; and
- Political Risk stable environment.

As detailed in Part 1 of this CPR, Azerbaijan is recovering from decades of Soviet-style rules. Behre Dolbear believes that development of mines in the project areas would involve very low political or social risks. Because of the joint venture nature of the Production Sharing Agreement between Anglo Asian and the state, permits are likely to be issued promptly.

Table 5.3 presents the factored score for each of the properties assigned a value; assuming the "average" gold and/or copper property would score 5 on a scale of 1 to 10.

Table 5.3 Relative Score of Gold Properties

Property	*Ore Grade*	*Mining Method*	*Metallurgy*	*Political Risks*	*Percent*
Gosha	2	-1	Neutral	Neutral	120
Gedabek	2	Neutral	Neutral	Neutral	140
Shakardara	1	Neutral	Neutral	Neutral	120
Misdag	Neutral	Neutral	Neutral	Neutral	100
Shalala	1	Neutral	Neutral	Neutral	120
Agyurt	4	-1	Neutral	Neutral	160
Piyazbashi	3	-1	Neutral	Neutral	140
Diakhchay	Neutral	Neutral	Neutral	Neutral	100

Behre Dolbear notes that it is unusual for none of the properties to score below average. The high scores reported here are primarily due to the higher than anticipated grades reported for both copper and gold when compared to the universal "average property".

5.6 VALUATION

The assets of Anglo Asian subject to this valuation are in terms of a Production Sharing Agreement covering six contract areas:

- three are in areas of Azerbaijan currently occupied by Armenia, which are given no value by Behre Dolbear;
- the other three contract areas contain eight properties in the advanced exploration stage with Inferred and limited Indicated Resources;
- significant exploration potential in these three areas, based upon the presence of prior results, fault structures, known mineralizing intrusives, and geologic formations permissive for porphyry copper-gold and gold deposits; and

Anglo Asian will receive at least 75% of the cash flow from operations until all expenditures are recouped, after which it will receive 49% of the cash flow. Behre Dolbear, for purposes of this valuation, has assumed that on a weighted basis, because of its high proportion of receipts in the early years, Anglo Asian will receive 55% of the cash flow from each property.

5.7 COPPER MARKETS AND PRICES

Copper has always historically been subject to the vagaries of economic cycles. The price of the commodity will typically peak six months to a year prior to the top of the cycle and begin to rise at a similar point toward the bottom of the cycle. A complete cycle is generally considered to be of 10 years duration.

The last economic cycle was no different, except the cycle's effect on metal prices was unprecedented. The strong US economy and concurrent global growth led to an increase of global copper supply of approximately 6.5% per year during 1995 through 1999. The increase in supply, accompanied by an exceedingly strong dollar resulted in copper prices reaching historic high levels in foreign currency terms and an oversupply in the commodity. The oversupply promptly led to an increase in inventories, a depression in the copper price, and a lack of investment in new supply which continued until this year. Accordingly, by the end of 2002, mined supply went into a deficit versus consumer demand and remains in a deficit situation. Significantly higher copper prices have resulted with the price moving from $0.67 per pound to over $1.40 per pound.

5.7.1 The Present

Current copper consumption is approximately 325,000 tonnes a week or 17Mt/year. The consumption level drove inventories at the LME warehouses to 53,125 tonnes on 24 February 2005, a decrease of 87% on a year-to-date basis. COMEX stocks show a similar magnitude of change. Current copper prices have remained above $1.40 per pound with a wide backwardation.

5.7.2 The Future

Those who forecast commodity markets are projecting that mined supply will not meet demand (i.e., be in deficit) until late in 2006, at the earliest. Bear Stearns has projected demand growth of 6.5% in 2004, 4% in 2005, and between 3 and 3.5% thereafter. The deficit has to date been covered by exchange inventories (LME and COMEX), private corporate inventories (e.g., Codelco) and government inventories (China).

A small (70,000 tonnes) surplus is projected for 2007 and a larger surplus (927,000 tonnes) in 2008. The 2008 surplus is not quite 5% of the projected production of 20 million tonnes and does not, on a percentage basis, approach the surpluses of the mid-1990s which at times equalled almost 15% of annual production. Behre Dolbear notes that in a private conversation with an executive of a major copper producer, demand

was forecast to exceed mined supply for at least the next 5 years. Table 5.4 presents a summary of projected copper supply versus demand.

Table 5.4 Abbreviated Copper Supply-Demand (2001-2008E) (000s of tonnes)

Year	*2001*	*2002*	*2003P*	*2004E*	*2005E*	*2006E*	*2007E*	*2008E*
Total World Refined Production	15,442	15,254	15,255	16,062	16,922	17,745	18,604	20,074
year on year growth	4.1%	-1.2%	0.0%	5.3%	5.4%	4.9%	4.8%	7.9%
Total World Refined Consumption	14,880	15,176	15,632	16,682	17,332	17,929	18,534	19,148
year on year growth	-1.5%	2.0%	3.0%	6.7%	3.9%	3.4%	3.4%	3.4%
Apparent Balance Surplus/(Deficit)	562	77	(377)	(620)	(411)	(184)	70	927
Visible Inventory	2,014	2,137	1,760	1,140	729	545	615	1,542
Weeks of Consumption	8.8	9.6	7.8	4.8	2.9	2.1	2.3	5.7

Source: Bear Stearns & Co. Estimates, COMEX, ICSG

There are three major factors which can affect the projections:

- the strength of the United States dollar;
- China's economic progress; and
- the global economic situation including the United States.

5.7.3 The US Dollar

While supply and demand have played a major role in the increase in the copper price, the role that the diminishment of the value of the US dollar compared to foreign currencies has played should not be underestimated. Since 2001, copper has increased approximately 92% in price in US dollar terms ($0.73/lb. to $1.40/lb.) while in terms of the euro, copper has increased only 25% (0.84/lb to 1.05/lb.). The dollar concurrently has fallen 53% against the euro.

Most economists project a continuation of budget deficits and further devaluation of the dollar. Assuming they are correct, this should supply support to the copper price.

5.7.4 The China Factor

China's economy has experienced growth exceeding an 8% annualized level for more than 5 years. Driving this growth has been the government's plan to modernize the country, eliminate uneconomic businesses, and foster free markets. The government's plan entails moving over 400 million rural people to the cities over a 20-year period; ie, essentially a new Beijing every year. Achieving this goal will require enough copper to construct an electric grid the size of England and Scotland, each year for 18 years – i.e., approximately 150,000 tonnes a year.

Because of the shortfall in supply in 2003 and 2004, China is estimated to have reduced its government stock of copper inventory by about 400,000 tonnes in 2004 alone. It must be assumed that China will look for weak periods in the price markets to restock.

What cannot be disputed, however, is that China's policy will require significant amounts of raw materials including increased amounts of copper. China is estimated to consume approximately 20% of the annual copper supply, second only to the United States. Most economists predict that growth will be maintained at current or even higher levels; few see any major slowing of the Chinese economy.

The "wild card" in the situation is the government's attitude as the government closely regulates the economy. It appears that the overheating of the economy in 2003 (estimates of +12% growth) has been slowed by the government's policies back to more normal levels. Further slowing will negatively impact the outlook for copper demand.

5.7.5 The Global and US Economies

The US economy is predicted to maintain GDP growth of 3% per year, or higher, over the next several years. The United States is the world's largest consumer of copper, but will be surpassed by China in the near future.

The global economy shows significant differences by region. The South American countries are predicted (Financial Times – December 16) to demonstrate over 6% per year GDP growth for the next few years, while the European economies appear to be still in the doldrums with GDP growth of a maximum of 2.5% per year predicted. Asia and Southeast Asia are predicted to have annual GDP growth rates exceeding 5 or 6%.

As noted earlier, China will have significant impact on global economic growth. Generally unaccounted for is India which is considered by many economists to be the next China.

Succinctly, global economic growth exceeding 3.5% on an annualized basis is predicted over the next several years. This should be beneficial to the copper and other metal markets.

5.7.6 Copper Prices

Behre Dolbear has reviewed estimates of copper prices by 14 different analysts. Copper prices are projected by the analysts on average at $1.246 per pound in 2005. The highest projected price for 2005 is $1.40 per pound by Bear Stearns; the lowest is $1.15 per pound by Pacific International Securities. The median is $1.25 per pound.

Prices for 2006 are projected by nine analysts on average at $1.113. The high price of $1.35 per pound is forecast by BMO Nesbitt Burns; the low price of $0.90 per pound is forecast by GMP Securities, Ltd. The median price predicted is $1.10 per pound.

Bear Stearns provided the only forecast price beyond 2006. Bear Stearns' forecast for 2007 was $1.00 per pound. Only generic statements that copper should trade in a range of $0.90 per pound to $0.95 per pound were found beyond what we have noted.

Behre Dolbear, when performing economic analyses of mineral projects or mining companies, utilizes long-term average prices. It is instructive to note that the 10-year and 15-year average prices for copper are $0.925/lb and $0.920/lb, respectively. The strength being exhibited in the present metal markets and the projected continuation of that strength, however, cannot be ignored and the metal prices utilized in this valuation are accordingly derived from the average of the 10-year historic prices for gold, silver, copper, lead and zinc and the average of the prices for these commodities for 2004.

Table 5.5 presents the metal prices used in the base case valuation. Additional valuations are performed based upon the following copper and gold prices (Cu/Au): $1.15/$400; $1.25/$425; and $1.45/$450.

Table 5.5 Metal Prices

Year or Period	*Copper*	*Gold*	*Silver*	*year or period*
1994	$1.0464	$384.01	$5.286	1994
1995	$1.3312	$384.16	$5.200	1995
1996	$1.0404	$387.70	$5.211	1996
1997	$1.0324	$331.10	$4.902	1997
1998	$0.7501	$294.16	$5.550	1998
1999	$0.7133	$278.77	$5.221	1999
2000	$0.8224	$279.03	$4.957	2000
2001	$0.7163	$270.68	$4.368	2001
2002	$0.7063	$308.70	$4.604	2002
2003	$0.8068	$364.26	$4.885	2003
2004	$1.30	$408.96	$6.66	2004
Long-term average (1994-2004)	$0.93	$335.59	$5.17	1994 – 2004
average of long-term average and 2004 price	$1.12	$372.27	$5.92	'94-'04 +04/2

Behre Dolbear notes that using the average US dollar as the price unit for the commodities would tend to undervalue the property in other currencies. For example the use of the 10-year average exchange rate of $1.75 to £1 would increase the value approximately 10% versus the recent $1.90 to £1.

5.8 RELATED TRANSACTION VALUATION

The Related Transaction values are derived on a factored basis as previously noted. Values have been developed for the eight properties with mineral resources, and for the overall exploration potential.

Gold and copper will be produced in significant quantities. Molybdenum is present with the copper deposits, but the grade is considered too low to be meaningful. The gold and copper in each property have been valued separately. Table 5.6 presents the base case valuation of $242.6 Million for the Anglo Asian properties.

Table 5.6 Related Transactions

Property	*Multiplier*	*GoldMoz**	*Copper Mlb*	*Gold Value US$M*	*Copper Value US$M*
Gosha	1.2	0.424	0	$8.4	$0
Gedabek	1.4	1.026	152	$23.7	$3.2
Shakardara	1.2	5.805	1,376	$114.9	$24.8
Misdag	1.0	0	3,319	$0	$49.8
Shalala	1.2	0	227	$0	$4.1
Agyurt	1.6	0.246	32	$6.5	$0.8
Piyazbashi	1.4	0.189	0	$4.4	$0
Diakhchay	1.0	0	140	$0	$2.1
TOTALS		7.690	5,246	$157.9	$84.7
TOTAL					**$242.6**

* Includes 447,000 eqAu oz from silver

Behre Dolbear has also converted the copper and silver present in each deposit to gold equivalence based on the average of the long term and 2004 metal prices – Ag $5.92/oz; Au-$372.3/oz; and Cu $1.12/lb. (For comparison purposes, the prices on 28 February 2005 were Ag $7.35/oz, Au $435.4/oz, and cu $1.52/lb.) The calculated ounces were then multiplied by $16.50 per ounce and then by the adjustment factor for the individual deposit. Table 5.7 presents the values of $298.0 million derived for the gold equivalent ounces. We would note that since gold equivalent ounces derived from copper would be valued at a discount to actual gold ounces due to the transportation, smelting, and refining charges incurred by copper concentrates and also due to the "backwardation" (i.e., the spot price being higher than the forward price) normally experienced by future copper prices, Behre Dolbear has discounted the copper content by 50%.

Table 5.7 Gold Equivalent Value (Including Copper) by Property

Property	*Factor*	*Gold-eq Moz*	*Gold-eq Value @$16.50 US$M*	*Adjusted Total Value US$M*
Gosha	1.2	0.424	7.0	8.4
Gedabek	1.4	1.255	20.7	29.0
Shakardara	1.2	7.875	129.9	155.9
Misdag	1.0	4.992	82.4	82.4
Shalala	1.2	0.342	5.6	6.8
Agyurt	1.6	0.294	4.8	7.8
Piyazbashi	1.4	0.189	2.1	4.4
Diakhchay	1.0	0.210	3.5	3.5
TOTALS		15.581	257.0	$298.0

5.9 VALUATION BY RULES OF THUMB

Behre Dolbear's experience is that properties at an exploration stage similar to Anglo Asian's holdings will trade at between 2.5% and 5% of the commodity price. Tables 5.8 and 5.9 present the property values at these percentages of the gold price and copper price using the gold/copper prices of $400/$1.15; $425/$1.25; and $450/$1.40. The values at 2.5% of the selected commodity prices range from $259.5 million ($400 gold; $1.15 copper) to $310.9 million ($450 gold; $1.40 copper). At 5% of the commodity prices, the values range from $513.2 million to $627.5 million. Behre Dolbear believes that the 2.5% Base Case is most representative of the current market and the 5% case is for illustrative purposes to show the values attainable at higher premiums.

Table 5.8 Base Case Valuation – Rules of Thumb ($000 At 2.5% of Commodity Price) ($/oz Au and $/lb Cu)

Property	*Factor*	*$400/$1.15*			*$425/$1.25*			*$450/$1.45*		
		$10	*$0.029*	*Total*	*$10.63*	*$0.031*	*Total*	*$11.25*	*$0.036*	*Total*
Gosha	1.2	5,088	0	5,088	5,409	0	5,409	5,724	0	5,724
Gedabek	1.4	14,364	6,188	20,552	15,269	6,615	21,884	16,1600	7,681	23,841
Shakardara	1.2	69,660	47,882	117,542	74,049	51,184	125,233	78,368	59,440	137,807
Misdag	1.0	0	96,237	96,237	0	102,874	102,874	0	119,467	119,467
Shalala	1.2	0	7,904	7,904	0	8,449	8,449	0	9,811	9,811
Agyurt	1.6	3,936	1,480	5,416	4,184	1,582	5,466	4,428	1,837	6,265
Piyazbashi	1.4	2,646	0	2,646	2,813	0	2,813	2,977	0	2,977
Diakhchay	1.0	0	4,052	4,052	0	4,331	4,331	0	5,030	5,030
TOTALS		95,694	163,742	259,436	101,723	175,035	276,757	107,656	203,266	310,922

Table 5.9 High Case Valuation – Rules of Thumb ($000 At 5% of Commodity Price) ($/oz Au/$/lb Cu)

Property	*Factor*	*$400/$1.15*			*$425/$1.25*			*$450/$1.45*		
		$20	*$0.057*	*Total*	*$21.25*	*$0.063*	*Total*	*$22.50*	*$0.073*	*Total*
Gosha	1.2	10,176	0	10,176	10,812	0	10,812	11,448	0	11,448
Gedabek	1.4	28,728	12,162	40,890	30,524	13,443	43,966	32,319	15,576	47,895
Shakardara	1.2	139,320	94,113	233,433	148,028	104,020	252,047	156,735	120,531	277,266
Misdag	1.0	0	189,156	189,156	0	209,067	209,067	0	242,252	242,252
Shalala	1.2	0	15,535	15,535	0	17,170	17,170	0	19,895	19,895
Agyurt	1.6	7,872	2,909	10,781	8,364	3,215	11,579	8,856	3,725	12,581
Piyazbashi	1.4	5,292	0	5,292	5,623	0	5,623	5,954	0	5,954
Diakhchay	1.0	0	7,963	7,963	0	8,802	8,802	0	10,199	10,199
TOTALS		191,388	321,838	513,226	203,350	355,716	559,065	215,312	412,178	627,490

Behre Dolbear also prepared a valuation at the various percentages of the commodity price using gold equivalent ounces. A prudent purchaser, as previously noted, would value gold equivalent ounces derived from another commodity at a lower price than actual gold ounces, and for this reason the ounces derived from copper have been cut by 50% (e.g., tonnes of copper x 2,204 pounds x $1.12 per pound / $372.27 per ounce / 2 = equivalent gold ounces). Silver was not penalized, but makes only a minimal contribution to the gold ounces. The values are presented in Table 5.10 and range from $180.6 million at a $10 per ounce multiplier (2.5% of $400 per ounce) to $406.4 million at a $22.50 multiplier (5% of $450 per ounce).

Table 5.10 Equivalent Gold Ounces – Rules of Thumb Valuation
(Gold from Copper Discounted 50%)
(Equivalence Based on $1.12/lb Cu and $372.27/oz Au)

Property	*eq Au koz*	*Factor*
Gosha	424	1.2
Gedabek	1,255	1.4
Shakardara	7,875	1.2
Misdag	4,992	1.0
Shalala	342	1.2
Agyurt	294	1.6
Piyazbashi	189	1.4
Diakhchay	210	1.0
Total	15,581	18,063

Case			*2.5% of Price*		*Base Case*		*5.0% of Price*	
$/oz	*$10.00*	*$10.63*	*$11.25*	*$16.50*	*$20.00*	*$21.25*	*$22.50*
Value US$M	180.6	192.0	203.2	298.0	361.3	383.8	406.4

5.10 UPSIDE AND EXPLORATION POTENTIAL

The upside and exploration potential of the Anglo Asian properties is considered to be excellent as is described in Section 3 of this CPR. The total upside potential has been estimated to be 10 million tonnes of copper and 45 million ounces (1400 tonnes) of gold.

Behre Dolbear believes that this estimate is justified by the high grades of gold and copper recognized by the two sampling campaigns in different areas and the extensive amount of inferred resources developed by the prior exploration efforts. The existing underground developments will additionally save costs by requiring less drilling and provide easy access to bulk sampling sizes and add additional value. A base value of $1.00 per ounce and $0.0015 per pound has been assigned to the gold and copper, respectively. Behre Dolbear, however, recognizes that some of the properties have more assurance of upside potential than others. The properties have accordingly, been subdivided based on their individual potential.

Properties, with the greatest upside potential (Shakardara, Shalala, Piyazbashi, and Misdag) have been valued at $3.00 per ounce of gold and $0.004 per pound of copper. The high gold grades from the Shakardara dumps, (33.6/14.9g/t) the Shalala roadcut (6.28g/t), and the Piyazbashi roadcuts (12.3g/t and 11.8g/t over two sets of samples, each of 200 metre length) and the unevaluated portions of the Misdag property, support this premium. Other properties with good potential have been assigned a premium of 50% of the base value, and the remainder have been assigned a value at the base case rate.

The values assigned total $134.6 million, as summarized below:

$3.00 per ounce/$0.004 per pound

- Shakardara – 350 million tonnes of ore grading 0.50% copper and 1gAu/t.
  - 3.857 billion pounds of copper @ $0.004/lb. = $15,435 million; and
  - 11.254 million ounces of gold @ $3.00/oz = $33,762 million;
- Piyazbashi – 70 million tonnes of ore grading 5 gAu/t

- 11.254 million ounces of gold @ $3.00/oz = $33,762 million.

- Shalala – 200 million tonnes of ore grading 0.50% copper and 0.25gAu/t.
  - 2.205 billion pounds of copper @ $.004/lb = $8,820 million; and
  - 1.608 million ounces of gold @ $3.00/ounce = $4,823 million.

- Misdag – 350 million tonnes of ore grading 0.45% copper.
  - 3.472 billion pounds of copper @ $0.004/lb = $13,885 million;

Subtotal = $110.48 million

$1.50 per ounce/$0.002 per pound

- Gedabek – estimated to contain 2.5 million tonnes of metallic copper and 250 tonnes of gold.
  - 5.512 billion pounds of copper @ $0.002/lb = $11.020 million; and
  - 7.987 million ounces of gold @ $1.50/oz = $11.981 million.

Subtotal = $23.0 million

$1.00 per ounce/$0.0015 per pound

- Gosha – 392,300 ounces of gold @ $1.00/oz = $0.392 million

- Agyurt – 31,958,000 pounds of copper @ $0.0015/lb = $0.048 million; and
  230,700 ounces of gold @ $1.00/oz = $0.231 million

- Diakhchay – 7,965,000 pounds of copper $0.0015/lb = $0.012 million

Subtotal = $0.683 million

Total Upside Potential Value = $134.64 million

The total metal quantities detailed above amount to 15.1 billion pounds (6.8 million tonnes) of copper and 32.7 million ounces of gold. Behre Dolbear has not ascribed a value to the remaining 3.2 million tonnes of copper and 12.3 million ounces of gold referenced as additional upside potential at several other deposits in the Contract Areas.

5.11 VALUATION BY MARKET MULTIPLES

Behre Dolbear also undertook a valuation of the Anglo Asian assets by utilizing market multiples in effect on February 28. The principal method used was that of value ascribed to each ounce of Inferred Resources that would accrue to the total capitalization of the common shares of the company. A basket of companies with holdings and resources generally similar to those of Anglo Asian were selected for the comparison. Behre Dolbear assumed that, for companies only reporting resources, 67% of the market capitalization would apply to those resources in the Measured and Indicated categories and 33% of the market capitalization would apply to Inferred Resources. Table 5.11 presents the results and indicates that for the five selected companies, Inferred Resources were valued at an average of $41 per ounce.

We would note that most purchasers of gold stocks look at the stock as a proxy for an option on the gold price. Current market sentiment is obviously expecting higher, perhaps substantially higher, gold prices than the current level around $430 per ounce.

Table 5.11 Resource Valuation by Market Capitalization, Measured + Indicated and Inferred
Data as of 4 March 2005

Company	*Total Market Cap ($M)*	*67% of Market Cap ($M)*	*33% of Market Cap ($M)*	*Meas.+ Indic. (M Au eq oz)*	*67%MC Meas+ Indic $/oz*	*Inferred (M Au eq oz)*	*33% MC Inferred $/oz*
Celtic	361	242	119	5.90	41	4.27	28
Highland Gold	626	419	207	8.13	52	8.54	24
Oxus	368	247	121	3.49	71	2.02	60
Peter Hambro	967	648	319	5.29	122	4.42	72
Trans-Siberian	107	72	35	2.61	30	2.10	19
Average					63		41

As shown in Table 5.6, the Anglo Asian properties host 7.690 million ounces of gold in the Inferred Resource category. An additional 7.892 million equivalent ounces of gold is present in the copper resources for a total Inferred category of 15.582 million equivalent ounces. The copper equivalent ounces have had a 50% discount previously applied in their calculation. Using $41 per ounce the total market capitalization for Anglo Gold would then be $639 million.

This market capitalization valuation is noted as being of interest in suggesting the value the market is prepared to place on gold companies in current market circumstances. It is not used as a valuation of the properties themselves. Moreover a control premium is not applied in this instance as it is only relevant when an acquisition of a controlling stake is being made. Anglo Asian already controls the property; albeit through a minority (49%) interest.

5.12 VALUATION SUMMARY

The following valuation results for the Azerbaijan properties were attained:

- Related Transaction Values (Table 5.6) $242.6 million
- Related Transactions – Gold Equivalence (Table 5.10) $298.0 million

The average of the two Related Transaction valuations is $270.3 million

- Rules of Thumb – Base Case (@ 2.5% of Price) (Table 5.8) $276.7 million

The average of the three valuations for the identified resources on the property is $272.4 million.

- Upside Potential $134.6 million

The average of the three valuations plus the upside potential gives $407 million.

Taking into account market sentiment and prices in the region of $430/oz gold and $1.45/lb copper, Behre Dolbear believes that a purchaser would pay a minimum of $450 million for the properties. Anglo Asian's 55% weighted interest, would thus be valued at a minimum of $247.5 million.

- Valuation of the Company from market multiples $639 million

Assuming that the market multiple valuation of the Company at $639 million is recognized, Anglo Asian's shares would be valued at $351 million.

The valuation has been carried out in US$, but Behre Dolbear is aware that Anglo Asian is a UK company raising funds in Sterling. An appropriate exchange rate could be the current rate of about $1.90/£ or the average of the past ten years which was (using 1 January values) $1.61 or the average of these two numbers, $1.75. Using the $1.75 exchange rate, the minimum value of $247.5M would be £141M. At the same exchange rate, the shares in the Company valued at $351 million would be £201 million.

Since the date of the valuation of 28 February 2005, there have been significant changes in metal prices, stock market values and exchange rates. The greatest effect of these changes would be on the Market Multiples valuation, which Behre Dolbear regards as indicative of the market exuberance earlier in the year.

Recalculating Table 5.11 on the basis of market values on 21 July, would give a suggested market capital inferred value of the contained gold (including copper equivalent) of $30/oz, rather than $41/oz. The indicated market capital valuation of the whole enterprise would then be $468 million and Anglo Asian's share $257 million. This compares with Behre Dolbear's view expressed above that "a purchaser would pay a minimum of $450 million for the properties" ($247.5 for Anglo Asian's share). Thus there is no material change in Behre Dolbear's assessment of the value of Anglo Asian's assets at £141 million, using an exchange rate of $1.75 to the pound sterling.

PRESENTED ON BEHALF OF BEHRE DOLBEAR INTERNATIONAL LIMITED BY

Denis Acheson. President

COMPETENT PERSON'S REPORT

GOLD AND COPPER PROJECTS IN AZERBAIJAN

APPENDIX A

GLOSSARY

ANGLO ASIAN CPR APPENDIX A

GLOSSARY

Elements

Ag	Silver
Al	Aluminium
As	Arsenic
Au	Gold
C	Carbon
Ca	Calcium
Cu	Copper
Fe	Iron
K	Potassium
Mg	Magnesium
Mo	Molybdenum
N	Nitrogen
Na	Sodium
O	Oxygen
Pb	Lead
S	Sulphur
Si	Silicon
Te	Tellurium
Zn	Zinc

Units

g	gram
G	Giga (billion)
ha	hectares
k	thousand
£	pounds sterling
lb	pound(s) (weight)
M	Million or Mega
m	metre or milli-
oz	Troy ounce(s)
ppb	parts per billion
ppm	parts per million (=g/t)
$	United States Dollars
t	tonne (metric ton)

General Abbreviations

AAM	Anglo Asian Mining plc
ADR	Adsorbtion, desorbtion recovery (of gold from cyanide solution)
AIM	The Alternative Investment Market of the London Stock Exchange
AIMC	Azerbaijan International Mining Company Limited (AAM subsidiary)
AIOC	Azerbaijan International Oil Company (consortium led by BP)
AusIMM	Australasian Institute of Mining and Metallurgy
Cap	Capitalization
CEO	Chief Executive Officer
CIL	Carbon-in-leach, the process in which gold is dissolved by cyanide in the same series of agitated tanks in which it is adsorbed on carbon
CIP	Carbon-in-pulp, the process in which gold is dissolved in one series of agitated tanks and adsorbed on carbon in another
COMEX	New York Commodity Exchange
COO	Chief Operating Officer

CPR	Competent Person's Report
EBRD	European Bank for Reconstruction and Development
EPCM or ECM	Engineering, (Procurement) and Construction Management
eq	Equivalent, especially copper or silver expressed as gold equivalent
FSU	Former Soviet Union
GDP	Gross Domestic Product
GKZ	State Committee on Reserves (USSR)
HSBC	A major British Bank, originally Hong Kong and Shanghai Banking Corporation
ICSG	International Copper Study Group
LME	London Metal Exchange
MENR	Ministry of Ecology and Natural Resources (of Azerbaijan)
NYSE	New York Stock Exchange
PEM	Prospectivity Enhancement Multiplier
PSA	Production Sharing Agreement, especially that between Anglo Asian and MENR
RVI	RV Investment Group Services LLC, the original party to the PSA
SAG	Semi-autogenous grinding (mills) – using ore as a grinding medium
SGS	Originally Société Générale de Surveillance, an international testing and certification company
SX/EW	Solvent-extraction, electrowinning – a process for recovering metals, especially copper, from leach solutions
tc/rc	treatment (processing) and refining charges
UNCITRAL	United Nations arbitration rules

General Definitions

Anglo Asian	Anglo Asian Mining plc
Azergyzil	The now dissolved Azerbaijan state entity, which was party to the PSA, whose rights and obligations have been taken over by MENR
Behre Dolbear	Behre Dolbear International Ltd or the associated group of companies comprising the firm
Codelco	The state-owned Chilean copper mining company
Comminution	Size reduction – crushing and grinding
Competent Person	Behre Dolbear International Limited
Contract Area	Area specified in the Production Sharing Agreement
Equator Principles	Principles agreed by major banks on standards for controlling environmental and social risks of mine development
Howe	ACA Howe, a consulting firm
Micon	Micon International Ltd, a consulting firm
Production Sharing Agreement	The agreement between Anglo Asian and the MENR
Zero Balance	In terms of the PSA, when Anglo Asian will have recovered all its investment

Technical terms

Adit	An underground drive with one access to open air (a tunnel has two)
Alteration	Change in the mineralogical composition resulting from weathering or hydrothermal solutions
Alunite	Basic potassium aluminium sulphate
Andesite	A volcanic silicate with Na, Al and Ca
Argillic	Hydrothermal alteration resulting in the formation of clay
Auger	A drill for large-diameter, shallow holes
Basic	Alkaline
Biotite	Magnesium-iron mica
Blind mineralization	Sub-surface mineralization with no surface evidence
Bornite	A copper ore sulphide mineral: Cu5FeS4

Breccia	A fragmented rock with angular components
Carbonate	A mineral containing C03
Chalcocite	Copper ore sulphide mineral, Cu2S
Chalcopyrite	Sulphide of copper and iron, CuFeS2
Chlorite	Hydrated silicates of Fe, Al and Mg
Clay	Hydrated aluminium silicates
Comminution	Size reduction by crushing screening and grinding
Core	The cylindrical sample taken from diamond drill holes
Covellite	Copper sulphide mineral, CuS
Cyanide	A salt of hydrocyanic acid (HCN) used for dissolving gold
Dacitic	Extrusive quartz diorite
Diorite	Plutonic igneous rock
Dip	The angle of, eg, a vein inclined to the horizontal
Disseminated	Fragments of mineral dispersed in a rock
Doré	Gold-silver alloy
Drive	A roughly horizontal underground excavation
Enargite	Copper arsenic sulphide, Cu3AsS4
Eocene	The second epoch of the Tertiary period
Epidote	A basic silicate of Al, Ca and Fe
Extrusive	Igneous rock which solidified after breaching the surface
Fault	A fracture zone along which there has been displacement
Felspar (feldspar)	Crystalline basic aluminosilicates
Flotation	A process of metallurgical concentration especially for sulphide minerals
Flow	The deformation of solid mineral under stress
Gossan	An iron-oxide-rich mineral, usually oxidized massive sulphide
Gouge	A layer of soft clayey material formed by fault movement
Granodiorite	A plutonic rock of intermediate composition
Heap leaching	Cyanide leaching of crushed mineral in layers
Hydrothermal	The action of natural hot aqueous solutions
Indicated	A Western category for resource estimation – probable
Inferred	A Western category for resource estimation – possible
Igneous	Formed by solidification from a molten state
Intrusive	Originally molten rock which penetrated other rocks, solidifying before reaching the surface
Jurassic	The middle division of the Mesozoic era
Kaolin	A clay mineral
Kriging	A geostatistical method of ore and resource estimation
Malachite	A green, basic cupric carbonate
Massif	A large mass, typically of plutonic rock
Matrix	The host rock or enclosing material
Measured	A Western category for resource estimation – proven
Metalliferous	Containing metal. Used of a mineral deposit or an ore
Metallogenic	Characterizing the ore-bearing potential of a geologic province
Mica	A platey silicate mineral
Mineral resource	Mineral of potential value but not necessarily proven as a reserve
Mining face	The end of an advancing drive
Molybdenite	Natural molybdenum sulphide, MoS2
Monzonite	A granular igneous aluminosilicate of alkalis and iron
Morphology	Study of the shape and structure of rock formations
Ore	Mineral of proven economic value
Ore reserve	A mineral deposit of proven economic value
Orthogonal	Having mainly right-angled structures
Outcrop	Rock naturally exposed at the surface
Overburden	Rock of insufficient value to be processed that has to be mined before the ore can be recovered

Oxide mineral	A mineral which has been naturally oxidized
Pluton	Igneous rock solidified from magma beneath the surface
Porphyry	A fine-grained, igneous rock with disseminated ore minerals
Pulp	A mineral sample finely ground for assay purposes
Pyrite	Iron sulphide, FeS2
Pyroclastic	Deposits of volcanic ejecta
Quartz	Crystalline silica
Raise	Vertical or inclined underground excavation up from one level to another
Rhyodacite	Extrusive equivalent of granodiorite
Roadcut	Sun-surface revealed by road preparation
Sericite	A white potash mica
Skarn	Rock composed mainly of lime-bearing silicates
Stockwork	A rock mass penetrated by many small mineralized veins
Stripping Ratio	The ratio of overburden (waste) to ore in a mining operation
Subcrop	Loose rock indicating that an outcrop is immediately underlying
Sulphide mineral	A mineral containing unoxidized sulphur
Strike	Horizontal direction of, eg, a vein (perpendicular to dip)
Tectonic	Pertaining to rock structures resulting from deformation of the earth's crust
Tellurites	Mineral compounds of tellurium and other metals
Top-cutting	Reducing the values of high assay results which may be anomalous
Tuff	Rock formed of compacted volcanic fragments
Valmin Code	A valuation code established by AusIMM
Volcanics	Extrusive igneous and pyroclastic material
Vuggy	Containing unfilled cavities
Waste	Rock of no economic value
Winze	Vertical or inclined underground opening down from one level to another
Zadra	A brand name for the standard electrolytic recovery process for gold from concentrated cyanide solutions

COMPETENT PERSON'S REPORT

GOLD AND COPPER PROJECTS IN AZERBAIJAN

APPENDIX B

COMPARABLE TRANSACTIONS

APPENDIX B

Comparable Transactions for Anglo Asian Valuation

Barrick-Celtic Resources

Date of Transaction: Dec. 2004
Buyer: Barrick
Seller: Celtic Resources
Asset: 13.4% of Celtic Resources
Resource/Reserve (Moz Au eq, Celtic Attributable as of June 2004):

$B+C_1+C_2$-	3.91 (Meas. + Indic.)
C_1+C_2-	1.99 (Meas. + Indic.)
C_2-	4.27
Total	10.17

Status: Operating- 2.04 Moz Au eq Resource/Reserve (Suzdal, Zherek)
Development- 8.13 Moz Au eq Resource/Reserve (Nezhdaninskoye)
Resource/Reserve Bought: 10.17 Moz Au eq x 0.089 = 0.91 Moz Au eq
10.17 Moz Au eq x 0.134 = 1.36 Moz Au eq
Price Paid: $27.9M for 8.9% of Celtic; additional $13.9M for additional 4.5% if warrants are exercised for total of $41.8M for 13.4%.
Price/oz Au: $30.66 for 8.9%
$30.74 for 13.4%

Remarks: As of 7 January 2005, Barrick held 8.9% of Celtic. In addition to above transaction, Barrick has option to purchase 51% of Nezhdaninskoye for $195M if Celtic acquires 100%. Nezhdaninskoye's June 2004 resource (100%) is 16.27 Moz 51% = 8.3 Moz. **Au eq price per oz. = $23.49.**

Highland Gold Mining- Ministry of Natural Resources/Chita Regional Govt.

Date of Transaction: September 2004
Buyer: Highland Gold
Seller: Ministry of Natural Resources/Chita Regional Govt.
Asset: Taseevskoye Deposit License for Exploration and Production
Resources (Moz Au eq as of Sept. 2004):
C_1- 1.05 (Meas.)
C_2- 0.68 (Indic.)
Total- 1.73
Status: Past producer, approximately 8Moz, 1948-1994
Resources Bought: 1.73 Moz Au eq
Price Paid: $25.5M
Price/oz. Au eq.: $14.74

Remarks: Highland will review previous feasibility study and expects that resource stated is conservative.

Barrick/ Institutional Investors-Highland Gold

Dates of Transactions: October 2003 and January 2004
Buyer: Barrick/Institutional Investors
Seller: Highland Gold
Asset: 31.7% of Highland, October 2003 (~10% to Barrick and ~21.7% to international group of institutional investors); additional ~ 7% , January 2004 (to Barrick) for ~39% of Highland
Resource/Reserve (Moz Au eq, Aggregated):

B (Measured)-	***0.59***
C_1 (Indicated)-	7.54
C_2 (Inferred)-	8.54
Total-	16.67
B (Proven)-	0.48
C_1 (Probable)-	***7.21***
Total-	7.69

(Resources include Reserves)
Status: Two producing mines, two advanced development projects, one newly acquired license
Resorce/Reserve Bought:
16.67 Moz Au eq x 0.317 = 5.28Moz Au eq. (October 2003)
16.67 Moz Au eq x 0.07 = 1.17 Moz Au eq (January 2004
Price Paid: $116M for 31.7% (October 2003)
$40M for ~7% (January 2004)
Price/oz Au: $21.97 (October 2003)
$34.19 (January 2004)
$24.19 (October 2003 + January 2004)

Remarks: Highland announced in January 2004 that Highland and Barrick will enter a four year strategic partnership, including the exclusive right for Barrick to participate in up to 50% of any acquisition by Highland in Russia and a similar right for Highland for any acquisition by Barrick in certain regions of Russia plus an agreement to pursue forming an exploration joint venture.

AngloGold Ashanti-Trans-Siberian Gold

Date of Transaction: July 2004
Buyer: AngloGold Ashanti
Seller: Trans-Siberian Gold
Asset: 17.5% of Trans-Siberian in first tranche; additional 12.4% in second tranche on signing of loan financing agreement for total of 29.9%
Resource/Reserve (Moz Au eq as of December (?) 2004, Group Aggregates):
JORC Classification

Measured+Indicated-	2.59
Inferred-	1.10
Measured +Indicated+Inferred-	3.69

Russian Classification
C_1+C_2- 2.61 (Meas. + Indic.)
P_1- 2.1 (Inferred)
P_2- 6.9

Status: Asacha- bankable feasibility study completed but bank financing not finalized; Veduga- definition drilling and scoping study

Resource Bought: First tranche- 3.69 Moz Au eq x .175 = 0.63 Moz Au eq; (JORC) Second tranche delayed (Asacha financing not finalized) -
3.69 Moz Au eq x 0.124 = 0.46 Moz Au eq.

Total if Subscription completed- 3.69 Moz Au eq x .299 = 1.10 Moz Au eq
Price Paid: First Tranche- $15.5M for 17.5 %
Second tranche to be paid- $17.3M for additional 12.4%
Total Subscription- $32.8M if completed using Feb. 2005 exchange rate
Price/oz. Au (JORC Classification): $24.60 (first tranche)
$29.82 (total Subscription)

Price/oz. Au (Russian Classification): $42.00 (total Subscription, Meas. + Indic.)
$23.30 (total Subscription, Meas. + Indic. + Inferred)

Remarks: Trans-Siberian agreed with Anglo to extend deadline for second subscription with completion conditional on revised implementation plan.

Trans-Siberian- 000 Angarskaya Proizvodstvennaya

Date of Transaction: July 2004
Buyer: Trans-Siberian
Seller: Angarskaya Proizvodstvennaya
Asset: Bogunay Mining and Exploration License
Resource: C_1+C_2- 305,000 oz (1940 Russian estimate))
Status: Exploration
Resource Bought: 305,000 oz
Price Paid: $100,000 plus assumed liabilities
Price/oz. Au: Less than $0.40 (Trans-Siberian Managing Director quote)

Bema Gold- Government of Chukotka

Date of Transaction: December 2003
Buyer: Bema
Seller: Government of Chukotka
Asset: 30% of Kupol Gold Deposit
Resource (Moz Au eq as of Feb. 2004):

Measured and Indicated-	1.58 Moz Au eq
Inferred-	3.20 Moz Au eq
Total-	4.78 Moz Au eq

Status: Exploration
Resource Bought: 4.78 Moz Au eq x 0.30 = 1.43 Moz Au eq
Price Paid: $20.5M plus certain exploration expenditures
Price/oz. Au: $14.34 using $20.5M

Remarks: Bema and Chukotka concluded agreement Dec. 2002 allowing Bema to acquire up to 75% of Kupol. Bema had earned 30% interest by end of 2003. Additional 10% to be acquired by Dec. 2004 for additional $10 million with additional 35% acquisition dependent on proven and probable reserves upon completion of bankable feasibility study and upon start of construction.

High River Gold-?

Date of Transaction: December 2002
Buyer: High River Gold
Seller: Not Identified
Asset: Berezitovy Project (100% interest)
Resource (Moz Au eq)

Russian Classification (1982)- 1.48 Moz Au eq (class not stated by High River)
CIM Classification- Indicated- 1.37 Moz Au eq

Status: Bankable Feasibility
Resource Bought: 1.4 Moz Au eq
Price Paid: Approximately $7 million in two tranches of shares and cash (Dec. 2002, March 2003)
Price/oz. Au: ~$5.00

Remarks: High River announced mandate with European Bank for Reconstruction and Development for up to $32 million financing debt package for project in November 2004.

OJSC Buryatzoloto-Altay Regional Govt/ Ministry of Natural Resources

Date of Transaction: February 2005
Buyer: OJSC Buryatzoloto (85% owned High River Gold Russian subsidiary)
Seller: Presumably Altay Regional Govt. and Ministry of Natural Resources (Auction)
Asset: Novophirsovskoye Ore Field
Status: Past Russian exploration
Resource: P_1 and P_2 resource reported in available data but not stated in 9 Feb. 2005 news release; resource amount not found elsewhere
Resource Bought: Currently unknown
Price Paid: Approximately $5.1M
Price/oz.: ?

Pokrovskiy Rudnik-Yamalzoloto

Date of Transaction: April 2004
Buyer: Pokrovskiy Rudnik (JSCP)- Peter Hambro Mining holds 97.7% of JSCP
Seller: Yamalzoloto
Asset: 90% of shares of Yamalzoloto which holds Novogodnee Manteau license
Resource/Reserves (Moz Au):

C_2- 0.418
P_1- 1.1
P_2- ~2

Status: Exploration
Resource/Reserve Bought: 90% of 0.418 Moz Au (C_2) = 0.376 Moz
Price Paid: Approximately $5M
Price/oz. Au: $13.30

Peter Hambro Mining-Reagrove Services Limited

Date of Transaction: June 2003
Buyer: Peter Hambro Mining
Seller: Reagrove Services Limited
Asset: Tokur Deposit mining License (100%)
Resource/Reserve (thousand oz Au)-

$B+C_1$-	157
C_1-	247
C_2-	333
Total-	737
P_1-	2,897
P_2+P_3-	24,197

Status: Exploration
Resource/Reserve Bought: 0.737 Moz Au ($B+C_1$, C_1, C_2)
Price Paid: $24M (deemed aggregate of $ 6 million cash and 6 million shares)
Price/oz Au: $32.56
Remarks: Peter Hambro states reserves and resources at 27.8 Moz as of 1 January 2004. Includes P class mineralization.

Peter Hambro Mining-Koryakgeoldobycha

Date of Transactions: June 2004, acquisition announced
December 2004, acquisition terminated
Buyer: Peter Hambro Mining
Seller: Koryakgeoldobycha (KGD)
Asset: Ametistovoye Gold Deposit
Resource/Reserve (Moz Au eq):

C_1-	0.882
C_2-	0.884
Total-	1.77

P_1- at least 1 million

Status: Feasibility
Resource/Reserve "Bought:" 1.77 Moz Au eq
Price "Paid:" $25 million upon satisfactory due diligence, obtaining necessary corporate and legal approvals, and definitive documentation
Price/oz. Au: $14.12
Remarks: Acquisition terminated 29 December 2004. KGD claimed it only proposed to sell half its stake in project.

Goldcorp-Wheaton River

Date of Transaction: February 2005
Buyer: Goldcorp
Seller: Wheaton River
Asset: Wheaton River
Resource/Reserve: All Resources are exclusive of Reserves

Goldcorp Purchase of Wheaton River

		Reserves and Resources		
Metal	*Proven and Probable Reserves*	*Measured and Indicated Resources*	*Total Reserves and Resources*	*Inferred Resources*
Au Moz	5.234	2.941	**8.175**	4.393
Ag Moz	36.0	–	**36.0**	141.4
Cu Mlb	1,614	22.0	**1,636.0**	83.8
Au eq Au+Ag Moz	5.787	2.941	**8.728**	6.554
Au eq. Cu Moz	5.044	0.069	**5.113**	0.262
Total Au eq Moz	10.831	3.010	**13.841**	6.816

Status: Mining Company

Reserve/Resource Bought (Moz Au eq)

Reserves- 10.831 (Proven and Probable)
Resources- 3.010 (Measured and Indicated)
6.816 (Inferred)
Total- 13.841 (P&P + M&I)
Total- 20.657 (P&P + M&I + Inferr.)

Price Paid: $1,948M
Price/oz. Au eq:
Reserves- $180
Reserves + M&I Resources- $141
Reserves + All Resources- $94

Remarks: Merger successfully completed February 14, 2005

Xstrata Copper-Peru Government

Date of Transaction: August 2004 (auction bid selected)
Buyer: Xstrata Copper
Seller: Peru Government (by Proinversion, Peru's Private Investment Promotion Agency)
Asset: Las Bambas Copper Deposit
Resource/Reserve: Proven- 40.5M tonnes at 2% Cu = 1,786 Mlb Cu
Resource- More than 500 Mt at grades over 1% Cu
(Xstrata press release 31, August 2004) = more than 11,000 lb Cu

Status: Exploration

Resource/Reserve Bought: 1,786 Mlb (proven)
+11,000 Mlb. (potential)

Price Bid: $121M ($91M for option right, $30M contingent during option and construction phases)

Price/lb. Cu: $0.068 (proven)
$0.011 (potential)

Remarks: Following execution of option contract, Xstrata will have up to six years to complete exploration and development. Xstrata has right during or at end of six year period to exercise option to develop mine expected to produce in excess of 200,000 tonnes per year of copper

COMPETENT PERSON'S REPORT

GOLD AND COPPER PROJECTS IN AZERBAIJAN

APPENDIX C

CURRICULA VITAE OF PARTICIPANTS

Denis Acheson joined Behre Dolbear in 1997 to establish the London office and is President of Behre Dolbear International Ltd. He has over 40 years of experience in the mining industry including: management and organisation; technical and economic project analysis; start-ups; negotiations with investors, banks and government agencies; joint ventures; financing; marketing; metallurgical engineering; and human resources. He has experience with in-depth due-diligence analyses and feasibility studies.

As Project Manager or Project Advisor for many Behre Dolbear assignments Mr. Acheson has held responsibility for the successful fulfilment of all commitments to clients. He has been responsible for directing the firm in project work and making the necessary staffing arrangements.

After an engineering degree from the University of Cape Town and an economics degree from Oxford, Mr. Acheson entered the mining industry as a metallurgical engineer on the Zambian Copperbelt, where he gained experience in all aspects of copper processing. He rose to become deputy managing director of Roan Consolidated Mines with full business, financial and human resources responsibility.

He was subsequently President of St. Joe Minerals Corporation's subsidiaries in Chile, with full responsibilities for feasibility study, construction, start-up and steady production phases of the El Indio gold-copper-silver mine, including government and bank negotiations. He thus has direct hands-on experience with the organisation of a large mining complex in a remote, mountainous area, including the infrastructure.

CORPORATE EXPERIENCE

1997 – 2000 and 2002 -	Behre Dolbear International Ltd – President, London	
1999 –	Behre Dolbear & Company, Inc. – Director	
2000 – 2002	Director of Thistle Mining Inc and Executive Chairman of Philippine Gold Ltd	
1987 – 1997	Independent Consultant, London	
1976 – 1986	St. Joe Minerals Corporation	
	1984 – 1986	St Joe International (UK) Ltd – President, London
	1979 – 1984	CM El Indio Ltd and other St Joe subsidiaries – President, Santiago
	1976 – 1979	Director of Latin American Projects, New York
1956 – 1976	Amax Inc and RST Group	
	1974 – 1976	Amax International Ltd and the RST Division – President, London
	1972 – 1974	RST Group and Roan Consolidated Mines, Lusaka – Executive Vice-president and deputy Managing Director
	1964 – 1972	Executive Assistant, then Vice President, Business and Sales, Lusaka
	1956 – 1964	Metallurgical Engineer, Zambian Copperbelt

RELEVANT PROJECT EXPERIENCE

■ **For Behre Dolbear:**

- Responsible for feasibility studies and due diligence analysis of mineral projects, mineral property evaluations and valuations, organisational, staffing and management analyses.
- Projects included: review of investment opportunities in Georgia, a major study on mining potential in Saudi Arabia, gold mine due diligence in Spain, gold project evaluation in Chile, solar salt feasibility in Mauritania, review of Zod mine in Armenia.

- **As an independent consultant:**
  - Start-up and management of gold mining projects in Spain, Ghana, and Kenya
  - Studies on restructuring of a copper mining enterprise in Spain and a gold mining operation in Chile,
  - negotiations with government and others on gold mining in Uruguay and Tanzania.

- **For St Joe Minerals Corporation:**
  - Represented the Company in Europe, Africa, Middle East and China on new developments, joint ventures and technical services. Projects included China (lead-zinc), Turkey (lead-zinc and chromite), and Saudi Arabia (gold).
  - In Chile, was responsible for: the development, start-up and operation of the El Indio gold-silver-copper mine; exploration including the Tambo and Pascua projects; negotiations with government and joint venture partners; and liaison with banks;
  - In New York, was responsible for the feasibility study on the Pachon gold project in Argentina and bank negotiations; also the feasibility study on the El Indio project in Chile, bank negotiations and contractor selection; also study and negotiations on San Antonio de Potosi in Peru;

- **For Amax Inc and RST Group:**
  - In London, held responsibility for Amax's African interests, including board membership, conducted negotiations with the Zambian government concerning nationalisation;
  - In Zambia, a successful career from metallurgical engineer on copper concentrating, smelting and refining, through HR, marketing and purchasing responsibilities to EVP responsibility including finance and acting CEO.

- **EDUCATION**
- University of Cape Town – B Sc Chemical Engineering – 1952
- Oxford University (Rhodes Scholar)- BA Economics, etc – 1955
- Mond-Nickel Fellowship 1958-59, reviewing extractive and refining metallurgy of copper in Zambia, Congo, US, Canada, Peru and Chile

Mr. Guarnera has more than 40 years of experience with mining and consulting firms in the international mineral industry focusing on the valuation of developed and undeveloped mineral properties, negotiation and structuring of mineral development and lease agreements, and economic geology. Mr. Guarnera's valuation expertise spans all commodities and geographic areas with recent emphasis on base and precious metals and past emphasis on energy minerals. He is a Certified Mineral Appraiser with the American Institute of Mineral Appraisers. Mr. Guarnera has lectured and instructed the mining engineering group of the Internal Revenue Service on mineral valuation techniques and has also presented seminars and instruction on mineral valuations to the American Institute of Rural and Farm Appraisers and financial institutions. Mr. Guarnera has provided expert witness testimony on mineral property values on several occasions.

While with Behre Dolbear & Company, Inc., Mr. Guarnera has participated in numerous recent mineral property valuations, including:

- Hellas Gold SA for European Goldfields Ltd for AIM listing pruposes;
- Addington Resources' Tennessee properties for sale purposes;
- Copper mines, and smelter of ASARCO's Ray, Arizona complex for state tax purposes;
- Crown Butte Resources' New World, Montana gold property for taking compensation;
- Newmont Gold Company's Indonesian and Mexican gold properties for tax basis purposes;
- Copper mines, mills, smelter and ancillary facilities of Exxon Coal and Mineral's Compañía Minera Disputada, S.A.;
- Turquoise property in Cripple Creek, Colorado for condemnation purposes;
- Copper Flat, New Mexico copper property for financing purposes;
- Cogema, Inc.'s uranium properties in south Texas for divestiture purposes;
- McDonald Seven-Up Pete gold property for royalty purposes;
- Kings Mountain, North Carolina mica property for estate division purposes;
- Royalty value of a wollastonite property in New York; and
- Legadembi, Ethiopia gold mine for privatization purposes.

CORPORATE EXPERIENCE

1991 – Present	Behre Dolbear & Company, Inc. – President, chief executive and chief operating officer
1981 – 1990	Boise Cascade Corporation – Manager, mineral resources
1976 – 1980	Dames & Moore – Principal-in-charge economic geology and mining group
1968 – 1976	Texaco, Inc. – Manager coal and hard mineral exploration projects
1967	Amax Exploration, Inc. – Field geologist/party chief
1965 – 1966	Anaconda American Brass, Ltd. – Field geologist/party chief
1964	Quebec Cartier Mining Company, Ltd. – Geologist/engineer

PROFESSIONAL AFFILIATIONS

- American Institute of Mineral Appraisers
- American Institute of Mining Engineers – 35 Year Member
- Association of Geoscientists of Ontario
- Australasian Institute of Mining and Metallurgy – Fellow
- Canadian Institute of Mining and Metallurgy
- Geological Society of America – Fellow
- International Mining Professionals Society – President
- Mining & Metallurgical Society
- Mining Club of New York
- Northwest Mining Association – Past President and Life Member
- Society of Economic Geologists – Fellow
- Society of Mining Engineers – Resources and Reserves Committee

DIRECTORSHIPS

- Cracker Creek Gold Mining Company
- Midland Mining Corporation

COURSES/SEMINARS TAUGHT

- Valuation of Uranium Deposits – American Society of Farm Managers and Rural Appraisers
- Economics of the Minerals Industry – Boise State University Department of Geology and Geophysics
- Valuation of Mineral Deposits – Internal Revenue Service Mining Engineers Symposium
- The ABC's of Ore Reserves – Seminar for Financial Community in Denver, London, New York, and Toronto
- The Valuation of Mineral Properties – Seminar for Financial Community in London, New York, and Toronto

REGISTRATIONS/CERTIFICATIONS

- Professional Engineer No. 41852, Texas
- Professional Geologist No. 510, Idaho
- Professional Geologist No. 70, Oregon
- Professional Geologist No. 0144, Ontario
- Certified Mineral Appraiser
- Chartered Professional (Geologist) – Australia

EDUCATION

- Michigan Technological University – B.S. Geological Engineering – 1965
- Michigan Technological University – M.S. Economic Geology – 1967

PERSONAL

- Date of Birth: September 22, 1943
- Citizenship: USA

Mr. Mark Anderson has more than 40 years of diversified industry experience in both technical and managerial roles, including project feasibility, mine operations and product due diligence. His experience includes evaluation of precious metal properties with emphasis on processing, metallurgy, project management, and feasibility analysis.

Prior to joining Behre Dolbear, Mr. Anderson was the general manager of Asamera Minerals Inc.'s US Operations. He had combined management responsibility for the underground operations at the Cannon Gold Mine in Wenatchee, Washington and the Gooseberry Mine in Nevada which produced gold and silver at an average rate of 170,000 ounces of gold and 500,000 ounces of silver. He also served as vice president, operations for Marathon Oil Co./Centennial Gold Corporation where he managed exploration, laboratory, and pilot plant operations associated with the development of exploration targets in Colorado. He was also a key participant in mining finance arrangements with investment houses.

RELEVANT PROJECT EXPERIENCE

- Evaluations of precious and base metal properties with emphasis on processing, project management and feasibility analyses.
- Managed exploration, laboratory, and pilot plant operations associated with the development of exploration targets in Colorado. Participated in mining finance arrangements with investment houses abroad.
- Independent engineer on open pit and underground gold projects located in Alaska, Canada, Venezuela, and Chile. He has worked with several lending institutions in developing completion criteria applicable to a wide range of project sizes, complexity and geographic locations.
- He has managed project engineering for the design of the Aurora Gold Project of Hanna Mining Company (Siskon). The project was completed under budget on a fast-track basis in less than four months.
- Mr. Anderson has extensive experience in metallurgical processing with experience in all forms of gold processing and recovery including heap leaching, flotation/concentration, cyanidation and bioleaching. Mr. Anderson has hands-on experience with the treatment of refractory gold ores and is unexcelled in his knowledge of processing operating and capital costs.
- He was project manager responsible for the design and construction package for a gold milling and leach circuit to accommodate ores from underground and open pit operations in Nevada.
- Mr. Anderson was project manager responsible for design and construction package for a flotation concentrate autoclave plant to treat refractory ores at a 1,500 stpd underground gold mining operation in Washington.
- Mr. Anderson was general manager of operations, responsible for managing U.S. operations for an international mining company producing over 150,000 ounces of gold per year from underground operations in Washington and Nevada.
- As vice president of operations, he was responsible for managing exploration, mining, and metallurgical operations on a 100 sq. mile placer gold project utilizing gravity separation pilot plant treatment of major bulk sample tonnages in Colorado.
- As president, Mr. Anderson directed a company buy-out team active in the pursuit of a major U.S. mining operation producing over 150,000 ounces of gold per year. He successfully assembled a financing package consisting of equity and bank financing for a $17 million purchase. The resulting negotiations for purchase were unsuccessful.

- Project manager responsible for metallurgical evaluation of treatment methods for use on highly refractory gold ores containing massive sulfides and arsenic in South Carolina.
- Mr. Anderson was project manager responsible for feasibility study to determine project production capability and economics for a 11,000 stpd open pit gold operation utilizing heap leach gold recovery under arctic conditions in Alaska.
- He was project manager responsible for feasibility study to determine project production capability and economics for a 2,000 stpd open pit gold operation utilizing heap leach gold recovery in Nevada.
- As metallurgical engineer, Mr. Anderson was responsible for evaluation of design and operating criteria for a major international bank, contemplating financing on a 14,000 stpd open pit gold operation utilizing heap leaching technology in Chile.
- Metallurgical engineer responsible for forensic metallurgical evaluation of historical gold mining operations which have been associated with a current day Superfund site in Colorado.

CORPORATE EXPERIENCE

Present	Behre Dolbear & Company, Inc. – Chairman of the board and senior associate
1986 – 1991	Asamera Minerals US, Inc. – General manager, US operations
1984	Ralph M. Parsons Company – Senior project manager
1980 – 1984	*Anaconda Minerals Company – Project manager and mill manager, Nevada Moly project*
1978 – 1980	Climax Molybdenum/AMAX – Plant manager
1964 – 1978	Kennecott Copper Corporation, Nevada Mines Division – Reduction plant superintendent
1962 – 1964	Aerojet General Corporation – Development engineer
1961 – 1962	US Bureau of Mines – Research engineer

SPECIFIC PROJECT EXPERIENCE

- Komis Gold Project, Saskatchewan, Rothschild Bank. Mr. Anderson was the due diligence Project Manager and Independent Engineer on this underground gold project.
- Nixon Fork, Alaska, ING Capital Corporation. Mr. Anderson served as Metallurgical Consultant and Independent Engineer on this underground gold project.
- Pimenton, South American Gold & Copper, Chile. Mr. Anderson served as metallurgical consultant on a proposed mill expansion for this underground mine and surface concentrator operation.
- Equatorial/AMP Valuation. Mr. Anderson conducted a technical due diligence and evaluation of the Mineral Park and Tonopah Projects for acquisition analysis.
- Credit Suisse/1st Boston, Minera Las Cristinas, C.A. – Las Cristinas. Mr. Anderson served as due diligence Project Manager and Independent Engineer for the Placer Dome, Las Cristinas Project. The assignment also included the development of completion criteria.
- Rothschild Denver Inc. – Confidential Due Diligence Study – British Columbia. Mr. Anderson performed metallurgical engineering due diligence on a propose acquisition evaluation.
- Gold Capital/U.S. Gold – Gold Capital – Tonkin Springs. Mr. Anderson performed metallurgical due diligence on this proposed project in Nevada.
- Woodward Clyde – Cyprus Climax Metals Risk Assessment. Mr. Anderson developed engineered risk assessment profiles for all of the active Cyprus Amax and Cyprus Climax operations including those in Arizona, Colorado, Iowa, Pennsylvania, Illinois, England and the Netherlands.
- The Toronto Dominion Bank – Fort Knox, Alaska. Mr. Anderson developed metallurgical due diligence information and completion criteria for the project.

- GoldBanks Mining Co. – GoldBanks Kinross, Nevada. Mr. Anderson served on a project due diligence team evaluating this potential open pit property in Nevada.
- International Precious Metals, Arizona – Mr. Anderson developed metallurgical and analytical programs which ultimately proved the lack of economic or technically extractable platinum and gold from this project.
- Royal Gold Inc. – Long Valley Project Review, Nevada. Mr. Anderson provided the metallurgical engineering review of this proposed gold project.
- Barclays Bank, Wheaton River Minerals Ltd. – Golden Bear Mine – Due Diligence, British Columbia. Mr. Anderson provided metallurgical engineering due diligence and served as both project manager and independent engineer for this open pit, heap leach gold project.
- Glencore International AG – Endako Due Diligence. Mr. Anderson provided metallurgical engineering due diligence on this proposed acquisition target.
- Lavery debilly, Barristers & Solicitors – Expert Witness Testimony. Mr. Anderson prepared expert metallurgical engineering testimony in support of this confidential project.
- European Bank of Reconstruction and Development, Aural – Baia Mare-Romania. Mr. Anderson provided metallurgical engineering due diligence, contract review and independent engineer services for this tailings reclamation project.
- Standard Bank of London – San Gregorio Mine Uruguay. Mr. Anderson provided metallurgical engineering due diligence on this open pit gold mining property.
- Metallurgical Engineer – Pueblo Viejo Privatization. Mr. Anderson provided metallurgical engineering support on the evaluation of refractory gold recovery flow sheets for the proposed modernization program.
- Metallica Resources – San Pedro Project, San Luis Potosi, Mexico. Mr. Anderson served as project manager and provided metallurgical engineering due diligence on this proposed financing of an open pit silver project.
- Government of Suriname/Mr. Marc C.H. Waaldijk – Gross Rosebel, Suriname. Mr. Anderson provided metallurgical engineering and capital costs estimated services in support of this project valuation in Suriname.
- M.I.M. Exploration Pty, LTD – M.I.M. Venezuela. Mr. Anderson provided project operations, infrastructure and socio economic consulting for possible acquisitions.
- Crowley, Haughey, Hanson, Toole & Dietrich – Crown Butte Mines, Inc. Mr. Anderson provided metallurgical engineering, cost estimation and infrastructure review for this valuation of a project being expropriated by the U.S. Government.
- COEUR – The Precious Metals Company – Kensington Project – Alaska. Mr. Anderson served as project manager and provided metallurgical engineering support for this project evaluation and due diligence for an underground operation in Alaska.
- Placer Dome Technical Services, Limited – Alderbaran. Mr. Anderson provided metallurgical engineering and sampling protocol evaluations for this exploration project.
- Saudi Arabia Government, Behre Dolbear International, Ltd. – MA'ADEN. Mr. Anderson provided concentrator operations, metallurgical engineering and cost estimating services in developing operating procedures for government of Saudi Arabia national mining company.
- MA'ADEN – Operations Assessment – Mahd/Sukhay. Mr. Anderson provided metallurgical engineering, operating cost and capital cost improvement services in an evaluation of the Mah'd and Sukaybarat mines in Saudi Arabia.

- Alfers & Carver/Cyprus Amax, Mt. Emmons Pre-Feasibility. Mr. Anderson served as project manager and provided metallurgical engineering, capital cost, and operating cost support in the development of a pre-feasibility study for the operation of the Mt. Emmons project.

- Kinross Gold USA, Inc., Engineered Risk Assessment. Mr. Anderson has served on a team evaluating the engineered risk of Kinross Gold properties in Idaho and Ontario, Canada. The assessments included tailings impoundments, waste dumps, water systems, storm water systems, water treatment plants, and special project facilities.

PROFESSIONAL AFFILIATIONS/RECOGNITION AND AWARDS

- AIME, Trustee
- SME, President, 1992-1993; Board of Directors; MPD Chairman, 1984
- Mining and Metallurgical Society of America
- Northwest Mining Association, President, 1990 – 1991; Trustee 1986 – 1992
- Paul Harris Fellow – 1989
- Who's Who in the West – 1986
- Mill Man of Distinction – 1984

EDUCATION

- Michigan Technological University – B.S. Metallurgical Engineering – 1961

Robert Wetzel has 30 years of experience as a geologist and explorationist and has completed over 15 field assignments in the former Soviet Union and far eastern Asia. He speaks fluent Russian.

GENERAL EXPERIENCE

2004 – **Behre Dolbear & Company, Inc. Senior Associate**

2001-2003 **Foxfire Constructors**
Supervised tunnel construction for underground civil projects

1997-2001 **Phelps Dodge Exploration and others: Consulting Geologist**
Conducted exploration at gold skarn and Carlin-type targets in Kyrgyzstan. Initiated and conducted an exploration program for epithermal bonanza deposits in Russia. Evaluated many of the significant epithermal gold occurrences in the Russian Far East and a large mesothermal shear-zone gold system. Supervised Russian-speaking geologists and contractors. Evaluated a large platinum prospect. Evaluated exploration opportunities in China.

1997 **Hunt Exploration: Consulting Geologist**
Conducted exploration at an underground gold project in Kyrgyzstan.

1996 **Arian Resources: Consulting Geologist**
Conducted exploration at an epithermal gold project in the Russian Far East. Supervised Russian-speaking geologists and surveyors and contractors.

1995-1996 **Cyprus-Amax: Consulting Geologist**
Conducted development phase geologic work at a major epithermal gold project in the Russian Far East. Responsibilities included supervision of the Russian-speaking drill and survey crews, geologic evaluation and modeling of the deposit and supervision and training of Russian geologists. Constructed and initiated operation of a fire assay facility. Helped prepare documents and budgets for submission to the Russian permitting authorities.

1991-1995 **Missionary**
Taught English on a volunteer basis for four school years in Russia and Latvia.

1992-1994 **Consulting Geologist**
Seasonal work including evaluation of Carlin-type deposits for Independence Mining and research of gold development opportunities in Russia for Pegasus Gold.

1990-1991 **Pegasus Gold Co: Geologist**
Evaluated a wide variety of bulk tonnage gold deposits in California, and Nevada.

1987-1989 **Freeport McMoran Gold Co: Consulting Geologist**
Generated numerous gold targets in a variety of geologic environments while working under a two-year prospecting agreement.

1982-1987 **Mine Owner and Operator and Consulting Engineer**
Redeveloped a small gold mine and designed and built a small mill for own account. Mined, recovered and sold a small amount of gold bullion. Prepared preliminary feasibility studies for a number of mineral properties. Evaluated a wide variety of base and precious metal prospects on a consulting basis, including epithermal bulk tonnage gold, Mother Lode-type and Ag-Pb-Zn limestone replacement deposits. Performed fire assays on a wide variety of ore and concentrates.

1980-1982 **Martin-Trost Associates: Project Manager**
Initiated and executed an exploration and development program at a tungsten skarn. Secured permits for operation in a wilderness area. Completed an exploration program involving more than 10,000 feet of helicopter supported drilling. Engineered and supervised the underground development, mining and sale of 7,000 tons of ore. Drill defined a much larger resource. Managed all aspects of this project from conception to completion.

1977-1980 **Martin-Trost Associates: Chief Geologist**
Supervised and executed a district-wide exploration program for vein-type uranium. Supervised approximately 50,000 feet of exploration drilling including longholing, reverse circulation and core drilling. Completed extensive underground mapping and sampling. Located and secured land position on targets outside the district.

1976-1977 **Freeport Exploration: Geologist**
Staff geologist on a large disseminated silver exploration program in volcanic terrain. Responsibilities included surface and underground mapping and sampling, geophysical work, core logging, target definition and securing permits.

RUSSIA AND ASIAN WORK EXPERIENCE

Project	**Location**	**Description of activity**
Kubaka	Magadan,	1995-1996 Designed and executed due diligence surfaceand underground sampling program. Secured permits and conducted reserve confirmation drilling. Constructed and operated an on-site fire assay lab. Supervised Russian geologists, surveyors and assayers on a project that has produced more than two million ounces of gold
Evenskoye	Magadan,	1996 Conceptual feasibility study, one million oz resource
Julietta	Magadan,	1996 Supervised drilling and trenching and district wide exploration on a project that is now producing more than 150,000 ounces of gold per year from a high-grade epithermal vein
Various	Magadan,	1996-1998 Field evaluation of exploration targets
Voronsofka	Ural Mts., Russia	1996 On-site evaluation, 3 million oz. resource
Unkurtash	Kyrgyzstan	1997 Underground drifting and drilling program
Tien Shan	Krygyzstan	1997-1998 Large scale gold exploration program targeting skarn and Carlin type targets
Hakanja	Habarovsk, Russia	Conducted due diligence sampling and pre feasibility study, 2.5 million oz. resource
Natalka	Magadan, Russia	Conducted operations review and resource evaluation on project with 2.5 million oz. past production and 5 million oz potential resource at an existing underground mine/ mill on a mesothermal shear zone
Mnogo-Vershinny	Habarovsk, Russia	Conducted operations review and resource evaluation on a 2000 tpd underground mine/mill complex with a 3 million ounce resource on a high grade epithermal vein system

Kondior	Habarovsk, Russia	Evaluated hardrock source for 3 million ounce Pt placer
Various	Habarovsk, Russia	Field evaluation of advanced stage exploration projects.
Asacha-Rodnikovi	Kamchatka, Russia	Site visit to 1.5 million oz resource
Various	Kamchatka, Russia	Field evaluation of advanced stage exploration projects
Various	Inner Mongolia, China	Evaluated base and precious metal prospects and mines

EDUCATION: Colorado School of Mines, B.S. Geological Engineering, 1975
Foreign Languages: Fluency in Russian and Latvian
CA Registered Geologist #7347

PART V

Accountants' report on Anglo Asian Mining PLC

A. Accountants' report on Anglo Asian Mining PLC

Deloitte.

Deloitte & Touche LLP
Chartered Accountants
Stonecutter Court
1 Stonecutter Street
London EC4A 4TR

The Directors
Anglo Asian Mining PLC
36 Bruton Street
London W1J 6QZ

The Directors
Anglo-Suisse Capital Limited
36 Bruton Street
London W1J 6QZ

The Directors
Numis Securities Limited
Cheapside House
London EC2V 6LH

26 July 2005

Dear Sirs,

ANGLO ASIAN MINING PLC ("THE COMPANY")

Introduction

We report on the financial information relating to the Company, as set out below, prepared for inclusion in the Admission Document dated 26 July 2005 of the Company ("the Admission Document") relating to the admission of Anglo Asian Mining PLC's entire share capital to trading on AIM.

Basis of preparation

The Company was incorporated on 9 September, 2004. The financial information set out in this report is based on the audited non-statutory financial statements of the Company from incorporation to 31 January 2005, to which no adjustments were considered necessary.

Responsibility

The audited non-statutory financial statements upon which this report is based are the responsibility of the Directors of the Company, who approved their issue. The directors of the Company are responsible for the contents of the Admission Document in which this report is included.

It is our responsibility to compile the financial information set out in our report from the audited non-statutory financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that

previously obtained by us relating to the audit of the non-statutory financial statements underlying the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at 31 January 2005.

Balance sheet

	Note	*As at 31 January 2005* £
Current assets		
Debtors and Net assets		1
Shareholders' funds		
Share capital	3	1

NOTES TO THE FINANCIAL INFORMATION

(1) Accounting policies

The financial information has been prepared under the historical cost convention and in accordance with accounting standards applicable in the United Kingdom.

(2) History

The Company was incorporated on 9 September 2004 under the name Anglo Asian Gold Limited. The name of the Company was changed to Anglo Asian Mining Limited on 7 March 2005. The Company has not traded and no dividends have been declared or paid. Accordingly no profit and loss account or cash flow is presented. The balance sheet has not been prepared for a financial year of the Company as it was incorporated on 9 September 2004.

(3) Share capital

Authorised:	*31 January 2005*
100 ordinary shares of £1 each	100

Allotted called up and fully paid:	
1 ordinary share of £1	1

The Company was incorporated on 9 September 2004 with an authorised share capital of £100 represented by 100 ordinary shares of £1 each. At 31 January 2005, the Company had issued one ordinary share of £1 at par.

(4) Post balance sheet events

On 17 February 2005, a written resolution of the Company was passed whereby:

(a) the one subscriber share referred to above constituting the entire issued share capital of the Company was sub-divided into 100 Ordinary shares of 1p each;

(b) each of the 99 Ordinary Shares of £1 each constituting the authorised but unissued share capital of the Company was sub-divided into 100 Ordinary shares of 1p each;

(c) the authorised share capital of the Company was increased to £6,000,000 by the creation of an additional 599,990,000 new Ordinary shares;

(d) the Directors were generally and unconditionally authorised, in accordance with section 80 of the Companies Act 1985, to exercise all the powers of the Company to allot relevant securities; and

(e) the Directors were further empowered, pursuant to section 95 of the Companies Act 1985, to allot equity securities (as defined in Section 94 of that Act) for cash pursuant to the authority described in paragraph (a) above if section 89(1) of that Act did not apply to the allotment.

On 24 June 2005, the Company allotted 61,533,100 Ordinary Shares to the shareholders of AA Operations as consideration pursuant to a share for share exchange agreement entered into with each such shareholder whereby each ordinary share of 1p in AA Operations was exchanged for 200 Ordinary Shares of 1p each in the Company in order to acquire all of their respective shareholdings in AA Operations.

On 29 June 2005, the Company allotted 3,238,600 Ordinary Shares to Limelight Industrial Developments Limited pursuant to the acquisition of Anglo Asian Cayman by AA Operations by a Deed of Variation dated 23 June 2005.

(5) Auditors

The auditors to the Company are Deloitte & Touche LLP, Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR.

Yours faithfully

Deloitte & Touche LLP
London

B. Accountants' report on Anglo Asian Operations Limited

Deloitte.

Deloitte & Touche LLP
Chartered Accountants
Stonecutter Court
1 Stonecutter Street
London EC4A 4TR

The Directors
Anglo Asian Mining PLC
36 Bruton Street
London W1J 6QZ

The Directors
Anglo-Suisse Capital Limited
36 Bruton Street
London W1J 6QZ

The Directors
Numis Securities Limited
Cheapside House
London EC2V 6LH

26 July 2005

Dear Sirs,

ANGLO ASIAN OPERATIONS LIMITED AND ITS SUBSIDIARIES ("AA GROUP")

Introduction

We report on the consolidated financial information of Anglo Asian Operations Limited ("AA Operations") set out below. This consolidated financial information has been prepared for inclusion in the Admission Document dated 26 July 2005 ("the Admission Document") relating to the admission of Anglo Asian Mining PLC's entire issued share capital to trading on AIM.

Basis of preparation

The financial information set out in this report is based on the audited non-statutory financial statements of the company for the period from 5 February 2004 to 31 January 2005 to which no adjustments were considered necessary.

Responsibility

The non-statutory financial statements upon which this report is based are the responsibility of the directors of the company who approved their issue. The Directors of Anglo Asian Mining PLC are responsible for the contents of the Admission Document in which this report is included.

It is our responsibility to compile the financial information set out in our report from the audited non-statutory financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that previously obtained by us relating to the audit of the non-statutory financial statements underlying the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether

the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the consolidated financial information set out below gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the AA Group as at 31 January 2005 and of its loss and cash flow for the period then ended.

FINANCIAL INFORMATION

Principal activities, organisation and operations of the AA Group

AA Operations was first registered in England on 5 February 2004. AA Operations has three wholly owned subsidiary undertakings, Holance Holdings Limited ("Holance"), Anglo Asian Cayman Limited ("Anglo Asian Cayman" or "Cayman") and R.V. Investment Group Services LLC (Delaware), (a company registered under the laws of USA, State of Delaware) (the "Subsidiary"). AA Operations together with its three subsidiary undertakings comprises the "AA Group". Cayman was first registered in Grand Cayman on 5 August 1996, as a limited liability company. The Group's principal activities relate to the exploration and development of gold and copper deposits situated in the territory of the Azerbaijan Republic.

The Subsidiary is a Contractor Party to the Production Sharing Agreement ("PSA"), detailed below and is responsible for financing all the operations of Azerbaijan International Mining Company Limited ("AIMC"), the operating company of the PSA and representative office established for undertaking all operational activity for the AA Group in Azerbaijan. In return, the Subsidiary is entitled to a share of future mineral production. As stated in note 15 to the financial information, the entire share capital of AIMC was acquired by the Subsidiary on 12 July 2005. Prior to that date, AIMC was wholly owned by Mr Reza Vaziri, a director of the Company.

The activities of AIMC relate entirely to development and exploration in the territory of the Republic of Azerbaijan based on the provisions of the PSA.

The PSA requires that AIMC should not recognise profits or losses, and accordingly all losses incurred during the period were recharged to the representative office of the Subsidiary and fully reflected in its financial statements.

Currently no exploration or development has commenced and all transactions of the Subsidiary were limited to general administration expenses directed to support office activities.

Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the period, is set out below.

Basis of accounting

The financial information is prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Going concern

The financial information has been prepared on the assumption that the AA Group will continue as a going concern taking into account the funds raised as a result of the admission to AIM and placing of shares. The operations of the AA Group have, to date, been financed from funds advanced by the AA Group's shareholders.

Basis of consolidation

The financial information incorporates the financial information of the company and all its subsidiaries. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Mine exploration and development expenditures

The decision to develop a mine property within an area of interest is based on an assessment of the commercial viability of the property, the availability of financing and the existence of markets for the product. Once the decision to proceed to development is made, exploration, development and other expenditures relating to the project are capitalised and carried at cost with the intention that these will be

depreciated by charges against earnings from future mining operations over the relevant life of mine on units of production basis.

No depreciation is charged against the property until commercial production commences. After a mine property has been brought into commercial production, costs of any additional work on that property are expensed as incurred, except for large development programs, which will be deferred and depreciated over the remaining life of the related assets.

The carrying values of exploration and development expenditures in respect of each area of interest which has not yet reached commercial production is periodically assessed by management and where it is determined that such expenditures cannot be recovered through successful development of the area of interest or by sale the expenditures are written off to the profit and loss account as incurred.

Tangible fixed assets

Fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on a reducing balance basis on all fixed assets, as follows:

Office equipment – 25 per cent.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currencies

Any currency other than the measurement currency of each group company, is considered a foreign currency. Monetary assets and liabilities denominated in foreign currencies are translated to the measurement currency of the relevant group company using the rates of exchange prevailing at the balance sheet dates. Non-monetary assets and liabilities denominated in foreign currencies are recorded in the accompanying consolidated balance sheet using the historical exchange rates. Transactions denominated in foreign currencies are recorded at the exchange rates at the date of the transaction. Any gains or losses on assets and liabilities denominated in foreign currencies arising from a change in exchange rates after the date of the transaction are recognised as income or expense from other activities.

The results of overseas operations are translated into sterling at the average rate of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and on foreign currency borrowings, to the extent that they hedge the group's investment in such operations, are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

Provisions

Provisions are recognised when the group has an obligation to transfer economic benefits at the balance sheet date, which occurred as a result of a past event and the amount of the obligation can be reliably estimated.

Financial instruments

Financial assets and financial liabilities carried on the consolidated balance sheet include cash and cash equivalents, trade and other accounts receivable and payable. Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains, and losses relating to a financial instrument classified as a liability, are reported as financial expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Consolidated profit and loss account for the period from 5 February 2004 to 31 January 2005

	Notes	*5 February 2004 to 31 January 2005 £'000*
Turnover	1	–
Administrative expenses		(719)
Operating loss		(719)
Interest receivable and similar income		2
Loss on ordinary activities before taxation	2	(717)
Tax on loss on ordinary activities	4	–
Loss on ordinary activities after taxation being the retained loss for the financial period		(717)

Consolidated statement of total recognised gains and losses from 5 February 2004 to 31 January 2005

Loss on ordinary activities after tax	(717)
Exchange gains	1
Total recognised gains and losses	(716)

All amounts derive from continuing operations.

Consolidated balance sheet as at 31 January 2005

	Notes	*31 January 2005 £'000*
Fixed assets		
Intangible fixed assets	5	16,525
Tangible fixed assets	6	3
		16,528
Current assets		
Debtors	8	1
Cash at bank and in hand		517
		518
Creditors: amounts falling due within one year	9	(1,267)
Net current liabilities		(749)
Net assets		15,779
Capital and reserves		
Called up share capital	10, 11	3
Share premium account	11	1,080
Shares to be issue	10, 11	595
Merger reserve	11	14,817
Profit and loss account	11	(716)
Total equity shareholders' funds		15,779

Consolidated cash flow statement for the period from 5 February 2004 to 31 January 2005

	Notes	*5 February 2004 to 31 January 2005 £'000*
Operating loss		(719)
Goodwill amortisation		15
Increase in creditors		149
Net cash outflow from operating activities		(555)
Returns on investments		
Interest received		2
Acquisitions – Purchase of subsidiary	7	(58)
Cash outflow before financing		(611)
Financing		
Issue of ordinary share capital	11	1,117
Exercise of share options	10	30
Share issue expenses	11	(50)
Increase in debt		31
		1,128
Increase in cash in the period		517

Notes to the financial information

1. Turnover

The group made no sales during the period.

2. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	5 February 2004 to 31 January 2005 £'000
Auditors' remuneration	10

3. Staff costs

Employees, including directors:

	5 February 2004 to 31 January 2005 £'000
Wages and salaries	16

The average monthly number of employees during the period was one. All staff costs arose in relation to director's remuneration.

Directors' remuneration

The remuneration of directors was as follows:

	5 February 2004 to 31 January 2005 £'000
Emoluments	16

The directors' interests in the ordinary share capital of the company are as follows:

Ordinary shares

	31 January 2005 Number	*At date of appointment Number*
Reza Vaziri (Appointed 10 January 2005)(*)	111,135	Nil
Charles Hancock (Appointed 5 February 2005)	16,083	Nil
John H. Sununu (Appointed 10 January 2005)(*)	37,045	Nil
Robert Jeffcock (Appointed 5 February 2005)	32,941	Nil

(*) In addition to the ordinary shares listed above, Reza Vaziri and Governor Sununu are entitled to be issued 4,240 and 1,413 ordinary shares respectively, as part of the deferred consideration of the acquisition of Anglo Asian Cayman Limited. These ordinary shares are recognised in shares to be issued within these financial statements. The shares were issued on 25 April 2005. Refer to note 7 for further details.

Material interest of directors in contracts with the company:

Mr. Charles Hancock is a director of and has a controlling interest in Anglo-Suisse Capital Limited, from which the company obtained services amounting to £74,333 for the period 5 February 2004 to 31 January 2005. Anglo-Suisse Capital Limited provides general administrative assistance including office facilities, as well as corporate finance advice and assistance. All services are provided at arm's length. As at 31 January 2005, the company owed Anglo-Suisse Capital Limited £16,189 in respect of services.

3. Staff costs (continued)

Mr Robert Jeffcock is a director of, and has a controlling interest in, Colby Mining Limited, from which the company obtained services amounting to £59,903 for the period 5 February 2004 to 31 January 2005. Colby Mining Limited provides mining exploration services to the company. All services are provided at arm's length. There were no outstanding balances between the company and Colby Mining Limited as at 31 January 2005.

Mr Robert Jeffcock is also a director of, and has a controlling interest in Redmine Limited, from which the company obtained services amounting to £131,392 for the period 5 February 2004 to 31 January 2005. Redmine Limited provides mining exploration services to the company. All services are provided at arm's length. As at 31 January 2005, the company owed £2,026 to Redmine Limited in respect of services.

4. Tax on loss on ordinary activities

The tax charge comprises:

	£'000
Loss on ordinary activities before tax	(717)
Loss on ordinary activities multiplied by the applicable companies rate of corporate tax 30%	(215)
Losses not utilised in the period	215
Current tax charge for the period	–

A deferred tax asset has not been recognised in respect of losses not utilised in the period as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognized is £215,000. The asset would be recovered if suitable taxable profits were generated in the future.

5. Intangible fixed assets

	Mining Rights £'000	*Goodwill £'000*	*Total £'000*
Cost			
Acquisition of subsidiary undertaking	16,525	15	16,540
At 31 January 2005	16,525	15	16,540
Amortisation			
Charge for the period	–	15	15
At 31 January 2005	–	15	15
Net book value			
At 31 January 2005	**16,525**	**–**	**16,525**

Amortisation of the mining rights will commence when the Mining Areas are brought into commercial production.

6. Tangible fixed assets

	Office equipment £'000
Cost	
Acquisition of subsidiary undertaking	3
At 31 January 2005	3
Depreciation	
Charge for the period	–
At 31 January 2005	–
Net book value	
At 31 January 2005	**3**

7. Acquisition of subsidiary undertakings

Holance Holdings Limited

On 30 June 2004, the company acquired the entire issued share capital of Holance, a company incorporated in the British Virgin Islands, for a consideration comprising the issue of 15,000 1p shares in AA Operations. The fair value of the consideration at the acquisition date was £15,000, and the excess of the fair value over the nominal value of the shares issued has been credited to the share premium account. The fair value of the net assets acquired was materially the same as the book value of those assets, amounting to £1.

Anglo Asian Cayman Limited (formerly RV Investments Group Services LLC)

On 10 January 2005 the AA Group acquired 100 per cent. of the issued share capital of Anglo Asian Cayman Limited ("Cayman"), a company incorporated in the Cayman Islands, and its 100 per cent owned subsidiary undertakings. The consideration comprised of:

i) the issue of 148,180 1p ordinary shares in AA Operations being an equal number of shares of AA Operations in issue at the acquisition date;

ii) a deferred conditional consideration of $2,000,000 promissory note;

iii) deferred shares to the value of £300,000. This arises from the event described in note 10 where a previous shareholder of AA Operations exercised an option over 3,000 1p ordinary shares as at 31 January 2005, however the shares had not been issued as at 31 January 2005. This exercise resulted in the vendors of Cayman being entitled to a further 3,000 shares. These shares had a fair value of £300,000 as at the acquisition date;

iv) deferred shares to the value of £265,300. This arises from an entitlement to the vendors of Cayman for a further 2,653 shares resulting from the share issue of shares to other shareholders of AA Operations; and

v) a loan due to the previous shareholders of Cayman, amounting to £344,000, was assigned to AA Operations for no additional consideration.

The fair value of the total consideration including legal fees was £16,167,000 based on a fair value per share of AA Operations of £100.

In accordance with sections 131 and 133 of the Companies Act 1985, AA Operations has taken no account of any premium on the shares issued and has recorded the cost of the investment in its own balance sheet at the nominal value of the shares issued plus the fair value of the other consideration. The resulting difference arising on consolidation has been recognised as a merger reserve.

7. Acquisition of subsidiary undertaking (continued)

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the AA Group:

	Book value £'000	*Fair value adjustments £'000*	*Fair value to Group £'000*
Fixed assets			
Intangible fixed assets	–	16,525	16,525
Tangible fixed assets	3	–	3
Current assets			
Debtors	1	–	1
Total assets	4	16,525	16,529
Creditors			
Trade creditors	(18)	–	(18)
Shareholder loan	(344)	–	(344)
Total liabilities	362	–	362
Net (liabilities)/assets	(358)	16,525	16,167

	£'000
Consideration satisfied by:	
Shares issued	14,818
Deferred shares	565
Deferred conditional cash consideration ($2.0 million)	1,070
Legal costs	58
	16,511
Assignment of shareholder loan	(344)
	16,167

The fair value adjustment relates to mining rights owned by Cayman, which were not reflected in the books of Cayman.

Net cash outflows in respect of the acquisitions comprised:	*£'000*
Legal costs	58

Cayman incurred a loss after taxation of £40,135 in the period from 1 January 2004 to 31 January 2005 (year ended 31 December 2003 – loss £8,460), of which £22,134 arose in the period from 1 January 2004 to 10 January 2005. The summarised profit and loss account and statement of total recognised gains and losses for the period 1 January 2004 to 10 January 2005, shown on the basis of the accounting policies of Cayman prior to the acquisition, are as follows:

Profit and loss account

	£'000
Operating expenses (net)	(22)
Loss on ordinary activities before taxation	(22)
Tax credit on profit on ordinary activities	–
Loss for the financial period	(22)

There were no other recognised gains or losses in the period.

8. Debtors

	31 January 2005 *£'000*
Other debtors	1

9. Creditors: amounts falling due within one year

	31 January 2005 *£'000*
Trade creditors	139
Deferred purchase consideration (i)	1,064
Other creditors	23
Accruals	10
Loans (ii)	31
	1,267

(i) The deferred purchase consideration payable to Limelight Industrial Developments Limited consists of a £1,064,000 promissory note. This consideration may be demanded on or before the tenth day following Admission. If AA Operations fails to pay when demanded, the promissory note is enforceable by Limelight Industrial Developments Limited as a debt and interest is payable on the debt at a rate of 10 per cent. per annum compounded semi-annually from the date of demand.

(ii) AA Operations entered into three term loan agreements to the total value of £31,000. The term of these loans is for repayment by AA Operations to the lenders on the admission to AIM, merger or trade sale of AA Operations or the trade sale of the main assets of the AA Group with a repayment date of 4 March 2009. Interest is payable by AA Operations to the lenders at the rate of 6 per cent per annum.

10. Called up equity share capital

	31 January 2005 *£'000*
Authorised:	
300,000 ordinary shares of 1p each	3

AA Operations was incorporated on 5 February 2004 with an authorised share capital of 1,000 shares of £1 each. On 26 February 2004, the existing authorised share capital was converted into 100,000 shares of 1p each, and at the same time the authorised share capital was increased to £3,000 by the creation of 200,000 ordinary shares of 1p each.

	31 January 2005 *£'000*
Allotted, called up and fully paid:	
296,360 ordinary shares of 1p each	3

10. Called up equity share capital (continued)

Details of shares issued during the period are as follows:

Date		*Amount per share*	*Ordinary shares of 1p each*
26 February 2004	(i)	£0.01	100
1 March to 1 July 2004	(ii)	£1	108,900
30 June 2004	(iii)	£1	15,000
11 Aug to 1 Sept 2004	(ii)	£10	13,501
10 September 2004	(iv)	£17	2,354
30 Sept 2004 to 10 Jan 2005	(ii)	£100	8,325
10 January 2005	(v)	£0.01	148,180
			296,360

(i) Subscriber share issued for cash.

(ii) Issue of shares for cash to provide working capital.

(iii) Issue of shares in connection with the acquisition of Holance.

(iv) Conversion of convertible loans into ordinary shares

(v) Issue of shares in connection with the acquisition of Cayman.

Shares to be issued

	31 January 2005 £'000
Shares to be issued as part of the option exercised (vi)	30
Shares to be issued as part of the deferred consideration (vii)	565
	595

(vi) AA Operations has in issue an outstanding option over 3,000 shares of 1p each. This option is exercisable at £10 per share and the option holder has notified his intention to exercise the option and paid the exercise price of £30,000. Under the terms of the acquisition agreement for Cayman, on the exercise of this option, the vendors of Cayman became entitled to be issued with a matching 3,000 shares for no additional consideration. This has been reflected in the acquisition of subsidiary note 7.

(vii) This relates to an additional 5,653 shares the vendors are entitled to but which were not issued as at 31 January 2005 (see note 7).

11. Reconciliation of movements in shareholders' funds

	Share capital £'000	*Share premium £'000*	*Shares to be issued £'000*	*Merger reserve £'000*	*Profit & loss £'000*	*Share-holders' funds £'000*
Issue of shares for cash	2	1,115	–	–	–	1,117
Share issue expenses	–	(50)	–	–	–	(50)
Shares issued on acquisitions	1	15	–	14,817	–	14,833
Shares to be issued	–	–	595	–	–	595
Loss for the period	–	–	–	–	(717)	(717)
Exchange gain	–	–	–	–	1	1
As at 31 January 2005	3	1,080	595	14,817	(716)	15,779

12. Reconciliation of net cash flow to movement in net cash

	£'000
Increase in cash in the period	517
Change in net cash resulting from cashflow	517
Exchange movements	–
Movement in net cash in the year	517
Net cash at 5 February 2004	–
Net cash at 31 January 2005	517

13. Related party transactions

Details of directors' interests in material contracts are shown in note 3. There are no other related party transactions.

14. Commitments and contingencies

Obligations under the PSA – The PSA contains various provisions relating to the obligations of the Subsidiary, including carrying out certain tasks by certain dates. The directors believe that the Subsidiary is substantially in compliance with the requirements of the PSA.

Environmental liability – The Subsidiary is required to comply with the clauses contained in the PSA relating to environmental damage. The directors believe the Subsidiary is substantially in compliance with the environmental clauses contained in the PSA.

Company registration – Cayman was struck off the register of companies in the Cayman Islands on 29 June 2001 and reinstated on 10 November 2004. During this period the Subsidiary continued to operate. The directors have presented the financial statements on the basis that Cayman existed for the entire period and are not aware of any contingencies arising from these events.

15. Subsequent events

On 25 April 2005, the option over shares referred to in note 10 was exercised and 3,000 ordinary shares of 1p each were issued at £10 per share.

On 25 April 2005, the company issued 900 ordinary shares of 1p each at £100 per share. The proceeds of the issue, amounting to £90,000, were set against sums due by AA Operations to the allottee.

On 25 April 2005, AA Operations issued 1,753 ordinary shares of 1p each at £150 per share for cash. The purpose of the issue was to raise funds to provide additional working capital.

On 25 April 2005, the company issued 5,653 ordinary shares of 1p each at par pursuant to the acquisition of Cayman as detailed in note 7.

On 24 June 2005, Anglo Asian Mining PLC became the ultimate parent company of AA Operations in a share for share exchange whereby each ordinary share of 1p in AA Operations was exchanged for 200 ordinary shares of 1p each in Anglo Asian Mining PLC.

On 29 June 2005, Anglo Asian Mining PLC allotted 3,238,600 ordinary shares of 1p each in its share capital to Limelight Industrial Developments Limited under the terms of a deed of variation dated 23 June 2005.

On 30 June 2005 the name of the company was changed from Ottoman Mining Limited to Anglo Asian Operations Limited.

On 12 July 2005, the share capital of AIMC was purchased by the Subsidiary for a nominal amount.

On 19 July 2005, the Company subscribed for 8,400,000 ordinary shares of 1p each fully paid at the Placing Price of the shares in its ultimate parent entity Anglo Asian Mining PLC and elected to direct these shares to be issued and allotted as follows: 5,696,200 ordinary shares to Reza Vaziri, 1,903,800 ordinary shares to Governor John H. Sununu and 800,000 ordinary shares to Limelight Industrial Developments Limited.

16. Auditors

The auditors to the company are Deloitte & Touche LLP, Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR.

Yours faithfully

Deloitte & Touche LLP
London

C. Accountants' report on Anglo Asian Cayman Limited

Deloitte.

Deloitte & Touche LLP
Chartered Accountants
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1 Stonecutter Street
London EC4A 4TR

The Directors
Anglo Asian Mining PLC
36 Bruton Street
London W1J 6QZ

The Directors
Anglo-Suisse Capital Limited
36 Bruton Street
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The Directors
Numis Securities Limited
Cheapside House
London EC2V 6LH

26 July 2005

Dear Sirs,

ANGLO ASIAN CAYMAN LIMITED ("ANGLO ASIAN CAYMAN" or "CAYMAN") AND ITS SUBSIDIARIES ("THE CAYMAN GROUP")

Introduction

We report on the consolidated financial information of Cayman set out below. This consolidated financial information has been prepared for inclusion in the Admission Document dated 26 July 2005 ("the Admission Document") relating to the admission of Anglo Asian Mining PLC's entire issued share capital to trading on AIM.

Basis of preparation

The financial information set out in this report is based on the audited non-statutory financial statements of the Cayman Group for the three years ended 31 December 2004, to which no adjustments were considered necessary.

Responsibility

The non-statutory financial statements upon which this report is based are the responsibility of the directors of Cayman, who approved their issue. The Directors of Anglo Asian Mining PLC are responsible for the contents of the Admission Document in which this report is included.

It is our responsibility to compile the financial information set out in our report from the audited financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the consolidated financial information. The evidence included that previously obtained by us relating to the audit of the consolidated financial statements for the three years ended 31 December 2004 recorded by the auditors who audited the consolidated financial statements underlying the consolidated financial information. It included an assessment of significant

estimates and judgments made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States or other jurisdictions and accordingly should not be relied upon as if it has been carried out in accordance with those standards and practices.

Opinion

In our opinion, the consolidated financial information set out below gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Cayman Group as at the dates stated and of its losses and cash flows for the periods then ended.

Without qualifying our opinion, we draw attention to the fact that Cayman was struck off the register of companies in the Cayman Islands on 29 June 2001 and reinstated on 10 November 2004. During this period the Subsidiary continued to operate. The directors have presented the financial statements on the basis that Cayman existed for the entire period and are not aware of any contingencies arising from these events.

Principal activities, organisation and operations of the Group

Cayman was first registered in Grand Cayman on 5 August 1996, as a limited liability company. Cayman, together with its 99 per cent. owned subsidiary, R.V. Investment Group Services LLC (Delaware), (a company registered under the laws of USA, State of Delaware) (the "Subsidiary"), comprises the "Cayman Group".

The Cayman Group's principal activities relate to the exploration and development of gold and copper deposits situated in the territory of the Azerbaijan Republic.

The Subsidiary is a Contractor Party to the Production Sharing Agreement ("PSA"), detailed below and is responsible for financing all the operations of Azerbaijan International Mining Company Limited ("AIMC"), the operating company of the PSA and representative office established for undertaking all operational activity for the group in Azerbaijan. In return the Subsidiary is entitled to a share of future mineral production. As stated in note 14 to the financial information, the entire share capital of AIMC was acquired by the Subsidiary on 12 July 2005. Prior to that date, AIMC was wholly owned by Mr Reza Vaziri, a director of Cayman.

The activities of AIMC relate entirely to development and exploration in the territory of the Republic of Azerbaijan based on the provisions of the PSA.

The PSA requires that AIMC should not recognise profits or losses, and accordingly all losses incurred during the 3 years ended 31 December 2004 were recharged to the representative office of the Subsidiary and fully reflected in its financial statements.

Currently no exploration or development has commenced in the Mining Areas and all transactions of the Subsidiary were limited to general administration expenses directed to support office activities.

Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the period, is set out below.

(a) Basis of accounting

The financial information is prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

(b) Going concern

The financial statements have been prepared on the assumption that the group will continue as a going concern taking into account the funds raised as a result of the admission to AIM and placing of shares. The operations of the group have, to date, been financed from funds advanced by the group's shareholders.

(c) Basis of consolidation

The consolidated accounts incorporate the financial statements of Cayman and all its subsidiaries. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

(d) Mine exploration and development expenditures

The decision to develop a mine property within an area of interest is based on an assessment of the commercial viability of the property, the availability of financing and the existence of markets for the product. Once the decision to proceed to development is made, exploration, development and other expenditures relating to the project are capitalised and carried at cost with the intention that these will be depreciated by charges against earnings from future mining operations over the relevant life of mine on units of production basis.

No depreciation is charged against the property until commercial production commences. After a mine property has been brought into commercial production, costs of any additional work on that property are expensed as incurred, except for large development programs, which will be deferred and depreciated over the remaining life of the related assets.

The carrying values of exploration and development expenditures in respect of each area of interest which has not yet reached commercial production is periodically assessed by management and where it is determined that such expenditures cannot be recovered through successful development of the area of interest or by sale the expenditures are written off to the profit and loss account as incurred.

(e) Tangible fixed assets

Fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on a reducing balance basis on all fixed assets, as follows:

Office equipment – 25 per cent.

(f) Taxation

The charge for current tax is based on the results for the period as adjusted for items, which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Since 30 April 1998, RV Investments Group Services LLC has operated under the tax legislation of the Republic of Azerbaijan that was in force when the Subsidiary signed the contract for the exploration and subsequent development of gold and other metal deposits at the various mining areas with the Government of the Republic of Azerbaijan. Based on this, the Subsidiary has applied a 32 per cent. corporate income tax rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

(g) Foreign currencies

Any currency other than the measurement currency of each group subsidiary, is considered a foreign currency. Monetary assets and liabilities denominated in foreign currencies are translated to the measurement currency of the relevant group company using the rates of exchange prevailing at the balance sheet dates. Non-monetary assets and liabilities denominated in foreign currencies are recorded in the accompanying consolidated balance sheets using the historical exchange rates. Transactions denominated in foreign currencies are recorded at the exchange rates at the date of the transaction. Any gains or losses on assets and liabilities denominated in foreign currencies arising from a change in exchange rates after the date of the transaction are recognised as income or expense from other activities.

(h) Provisions

Provisions are recognised when the group has such at the balance sheet date, which occurred as a result of a past event and the amount of the obligation can be reliably estimated.

(i) Financial instruments

Financial assets and financial liabilities carried on the consolidated balance sheet include cash and cash equivalents, trade and other accounts receivable and payable. Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains, and losses relating to a financial instrument classified as a liability, are reported as financial expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Consolidated profit and loss account for the three years ended 31 December 2002, 2003 and 2004

	Notes	*2002* *$*	*2003* *$*	*2004* *$*
Operating costs				
Administration expenses	1	(12,934)	(11,005)	(50,210)
Depreciation		(3,082)	(2,312)	(1,734)
Operating (loss) and (loss) on ordinary activities before taxation	3	(16,016)	(13,317)	(51,944)
Tax on loss on ordinary activities	5	–	–	–
Loss on ordinary activities after taxation		(16,016)	(13,317)	(51,944)
Minority interests		160	133	455
Retained deficit for the year transferred to reserves		(15,856)	(13,184)	(51,489)

All amounts derive from continuing operations.

There are no recognised gains and losses other than the losses incurred in each period.

Consolidated balance sheets as at 31 December 2002, 2003 and 2004

	Notes	*2002* *$*	*2003* *$*	*2004* *$*
Fixed assets				
Tangible fixed assets	6	9,246	6,934	5,200
Creditors: amounts falling due within one year	8	(205)	(81)	(42,595)
Net current liabilities		(205)	(81)	(42,595)
Total assets less current liabilities		9,041	6,853	(37,395)
Creditors: amounts falling due after more than one year	9	(640,370)	(651,499)	(659,058)
Net liabilities		(631,329)	(644,646)	(696,453)
Capital and reserves				
Called up share capital	10	1,000	1,000	1,137
Profit and loss account		(626,006)	(639,190)	(690,679)
Equity shareholder's deficit	11	(625,006)	(638,190)	(689,542)
Minority interest		(6,323)	(6,456)	(6,911)
		(631,329)	(644,646)	(696,453)

Consolidated cash flow statement for the three years ended 31 December 2002, 2003 and 2004

	2002	*2003*	*2004*
	$	*$*	*$*
Operating loss	(16,016)	(13,317)	(51,944)
Depreciation	3,082	2,312	1,734
(Decrease)/increase in creditors	(2,759)	(124)	42,514
Net cash outflow from operating activities	(15,693)	(11,129)	(7,696)
Financing			
Increase in amounts due to shareholders	15,693	11,129	7,696
Increase/(decrease) in cash in the year	–	–	–

The group has no bank account or cash and all of its transactions have been paid by shareholders.

Notes to the financial information

1. Administration expenses

The Cayman Group reimburses the operating company, AIMC, for any expenses it incurs relating to the PSA. Consequently, administration expenses represent amounts invoiced by AIMC to the Subsidiary for costs incurred by AIMC during the period.

2. Turnover

The group made no sales during the period.

3. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2002	*2003*	*2004*
	$	*$*	*$*
Depreciation	3,082	2,312	1,734

4. Staff costs

Staff costs (including directors' emoluments comprise):

	2002	*2003*	*2004*
	$	*$*	*$*
Wages and salaries	–	–	–
Social security	–	–	–

The average monthly number of employees during the period was 2.

The directors did not receive any remuneration during the period. Mr Reza Vaziri, and Mr John H. Sununu, the directors of Cayman, held 75 per cent. and 25 per cent. respectively of the share capital of Cayman for 2002, 2003, and 66 per cent. and 22 per cent. respectively of the share capital from 16 December 2004 onwards.

5. Tax on loss on ordinary activities

There is no charge to Azerbaijan corporate income tax due to the occurrence of losses. Deferred tax assets have not been recognised due to the uncertainty in respect of their recoverability.

6. Tangible assets

	Office Equipment $
Cost	
At 31 December 2002, 2003 and 2004	33,351
Accumulated depreciation	
As at 31 December 2001	21,023
Charge for the year	3,082
At 31 December 2002	24,105
Charge for the year	2,312
At 31 December 2003	26,417
Charge for the year	1,734
At 31 December 2004	28,151
Net book value	
At 31 December 2004	5,200
At 31 December 2003	6,934
At 31 December 2002	9,246

7. Investments

The ownership interest of the Cayman in the Subsidiary is as follows:

Subsidiary	*Place of incorporation and operation*	*Ownership interest 2002*	*2003*	*2004*
R.V. Investment Group Services, LLC (Delaware)	Delaware, USA/Azerbaijan	99%	99%	99%

Mr Reza Vaziri, a director of Cayman, directly held 1 per cent. of the share capital of the Subsidiary during 2002, 2003 and 2004.

The principal activity of the Subsidiary is the development and exploration of gold deposits situated in the territory of the Azerbaijan Republic.

8. Creditors: amounts falling due within one year

	2002 $	*2003 $*	*2004 $*
Amounts owed to AIMC	205	81	22,042
Accruals	–	–	20,553
	205	81	42,595

Amounts owed to AIMC represent costs incurred by AIMC under the PSA, recharged to the Subsidiary and awaiting reimbursement.

9. Creditors: amounts falling due after more than one year

	2002	*2003*	*2004*
	$	*$*	*$*
Amounts due to shareholders	640,370	651,499	659,058

Amount due to shareholders represents long term financing received from the shareholder of Cayman. This financing is unsecured, interest free and has no fixed repayment terms.

10. Called up share capital

	2002	*2003*	*2004*
	$	*$*	*$*
Authorised:			
50,000 ordinary shares of $1 each	50,000	50,000	50,000
Called up, allotted and fully paid:			
1,137 (2002 & 2003 – 1,000 ordinary shares of US$1 each)	1,000	1,000	1,137

137 shares were issued on 16 December 2004 at par. The proceeds from the issue of shares were offset against the amounts due to shareholders.

11. Reconciliation of movement in shareholders' funds

	$
At 1 January 2002	(609,150)
Loss for the year	(15,856)
At 31 December 2002	(625,006)
Loss for the year	(13,184)
At 31 December 2003	(638,190)
Share capital issued	137
Loss for the year	(51,489)
At 31 December 2004	(689,542)

12. Related parties transactions

The Subsidiary owed amounts to AIMC (note 8), a company wholly owned by Mr. Reza Vaziri the director of Cayman.

Administration expenses of AIMC in of $29,657 (2003 $11,005; 2002 $12,934) were reimbursed by the Subsidiary during the period in accordance with provisions of PSA.

As at 31 December 2004 the net assets of AIMC amounted to $1,000, including a short term loan advanced to AIMC from Maran Holdings Limited of $32,000 plus accrued interest repayable no later than 1 November 2005, with an interest rate of 0.02192 per cent. per day.

13. Commitments and contingencies

Obligations under the PSA – The PSA contains various provisions relating to the obligations of the Subsidiary, including carrying out certain tasks by certain dates. The directors believe that the Subsidiary is substantially in compliance with the requirements of the PSA.

Environmental liability – The Subsidiary is required to comply with the clauses contained in the PSA relating to environmental damage. The directors believe that the Subsidiary is substantially in compliance with the environmental clauses contained in the PSA.

Company registration – Anglo Asian Cayman Limited was struck off the register of companies in the Cayman Islands on 29 June 2001 and reinstated on 10 November 2004. During this period the Subsidiary continued to operate. The director's have presented the financial statements on the basis that Cayman existed for the entire period and are not aware of any contingencies arising from these events.

14. Subsequent events

On 10 January 2005, the amount due by the Cayman Group to its shareholders of $659,058 (as at 31 December 2004) was assigned to Cayman's parent company, Anglo Asian Operations Limited, at a nominal amount.

On 10 January 2005 the entire share capital of Cayman was transferred to Anglo Asian Operations Limited, a company registered in England and Wales. Mr Reza Vaziri, and Mr John H. Sununu, the directors of Anglo Asian Cayman, were appointed directors of Anglo Asian Operations on that date, and became the holders of 37.5 per cent. and 12.5 per cent. respectively of the issued share capital of Anglo Asian Operations.

On 25 February 2005 RV Investment Group Services Ltd changed its name to Anglo Asian Cayman Limited.

On 12 July 2005, the share capital of AIMC was purchased by the Subsidiary for a nominal amount.

15. The auditors are Deloitte and Touche LLP, The Landmark Building, 4th Floor, 96 Nizami Street, Baku, AZ1010, Azerbaijan.

Yours faithfully

Deloitte & Touche LLP
London

PART VI

Unaudited pro forma statement of net assets

The unaudited pro forma statement of net assets set out below has been prepared to illustrate the effect of the Placing on the net assets of the Company as if had taken place at 31 January 2005. The unaudited pro forma statement of net assets has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of the Group's financial position.

The unaudited pro forma statement of net assets at 31 January 2005 is based on the audited balance sheets of Anglo Asian Mining PLC and Anglo Asian Operations as at 31 January 2005, as set out in the Accountants' reports in Part V of the Admission Document.

	Company 31 January 2005 £'000	*Anglo Asian Operations 31 January 2005 £'000*	*Proceeds of the placing £'000*	*Pro forma as at 31 January 2005 £'000*
Fixed assets				
Tangible fixed assets	–	3	–	3
Intangible fixed assets	–	16,525	–	16,525
	–	16,528	–	16,528
Current assets				
Debtors	–	1	–	1
Cash at bank and in hand	–	517	17,500	18,017
	–	518	17,500	18,018
Creditors: amounts falling due within one year	–	(1,267)	–	(1,267)
Net current assets/(liabilities)	–	(749)	17,500	16,751
Net assets	–	15,779	17,500	33,279

Notes:

1. The proceeds of the placing of £20 million, after deducting expenses payable by the Group of 2.5 million, have been added to cash at bank.

2. The unaudited pro forma statement of net assets does not reflect trading or other transactions of the Group since 31 January 2005.

PART VII

Additional information

1. RESPONSIBILITY

The Directors, whose names appear on page 3 of this document, accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. THE COMPANY

2.1 The Company was incorporated in England and Wales as a private limited company with registration number 5227012 on 9 September 2004 under the Act with the name Anglo Asian Gold Limited. On 7 March 2005, the Company changed its name to Anglo Asian Mining Limited. It was re-registered as a public limited company under the name Anglo Asian Mining PLC on 30 June 2005.

2.2 The Company's registered office is at 36 Bruton Street, London W1J 6QZ, telephone number 020 7409 3232.

2.3 The principal legislation under which the Company operates is the Act and the regulations made thereunder. The liability of the members of the Company is limited.

2.4 The accounting reference date of the Company is 31 January.

3. SHARE CAPITAL

3.1 As at the date of this document and immediately following the Placing, the authorised and issued share capital of the Company is and will be as follows:

	Present		*Following the Placing*	
	Value	*Number of Ordinary Shares*	*Value*	*Number of Ordinary Shares*
Authorised	£6,000,000	600,000,000	£6,000,000	600,000,000
Issued and fully paid	£731,718	73,171,800	£991,718	99,171,800

Following Admission, there will remain £5,008,282 of authorised but unissued share capital consisting of 500,828,200 Ordinary Shares, such unissued share capital being equal to approximately 83.47 per cent. of the authorised share capital of the Company.

3.2 The authorised share capital of the Company on incorporation was £100 divided into 100 Ordinary Shares of £1 each, of which one share (the "Subscriber Share") was issued, fully paid, to the initial subscriber.

3.3 On 17 February 2005, a written resolution of the Company was passed whereby:

(a) the one subscriber share referred to above constituting the entire issued share capital of the Company was sub-divided into 100 Ordinary Shares of 1p each;

(b) each of the 99 Ordinary Shares of £1 each constituting the authorised but unissued share capital of the Company was sub-divided into 100 Ordinary Shares of 1p each;

(c) the authorised share capital of the Company was increased to £6,000,000 by the creation of an additional 599,990,000 new Ordinary Shares;

(d) the Directors were generally and unconditionally authorised, in accordance with section 80 of the Act, to exercise all the powers of the Company to allot relevant securities; and

(e) the Directors were further empowered, pursuant to section 95 of the Act, to allot equity securities (as defined in Section 94 of the Act) for cash pursuant to the authority described in paragraph (d) above as if section 89(1) of the Act did not apply to the allotment.

3.4 On 17 February 2005, the 100 Ordinary Shares of 1p each constituting the entire issued share capital of the Company were transferred to Kevin Charles Hancock of 65 Eardley Crescent, London SW5 9JT.

3.5 On 24 June 2005 the Company allotted 61,533,100 Ordinary Shares to the shareholders of AA Operations as consideration pursuant to a share for share exchange agreement entered into with each such shareholder to acquire all of their respective shareholdings in AA Operations.

3.6 (a) On 29 June 2005, the Company allotted 3,238,600 Ordinary Shares to Limelight Industrial Developments Limited under the terms of the deed of variation dated 23 July 2005 referred to at paragraph 9.1 below.

(b) On 25 July 2005, the Company allotted 5,696,200, 1,903,800 and 300,000 Ordinary Shares to Reza Vaziri, John Sununu and Limelight Industrial Developments Limited respectively pursuant to an agreement between the Company and AA Operations dated 25 July 2005 (see 9.13 below).

3.7 The Directors, on 25 July 2005 passed a resolution in respect of the authority granted to them under section 80 of the Act as set out at paragraph 3.3(d) above to comply with IPC Guidelines and limiting their power of allotment to £330,572, being a sum equal to one third of the issued ordinary share capital at the date of Admission.

3.8 The Directors, on 25 July 2005 passed a resolution to agree to limit the disapplication of section 89 of the Act as set out in paragraph 3.3(e) above:

(a) to the allotment of equity securities in connection with a rights issue, open offer or otherwise in favour of the Shareholders where the equity securities respectively attributable to the interests of all such shareholders are proportionate (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them on the record date for such allotment but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory;

(b) to the allotment of equity securities pursuant to the terms of any share schemes of the Company or any subsidiaries of the Company; and

(c) to the allotment of equity securities not exceeding in aggregate the nominal amount of £49,585.

3.9 The Ordinary Shares are in registered form and on request will be issued either in certificated form with share certificates or in uncertificated form with CREST. No temporary documents of title have been or will be issued.

3.10 Immediately following Admission, there will be outstanding options under the Share Option Scheme and the option agreements summarised at paragraphs 9.10 and 9.11 below over a total of 3,718,942 Ordinary Shares. The Company has granted options as follows:

Option holder	*Date of grant*	*Earliest Exercise Date*	*Latest Exercise Date*	*Number of shares*	*Exercise price*
Numis	26 July 2005	None	26 July 2008	991,718	Placing Price
Anglo-Suisse Capital	26 July 2005	None	26 July 2008	991,718	Placing Price
Gerald Phillips	26 July 2005	26 January 2005	26 July 2015	991,718	Placing Price
Timothy Eggar	26 July 2005	26 January 2005	26 July 2015	743,788	Placing Price
Richard Round	26 July 2005	26 January 2005	26 July 2015	649,350	Placing Price

These options are not subject to performance criteria.

3.11 Save as disclosed in the foregoing paragraphs of this paragraph 3:

(a) no share or loan capital of the Company is under option or has been agreed, conditionally, to be put under option;

(b) there is no present intention to issue any of the authorised but unissued share capital of the Company; and

(c) save in respect of the Placing, none of the Ordinary Shares have been marketed or are available in whole or in part to the public in conjunction with the application for the Ordinary Shares to be admitted to AIM.

3.12 The Company does not have in issue any security not representing share capital and there are no outstanding convertible securities issued by the Company.

4. DIRECTORS' SERVICE AGREEMENTS AND APPOINTMENT LETTERS

4.1 The services of the Directors are provided to the Company under the following agreements:

Mohammad Reza Vaziri

Mr. Vaziri has entered into an Appointment Letter with the Company dated 25 July 2005, effective from the date of Admission, which is terminable upon 12 months' notice by either party. Mr Vaziri will receive £15,000 per annum under this appointment under which he will assume the role of Executive Chairman. In addition, Mr Vaziri has entered into a Consultancy Agreement with AIMC dated 25 July 2005 to provide services as required in Azerbaijan to AIMC. Again, this is terminable on 12 months' notice by either party and he will receive a consultancy fee of £1,000 per day under this engagement.

It is presently expected that Mr Vaziri will be required to commit 3 days per week to the business of the Group.

Robert Parkyn Jeffcock

Mr. Jeffcock has entered into an Appointment Letter with the Company dated 25 July 2005, effective from the date of Admission, which is terminable upon 12 months' notice by the Company and 3 months' notice by him. Mr Jeffcock will receive £15,000 per annum under this appointment, under which he will assume the role of non-Executive Deputy Chairman. In addition, his services are also provided to the Group through a company called Trudane Limited which has entered into a consultancy agreement with Holance Holdings Limited, dated 12 July 2005. Again, this is terminable on 12 months' notice by Holance Holdings Limited and, 3 months' notice by Trudane Limited. A consultancy fee of £1,000 per day is payable under the Consultancy Agreement.

It is presently expected that Mr. Jeffcock will be required to commit an average of one day per week to the business of the Group.

Kevin Charles Hancock

Mr. Hancock has entered into a Service Agreement with the Company dated 25 July 2005. This agreement is effective from Admission and is terminable upon 3 months' notice by either party. Mr Hancock will receive a basic salary of £120,000 per annum and be required to commit 4 days per week to the business of the Group. He will assume the role of Chief Executive.

Governor John Henry Sununu

Governor Sununu has entered into an Appointment Letter with the Company dated 25 July 2005, which is effective from the date of Admission, and which is terminable on 3 months' notice by either party and under which he will assume the role of non-Executive Director. Governor Sununu will receive £20,000 per annum (including for his services on three Board committees), based on providing services for up to 18 days per annum. Thereafter he will be entitled to a further £1,500 per day for each additional day of services provided.

The Rt. Hon. Timothy John Crommelin Eggar PC

Mr. Eggar has entered into an Appointment Letter with the Company dated 25 July 2005, which is effective from the date of Admission and which is terminable on 3 months' notice by either party and under which he will assume the role of Non-executive Director. He will receive £25,000 per annum, based on providing services for up to 18 days per annum and chairing three Board committees. Thereafter he will be entitled to a further £1,500 per day for each additional day of services provided.

Richard Round

Mr. Round has agreed to enter into a Service Agreement with the Company pursuant to which he has agreed to join the Company as Finance Director in September 2005. This agreement will be terminable on 12 months' notice by either party and he will receive a basic salary of £120,000 per annum. Richard Round has been granted options subject to him commencing his employment before 31 October 2005, over 649,350 Ordinary Shares exercisable at a price equal to the Placing Price and up to £8,000 in respect of relocation expenses.

Save in respect of Richard Round, no director has given or will give restrictive covenants to any member of the Group on leaving office or employment. Richard Round has agreed to, inter alia, a non-compete covenant for a 12 month period.

4.2 The aggregate of the remuneration granted to the Directors and their related parties in respect of the Company's current financial year, under the arrangements in force at the date of this document, is estimated to be £390,000.

4.3 Save as disclosed in the foregoing paragraphs of this paragraph 4 or paragraph 5:

(a) there are no service agreements or other similar arrangements existing or proposed between any Directors and any member of the Group; and

(b) there are no benefits to which Directors are entitled upon termination of their employement.

5. DIRECTORS' AND OTHER INTERESTS

5.1 The interests of the Directors and their immediate families (all of which are beneficial unless otherwise stated) and of connected persons within the meaning of section 346 of the Act, in the issued share capital of the Company as at 25 July 2005 (being the latest practicable date prior to the posting of this document) which have been notified to the Company pursuant to section 324 of the Act or are required to be entered into the register of Directors' interests maintained under the provisions of section 325 of the Act, or could with reasonable diligence, be ascertained by the Directors, together with the percentages which such interests represent of the ordinary shares in issue are as follows (and save as disclosed below, the Directors and their immediate families will have no other interests in the issued share capital of the Company):

Director	*No. of Shares as at 25 July 2005*	*No. of Ordinary Shares following Admission*	*Percentage of issued share capital following Admission*
Charles Hancock	3,216,600	3,216,600	3.24
Robert Jeffcock	3,744,200	3,744,200	3.78
John H. Sununu	9,595,400	9,595,400	9.68
Reza Vaziri	28,771,200	28,771,200	29.01
Timothy Eggar	None	19,500	0.02

5.2 Save as disclosed herein none of the Directors has or has had an interest in any transaction effected by any Shareholder which is or was unusual in its nature or condition or is or was significant to the business of the Company and which was effected during the current year or any earlier financial year and remains in any respect outstanding or unperformed.

5.3 Save as disclosed herein, there are no outstanding loans or guarantees provided by the Company to or for the benefit of any of the Directors.

5.4 Save as disclosed in the table below, at the date of this document, the Directors are not aware of any person who, directly or indirectly, is interested in three per cent. or more of the issued share capital of the Company or any persons who, directly or indirectly, jointly or severally exercise or could exercise control over the Company:

Name	*No. of shares as at 26 July 2005*	*No. of shares following Admission*	*Percentage of issued share capital following Admission*
Reza Vaziri	28,771,200	28,771,200	29.01
John H. Sununu	9,595,400	9,595,400	9.68
Limelight Industrial Developments Limited[1]	4,038,600	4,038,600	4.07
Charles Hancock	3,216,600	3,216,600	3.24
Richard Harris	2,208,200	2,208,200	2.23
Colby Mining Limited	3,744,200	3,744,200	3.78
3Legs Venture Capital plc[2]	2,500,000	2,500,000	2.52
Roy Williams	2,438,400	2,438,400	2.46

[1] Arnon Gicelter is the legal and beneficial owner of Limelight Industrial Developments Limited.

[2] Robert Jeffcock is the legal and beneficial owner of Colby Mining Limited.

[3] 2,000,000 of this holding is held by Redmine Limited, a wholly owned subsidiary of 3Legs Venture Capital plc.

5.5 *Directors' interests in share options*

Details of options granted to Directors which are still outstanding are set out at paragraph 3.10 above.

5.6 *Directors' other interests*

Other than in respect of the Company, the Directors currently hold the following directorships and have held the following directorships within the five years prior to the publication of this document and are or were partners in the following firms within the five years prior to publication of this document:

Director	*Current directorships and partnerships*	*Former directorships and partnerships*
Charles Hancock	Realmajor Limited Anglo-Suisse Capital Limited Anglo Asian Operations Limited Anglo Asian Cayman Limited Ottoman Madencilik ve Ticaret Sanayi Ticaret A.S. RV Investment Group Services, LLC	None

Director	*Current directorships and partnerships*	*Former directorships and partnerships*
Robert Jeffcock	Vane Minerals (UK) Limited Vane Minerals PLC Anglo Asian Operations Limited Anglo Georgian Petroleum Limited 3legs Venture Capital plc Anglo Asian Cayman Limited Ottoman Madencilik ve Ticaret Sanayi Ticaret A.S. RV Investment Group Services, LLC	Toucan Gold Corporation Inc.
John H. Sununu	Anglo Asian Operations Limited	
Reza Vaziri	Anglo Asian Operations Limited Anglo Asian Cayman Limited Azerbaijan International Mining Company Limited	RV Investment Group Services, LLC
Timothy Eggar	Expro Group International Plc Trent Consulting Ltd Matrix Energy Italy 1 LLP Matrix Energy Italy 3 LLP	Getmapping.com Plc ABN AMRO Corporate Finance Limited

5.7 No Director has:

(i) any unspent convictions in relation to indictable offences;

(ii) had a bankruptcy order made against him or entered into an individual voluntary arrangement;

(iii) been a director of a company or a partner in any firm, at the time or within 12 months preceding any of the following events, had a receiver appointed; or went into compulsory liquidation; or creditors voluntary liquidation; or went into administration; or entered into any company or partnership voluntary arrangements; or made any composition or arrangement with its creditors;

(iv) been a partner in any partnership which has been placed in liquidation, administration or been the subject of a voluntary arrangement whilst he was a partner in that partnership or within the 12 months preceding such events;

(v) been the owner of any asset which was placed into receivership or a partner in any partnership which had an asset placed in receivership whilst he was a partner in that partnership or within the 12 months preceding such events;

(vi) had any public criticism against him by any statutory or regulatory authority (including recognised professional bodies); or

(vii) been disqualified by a court from acting as a director or acting in the management or conduct of the affairs of any company.

5.8 Gerald Phillips, a principal consultant to the Group, was vice president and general mine manager at Curragh Resources and mine manager at its Westray mine in Nova Scotia, Canada, when a fatal explosion occurred in May 1992. Members of this company's management, including Mr. Phillips, were subject to criminal proceedings lasting several years before eventually reaching the Supreme Court of Canada. A separate public enquiry, in which Mr. Phillips was unable to participate, criticised the management team but the Supreme Court of Canada dismissed the prosecution case, awarded costs to Mr. Phillips and heavily criticised the prosecution's conduct of the case.

6. SUBSIDIARIES

The Company is the ultimate holding company of the Group and its subsidiaries are as follows:

6.1 Anglo Asian Operations Limited is a wholly owned subsidiary and was registered in England on 5 February 2004 with number 5035666. The registered office of this company is 36 Bruton Street, London W1J 6QZ. The authorised share capital of Anglo Asian Operations Limited is £6,000 divided into 600,000 ordinary shares of 1p each, of which 407,666 are issued and are held by the Company. Its principal activity is gold and copper mining.

6.2 Holance Holdings Limited is a wholly owned subsidiary of Anglo Asian Operations Limited and was registered in the British Virgin Islands on 20 May 2004 with number 597644. The registered office is at Akara Building, 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, British Virgin Islands The authorised share capital of Holance Holding Limited is $50,000 divided into 50,000 shares of $1 each.

6.3 Anglo Asian Cayman Limited is wholly owned by Holance Holding Limited. It was registered as an exempted company in the Cayman Islands on 5 August, 1996 with registered number 67640. Its registered office is at Card Corporate Services Limited, PO Box 709 GT, 2nd Floor, Mary Street, Grand Cayman, Cayman Islands. The authorised share capital of Anglo Asian Cayman Limited is $50,000 divided 50,000 shares of par value of $1 each.

6.4 RV Investment Group Services, LLC was formed on 23 May, 1996 under the laws of the State of Delaware. Its principal office is at 12307 Washington Avenue, Rockville, Maryland 20852. This entity does not have a share capital. Its capital structure is more akin to a partnership with member's holding an interest. RV Investment Group Services, LLC is owned as to 99 per cent. by Anglo Asian Cayman and as to one per cent. by Anglo Asian Operations Limited.

6.5 Azerbaijan International Mining Company Limited is wholly-owned by RV Investment Group Services, LLC. It was registered as an exempted company in the Cayman Islands on 12 June 1998 with registered number 82394. Its registered office is at Card Corporate Services Limited, PO Box 709 GT, 2nd Floor, Mary Street, Grand Cayman, Cayman Islands. The authorised share capital of Azerbaijan International Mining Company Limited is $50,000 divided into 50,000 shares of par value of $1.00 each.

7. THE PRODUCTION SHARING AGREEMENT

The Production Sharing Agreement follows the style of agreements used with foreign oil companies. Azergyzil, a state owned company, whose rights and obligations have been assigned to the Ministry of Ecology and Natural Resources (MENR), granted the Group, as the "Contractor", exclusive rights to conduct, to manage, and to control mining operations over six contract areas. RVI's rights include, subject to the payment of fees usually charged to third parties, the removal of soil, timber, etc., and the use of water.

The Production Sharing Agreement was made effective after parliamentary approval in 1998. On 13 April 2005, the Azeri government affirmed the Exploration Work Program period to last until 13 April 2009. Before the end of this period, RVI must notify the MENR of "a Discovery and its Commerciality" on each contract area. The "Development and Production Period" starts on the date of the notice of discovery and runs for 15 years with the possibility of two extensions for a period of five years each. Full management control rests with the Company.

Contract Areas in production are guided by a Steering Committee which has the role of a board of directors. It is to consist of three representatives of each party, Azergyzil (now MENR) appoint the Chairman and RVI the Secretary. The parties have one vote each, and decisions have to be unanimous. Arbitration procedures to cover any inability to agree are under UNCITRAL rules and will be held in London.

An Operating Company (Azerbaijan International Mining Company Limited) will carry out the operations on behalf of RVI, but will have no assets or profits or losses. Employment preference is to be given to Azerbaijanis and target percentages are detailed. Training is emphasised. MENR is to use its best endeavours to make available all necessary land, mine workings, its own facilities and equipment and to assist with infrastructure, etc.

Title to any land purchased will become the property of MENR. Azeri law does not yet permit private land ownership by foreign citizens and foreign incorporated legal entities, though they can own immovable property such as buildings. Title to other assets will pass to MENR after "Zero Balance", the point when RVI has recovered all its investment. Until Zero Balance, proceeds from sales will be allocated: 75 per cent. to RVI to recoup operating costs and loan interest, then capital costs; with remainder split 51 per cent. to MENR and 49 per cent. to RVI. After Zero Balance, a maximum of 75 per cent. of proceeds can be allocated to costs, the balance being split as to 51 per cent. and 49 per cent. between MENR and RVI respectively.

The concept of production sharing is taken literally in the Production Sharing Agreement, assuming products are either doré or loaded carbon. The parties are to select jointly the processing point, for example, a foreign refinery, and to share the product. Imports, including personal goods, and exports are to be free of tax or restriction. Customs fees are not more than 0.15 per cent. Preference is to be given to equivalent Azerbaijani purchases. Free conversion of currencies is provided for with no restriction on foreign or local bank accounts.

A tax on profits, and no other tax, is payable by RVI at the rate of 32 per cent. Losses, including costs incurred before the Effective Date, can be carried forward indefinitely. Fixed and movable assets, other than buildings, are amortized at a rate of 25 per cent. of declining balance. Financial statements and tax returns are to be in United States dollars.

Double taxation agreements do apply. Employees are taxable on earnings in Azerbaijan. Social security deductions and benefits only apply to Azerbaijan citizens. Foreign sub-contractors pay a tax of 32 per cent. on 25 per cent. of earnings for work in Azerbaijan. RVI has to withhold this 8 per cent., thus satisfying sub-contractors' liabilities.

Insurance is up to RVI and premiums are deductible. Liability against RVI is limited to willful misconduct. Each party holds the other harmless against any claim from an employee. Azergyzil gave RVI a government guarantee covering its performance and obligations.

The applicable law is Azerbaijani and English or, if there is divergence, Canadian (Ontario). The Production Sharing Agreement constitutes a law of the Republic and Azergyzil indemnified RVI against any disbenefit of any future legislation. The Azerbaijani and English versions of the Production Sharing Agreement have equal validity. Arbitration would be under UNCITRAL rules and held in London in English. Environmental and safety provisions are included in the Production Sharing Agreement and are not unduly onerous.

Anglo Asian is aware of the movement towards expanding private ownership of state assets, including the state's share of mining properties. Anglo Asian proposes to continue its efforts with the Government of Azerbaijan to acquire an additional share of the ownership of the assets.

8. SHARE OPTION SCHEME ("THE SCHEME")

The Company adopted the Scheme on 25 July 2005 and granted the options referred to in paragraph 3 above. The Scheme will not be approved by the Inland Revenue and the details of the Scheme are summarised below.

8.1 *Eligibility*

All employees and directors of any member of the Group may be selected for participation in the Plan at the discretion of the remuneration committee of the Board provided that they are not within two years of their normal retirement date. The Board may also at its discretion grant Options to any person (including corporate entities) who is a contractor, or consultant or otherwise provides services or whose services are otherwise provided to any member of the Group (such persons will be referred to as service providers for the purpose of this summary).

8.2 *Grant of Options*

Options may be granted under the Plan within the period of six weeks following the date of adoption of the Plan (or if later Admission) and thereafter, normally only within the period of six weeks beginning on the dealing day immediately following the date on which the Company announces its final or interim results, or within the period of six weeks beginning with the commencement of a person's employment or the commencement of a service provider's contract for services.

8.3 *Exercise price*

Options will be granted at a price which represents not less than the market value of the Ordinary Shares on the last dealing day before the grant date, or if greater the nominal value of the Ordinary Shares.

8.4 *Performance criteria*

Options may be granted subject to specified conditions (to be determined by the Board prior to grant). Where performance conditions are set the Options will only be exercisable if such conditions are met. The Board has not exercised its discretion to specify performance conditions in respect of any Options granted prior to Admission.

8.5 *Normal exercise periods*

The Board may at its discretion specify when an Option becomes capable of exercise by a participant. No Option may be exercised more than 10 years after the grant date.

8.6 *Other exercise periods*

Options may be exercised by a participant's personal representatives within 12 months following the death of a participant. When Options have been granted to a company or other entity for whom a person provides services, and the person who provides services dies such Options may be exercised within 12 months of that person's death. In all other cases where a participant ceases to be a director, or employee of any member of the Group or where a service provider's contract for services is terminated, the participant's unvested Options will lapse, vested Options may be exercised within 3 months or such longer period as the Board may in its discretion determine and thereafter the Options will lapse. If a participant has committed acts of fraud or gross misconduct his Options will lapse immediately.

Where a person ceases to be an employee or director, but immediately becomes a service provider or provides his services through a service provider, or where a person who services are provided through a service provider becomes an employee or director, the Board shall exercise their discretion to determine where the Options should lapse.

8.7 *Plan limits*

The maximum number of shares over which Options to subscribe may be granted, under the Plan when aggregated with shares issued or issuable under any other share option plan operated by the Company, may not in any ten year period exceed 10 per cent. of the issued ordinary share capital of the Company.

8.8 *Changes in control and winding up*

In the event of a change of control of the Company, Options may be exercised within one month of such event (or such other period as may be permitted by the Board or as may be appropriate under sections 428-430 of the Act) or may be released in exchange for Options of equivalent value in relation to shares in the acquiring company or another eligible Company. In the event of the reconstruction, amalgamation or change in control of the Company pursuant to section 425 of the Act, Options may be released in exchange for new options as mentioned above exercised. In the event of the voluntary winding up if the company, or under section 425 of the Act the court sanctions a compromise or arrangement for the reconstruction or change in control of the company any Options may be exercised within six months and thereafter will lapse.

8.9 *Variation of capital*

If an increase or variation in the capital of the Company occurs by reason or a capitalisation or rights issue (including an increase or variation having similar effect to a rights issue) or a sub-division, consideration or reduction, then the Board will make appropriate adjustments to the exercise price and/or the number of shares under Option and/or the Plan limits, provided that the Board have been independently advised in writing that such adjustments are fair and reasonable.

8.10 *Oversees participants*

Options may be granted to non-UK resident participants. Where such Options are granted, the Board may at their discretion make such alterations or additions to the Plan rules as are necessary, having regard to any securities, exchange control, or taxation laws or regulations or similar factors which may apply to the participant or the Company.

8.11 *Amendment and termination*

The principal terms of the Plan may only be amended to the advantage of participants or potential participants with the prior consent of the Company in General Meeting save that any amendment may be made without such authority if it is to be made to obtain or maintain favourable tax treatment for participants or is a minor change to benefit the administration of the Plan.

9. MATERIAL CONTRACTS

The following contracts (not being a contract entered into in the ordinary course of business) had been entered into by the Company or its subsidiaries in the two years immediately preceding the date of this document and are or may be material:

9.1 *RV Investment Group Services Limited acquisition agreement*

An agreement dated 17 December 2004 between AA Operations (1), Reza Vaziri, John H. Sununu and Limelight Industrial Developments Limited (2), Robert Jeffcock and Charles Hancock (3) and RV Investment Group Services Limited and RV Investment Group Services, LLC (4) pursuant to which Anglo Asian Operations Limited acquired RV Investment Group Services Limited (now known as Anglo Asian Cayman Limited). The consideration was the allotment to Reza Vaziri of 111,135 ordinary shares of 1p each, the allotment to John Sununu of 37,045 ordinary shares of 1p each and the issue to Limelight Industrial Developments Limited of a Promissory Note summarised at 9.8 below.

This agreement has subsequently been varied as follows:

(a) by deed of variation dated 23 June 2005 made between the same parties, it was agreed, inter alia, that Reza Vaziri and John Sununu would cease to be entitled to the benefit of certain ongoing anti-dilution protections granted to them under the agreement in relation to the issues of shares to Limelight Industrial Developments Limited in Anglo Asian or AA Operations or any other company within the Group. Further, it was agreed that on or before Admission, Anglo Asian shall issue Limelight Industrial Developments Limited with such number of shares as equate to 5 per cent. of the issued share capital of Anglo Asian immediately prior to Admission;

(b) by a second deed of variation dated 30 June 2005 and made between the same parties, the agreement was further varied to enable Admission to take place with the approval of a unanimous decision of the Board or duly constituted committee of the Board and further to waive all anti-dilution rights to which Reza Vaziri and John H. Sununu may be entitled following Admission;

(c) by a third deed of variation dated 19 July 2005 and made between the same parties, it was agreed that the agreement be further varied so that immediately prior to Admission, the following minimum equity interests in the Company existed:

Reza Vaziri	39.32%
John Sununu	13.11%
Limelight Industrial Developments Limited	5.52%

9.2 *Anglo Asian Operations Limited acquisition agreement*

An agreement dated 24 June 2005 between the shareholders of AA Operations (then called Ottoman Mining Limited) (1) and the Company (2) pursuant to which the Company acquired the entire issued share capital of AA Operations. The consideration was the allotment of 61,533,100 Ordinary Shares in the Company to the shareholders of AA Operations.

9.3 *AIMCL acquisition agreement*

An agreement dated 12 July 2005 between Reza Vaziri (1) and RV Investment Group Services LLC (2) pursuant to which RV Investment Group Services LLC acquired the entire issued share capital of AIMCL. The consideration payable by RV Delaware to Reza Vaziri for the purchase of the shares in AIMCL was £1.

9.4 *Anglo-Suisse Capital engagement letter*

A letter of engagement dated 23 March 2005 with Anglo-Suisse Capital whereby the Company engaged Anglo-Suisse Capital to act as its financial adviser with respect to general corporate matters and the flotation of the Company. For its services, Anglo-Suisse Capital receives a daily fee of £350; a commission of 3 per cent. of money invested by certain investors introduced by Anglo-Suisse Capital; and a fee of £200,000 in cash on Admission and an option over 1 per cent. of the Ordinary Shares at the Placing Price (see below). Anglo-Suisse Capital is also reimbursed for its expenses.

9.5 *Placing agreement*

A conditional placing agreement dated 26 July 2005 made between (1) Numis, (2) Anglo Asian and (3) the Directors pursuant to which Numis has agreed to use its reasonable endeavours to procure placees for the Placing Shares at the Placing Price failing which, to itself subscribe for the Placing Shares at the Placing Price. The agreement is conditional, inter alia, upon Admission taking place on or before 29 July 2005. Under the terms of the Placing Agreement, the Company has agreed to pay Numis a fee of £250,000 and a commission of up to 5 per cent. of the value of the Placing Shares subscribed at the Placing Price. The Company will also pay certain other costs and expenses (including any VAT) of or incidental to the Placing, including all fees and expenses in connection with Admission.

The placing agreement contains certain representations, warranties and indemnities given by the Company and certain of the Directors in favour of Numis. The placing agreement also contains provisions which enable Numis to terminate the Placing Agreement in certain circumstances prior to Admission, including (amongst others) circumstances where any warranties are found to be untrue or inaccurate in any material respect or there has been, in the reasonable opinion of Numis, any material adverse change in, or any development reasonably likely to involve a prospective material adverse change in the financial, operational or legal condition or in the earnings or business affairs of the Group.

9.6 *Numis nominated adviser and broker agreement*

A nominated adviser and broker agreement dated 26 July 2005 made between (1) the Company, (2) the Directors and (3) Numis pursuant to which the Company has appointed Numis to act as nominated adviser and broker to the Company for the purposes of the AIM Rules. Numis' obligations under this agreement are conditional, *inter alia*, upon the Placing Agreement becoming unconditional and Admission taking place. The Company has agreed to pay Numis an annual fee of £50,000 plus VAT for its services as nominated adviser. The agreement contains certain undertakings and indemnities given by (1) the Company and (2) the Directors in respect of, *inter alia*, compliance with applicable laws and regulations. The agreement shall continue for 12 months from its date and shall continue thereafter unless terminated by either party giving the other party 3 months' prior written notice.

9.7 *Lock-in agreements*

(a) a lock-in deed dated 26 July 2005 entered into between (1) the Company, (2) Numis and (3) each of Charles Hancock, Mehmet Ozkan, Gerald Philips, Romelia Urriola, Mohammad Vaziri, John Henry Sununu and Hilmi Isikli (the "Covenantors") pursuant to which the Covenantors have undertaken not at any time prior to the second anniversary of Admission, without the prior written consent of Numis to dispose of any Ordinary Shares in which they are interested. This deed also contains orderly market provisions preventing the Covenantors whilst Numis remains broker to the Company from disposing of any of their interests in Ordinary Shares except through Numis. These lock-in arrangements cease to apply in certain limited circumstances, such as in the event of an acceptance of an offer for the entire issued share capital of the Company, a transfer to a personal representative or beneficiary upon the death of the relevant Covenantor or an intervening court order.

(b) a lock-in deed dated 26 July 2005 and entered into between (1) the Company, (2) Numis, (3) each of Colby Mining Limited ("Colby) and Limelight Industrial Developments Limited (together the "Corporate Shareholders") and (4) Robert Jeffcock and Arnon Gicelter (together the "Covenantors"). The Covenantors are the legal and beneficial holders of all the shares in the Corporate Shareholders. Pursuant to the terms of this lock-in deed, the Corporate Shareholders have undertaken not at any time prior to the second anniversary of Admission, without the prior written consent of Numis to dispose of any Ordinary Shares in which they are interested. This deed also contains orderly market provisions preventing the Corporate Shareholders whilst Numis remains broker to the Company from disposing of any of their interests in Ordinary Shares except through Numis. These lock-in arrangements cease to apply in certain limited circumstances, such as in the event of the acceptance of an offer for the entire issued share capital of the Company or an intervening court order. The Covenantors have undertaken not at any time prior to the second anniversary of Admission, without the written consent of Numis to dispose of the shares that they hold in the share capital of the Corporate Shareholders and further to procure that other than the shares of the Corporate Shareholders presently in issue, no further shares shall be issued by the Corporate Shareholders to any other person.

(c) a lock-in deed dated 26 July 2005 and entered into between (1) the Company, (2) Numis, (3) each of 3Legs Venture Capital plc ("3Legs"), Deep Blue Sea Limited and Redmine Limited (the "Corporate Shareholders") and (4) each of the Covenantors (as defined therein). The Covenantors are the registered and beneficial holders of all the shares in the Corporate Shareholders, other than 3Legs. Pursuant to the terms of this lock-in deed, the Corporate Shareholders have undertaken not at any time prior to the first anniversary of Admission, without the prior written consent of Numis to dispose of any Ordinary Shares in which they are interested. This deed also contains orderly market provisions preventing the Corporate Shareholders whilst Numis remains broker to the Company from disposing of any of their interests in Ordinary Shares except through Numis. These lock-in arrangements cease to apply in certain limited circumstances, such as in the event of the acceptance of an offer for the entire issued share capital of the Company or an intervening court order. The Covenantors have undertaken not at any time prior to the first anniversary of Admission, without the written consent of Numis, to dispose of the shares that they hold in the share capital of the Corporate Shareholders and further to procure that other than the shares of the Corporate Shareholders presently in issue, no further shares shall be issued by any Corporate Shareholders to any other person.

(d) a lock-in deed dated 26 July 2005 and entered into between (1) the Company, (2) Numis, (3) each of Richard Harris, Roy Williams, John Protheroe, Timothy Eggar and Richard Round (the "Covenantors") pursuant to which the Covenantors have undertaken not at any time prior to the first anniversary of Admission, without the prior written consent of Numis, to dispose of any Ordinary Shares in which they are interested. These lock-in arrangements cease to apply in certain limited circumstances, such as in the event of an acceptance of an offer for the entire issued share capital of the Company, a transfer to a personal representative or beneficiary upon the death of the relevant Covenantor or an intervening court order.

(e) a lock-in deed dated 26 July 2005 and entered into between (1) the Company, (2) Numis, (3) each of Adam Barwell and lan McNeill (the "Covenantors") pursuant to which the Covenantors have undertaken not at any time for a period of 180 days following Admission, without the prior written consent of Numis, to dispose of any Ordinary Shares in which they are interested. These lock-in arrangements cease to apply in certain limited circumstances, such as in the event of an acceptance of an offer for the entire issued share capital of the Company, a transfer to a personal representative or beneficiary upon the death of the relevant Covenantor or an intervening court order.

(f) a lock-in deed dated 26 July 2005 and entered into between (1) the Company, (2) Numis, (3) Abbey Resources Limited (the "Corporate Shareholder") and (4) Michael Jeffcock (the "Covenantor"). The Covenantor is the registered and beneficial holder of all the shares in the Corporate Shareholder. Pursuant to the terms of this lock-in deed, the Corporate Shareholder has undertaken not at any time for a period of 180 days following Admission, without the prior written consent of Numis, to dispose of any Ordinary Shares in which it is interested. This deed also contains orderly market provisions preventing the Corporate Shareholder whilst Numis remains broker to the Company from disposing of any of its interests in Ordinary Shares except through Numis. These lock-in arrangements cease to apply in certain limited circumstances, such as in the event of the acceptance of an offer for the entire issued share capital of the Company or an intervening court order. The Covenantor has undertaken not at any time for a period of 180 days following Admission, without the written consent of Numis, to dispose of the shares that he holds in the share capital of the Corporate Shareholder and further to procure that other than the shares of the Corporate Shareholder presently in issue, no further shares shall be issued by the Corporate Shareholder to any other person.

9.8 *Promissory note*

A promissory note granted to Limelight Industrial Developments Limited (which is legally and beneficially owned Arnon Gicelter) by Ottoman on 10 January 2005 in the amount of $2,000,000 as part of the consideration payable under the acquisition agreement relating to Anglo Asian Cayman referred to above. Under the terms of the Promissory Note, $2,000,000 may be demanded by Limelight Industrial on or before the tenth day following Admission. If Ottoman fails to pay such amount on demand, then the amount is enforceable by Limelight Industrial Developments Limited as a debt and interest is payable on the debt at a rate of 10 per cent. per annum compounded semi-annually from the date of the demand to satisfaction in full. The promissory note is subject to English law. The Company intends to pay the promissory note out of the proceeds of the Placing.

9.9 *Anglo-Suisse Capital Limited Office Agreement*

By an agreement dated 1 August 2004 made between Anglo-Suisse Capital Limited (1) and AA Operations (2), Anglo-Suisse Capital Limited has agreed to allow AA Operations the use of 36 Bruton Street, London W1J 6QZ for a fee of £1,000 per month. The Agreement is expressed to continue in force until further notice. The fee of £1,000 per month does not include costs such as telephone calls or stationery.

9.10 *Numis Option Agreement*

Under an option agreement dated 26 July 2005 made between (1) the Company and (2) Numis, the Company, conditional upon Admission, has granted Numis an option to subscribe for 991,718 Ordinary Shares representing 1 per cent of the enlarged issued share capital of the Company following the Placing. This option is exercisable in whole or in part, at any time in the three years following Admission at an exercise price per share equal to the Placing Price.

9.11 *Anglo-Suisse Option Agreement*

By an option agreement dated 26 July 2005 made between (1) the Company and (2) Anglo-Suisse Capital, the Company has granted Anglo-Suisse Capial, an option to subscribe for 991,718 Ordinary Shares in the Company in relation to 1 per cent of the enlarged issued share capital of the Company

following the Placing. The option is exercisable in whole or in part, at any time in the three years from the date of Admission at an exercise price per share equal to the Placing Price.

9.12 *Production Sharing Agreement*

The PSA described at paragraph 7 of Part VII of this document.

9.13 *Allotment Agreement*

An agreement dated 25 July 2005 between the Company (1) and AA Operations (2) pursuant to which AA Operations has, in order to comply with its obligations under the agreement (as varied) referred to at paragraph 9.1 above, subscribed for 8,800,000 Ordinary Shares and directed that they were issued and allotted as follows:

Reza Vaziri	5,696,200
John Sununu	1,903,800
Limelight Industrial Developments Limited	800,000

The Ordinary Shares were subscribed for at the Placing Price, and AA Operations gave an undertaking to pay this amount to the Company. This undertaking was subsequently capitalised by the Company in return for the issue by AA Operations to the Company of 100,000 ordinary shares of 1p each in the capital of AA Operations.

10. MEMORANDUM AND ARTICLES OF ASSOCIATION

10.1 The Company's primary object is that of a trading commercial company.

10.2 The articles of association of the Company contain provisions, inter alia, to the following effect:

(a) *Share capital*

The Company may by ordinary resolution:

(i) increase its share capital by such sum to be divided into shares of such amounts as the resolution shall prescribe;

(ii) consolidate its share capital into shares of larger amounts than its existing shares;

(iii) cancel any shares which have not been taken, or agreed to be taken, by any person and diminish the amount of its share capital by the amount of the shares so cancelled; and

(iv) sub-divide its shares, or any of them, into shares of smaller amounts than is fixed by the Memorandum of Association of the Company.

The Company may by special resolution reduce its share capital and any capital redemption reserve and any share premium account in any manner subject to the provisions of the Act. The Company may issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or the shareholders. Subject to the provisions of the Act and the rights of holders of any class of shares, the Company may purchase its own shares, including redeemable shares.

(b) *Voting*

Subject to any special terms as to voting upon which any shares for the time being may be held, on a show of hands every member who (being an individual) is present in person or by proxy not being himself a member or (being a corporation) is present by its duly appointed representative shall have one vote, and on a poll every member present in person, or by representative, or proxy, shall have one vote for every share in the capital of the Company held by him. A proxy need not be a member of the Company. Where, in respect of any shares, any registered holder or any other person appearing to be interested in such shares fails to comply with any notice given by the Company under section 212 of the Act, then not earlier than 14

days after service of such notice, the shares in question may be disenfranchised. All shareholders, irrespective of the source of their shareholdings, hold shares which have equal voting rights.

(c) *Dividends*

The Company may by ordinary resolution in general meeting declare dividends provided that they shall be paid in accordance with the Act and out of profits available for distribution and shall not exceed the amount recommended by the Directors. The Directors may from time to time pay such interim dividends as appear to the Directors to be justified by the profits of the Company and are permitted by the Act.

Subject to the rights of persons, if any, holding shares with special dividend rights, and unless the terms of issue otherwise provide, all dividends shall be apportioned and paid *pro rata* according to the amount paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is payable. Amounts paid or credited as paid in advance of calls shall not be regarded as paid on shares for this purpose.

All unclaimed dividends may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. All dividends unclaimed for a period of 12 years after having been declared shall, if the Directors so resolve, be forfeited and shall revert to the Company.

Where, in respect of any shares, any registered holder or any other person appearing to be interested in the shares of the Company fails to comply with any notice given by the Company under section 212 of the Act, then, provided that the shares concerned represent at least 0.25 per cent. in nominal value of the issued shares of the relevant class, the Company may withhold dividends on such shares.

There is no fixed date on which an entitlement to a dividend arises.

(d) *Modification of rights*

All or any of the special rights for the time being attached to any class of shares for the time being forming part of the capital of the Company may, subject to the provisions of the Act, be varied or abrogated either:

(i) in such manner (if any) as may be provided by such rights; or

(ii) in the absence of any such provision, with the consent in writing of the holders of three quarters in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class, but not otherwise. To every such meeting all the provisions of the Articles of Association of the Company relating to general meetings or to the proceedings thereat shall, so far as applicable and with the necessary modifications, apply, except that the necessary quorum at any such meeting (other than an adjourned meeting) shall be two persons at least, holding or representing by proxy at least one third in nominal value of the issued shares of the class in question and that any holder of shares of the class in question present in person or by proxy may demand a poll.

(e) *Transferability*

Transfers of Ordinary Shares, which are in registered form, shall be effected in the manner authorised by the Stock Transfer Act 1963. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. The Directors may decline to recognise any instrument of transfer unless:

(i) the instrument of transfer (duly stamped) is deposited at the Company's registered office accompanied by the share certificate for the shares to which it relates and such other

evidence as the Directors may reasonably require showing the right of the transferor to make the transfer;

(ii) the instrument of transfer is in respect of only one class of share;

(iii) the instrument of transfer is in favour of not more than four transferees; and

(iv) the instrument of transfer is in respect of a share in respect of which all sums presently payable to the Company have been paid.

Where, in respect of any shares, any registered holder or any person appearing to be interested in such shares fails to comply with any notice given by the Company under section 212 of the Act, then, provided that the shares concerned represent at least 0.25 per cent. in nominal value of the issued shares of the relevant class, the Company may prohibit transfers of such shares or agreements to transfer any of such shares.

(f) *Directors of the company*

Unless otherwise determined by ordinary resolution, the number of directors (other than alternative directors) shall be not less than two and not more than eight. Subject to certain exceptions, a Director shall not vote (or be counted in the quorum) in respect of any contract or arrangement or any other proposal whatsoever in which he has any material interest and, if he shall do so, his vote shall not be counted.

Any remuneration paid for the services of the Directors, as fixed by the Company in general meeting, may be divided between the Directors as they shall agree or, failing agreement, equally and shall be deemed to accrue from day to day. The Directors may remunerate a Director who serves on any committee or devotes special attention to the business of the Company, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, by way of salary, lump sum, percentage of profits or otherwise as the Directors may determine.

At each annual general meeting of the Company, one-third of the Directors who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to but not exceeding one-third, shall retire. A retiring Director may, if eligible, offer himself for re-election. In addition, any Director who as at the date of the relevant annual general meeting has been in office more than three years since his appointment or last election or who was elected or last elected at the annual general meeting preceding by three years the relevant annual general meeting, and who in either case is not otherwise to retire by reason of the Articles, shall also retire by rotation.

Each Director (other than an alternate director) may appoint another Director or (subject to the approval of a majority of the Directors) any other person to be an alternate director of the Company, and may at any time remove an alternate director so appointed by him from office and, subject to any requisite approval, appoint another person in his place.

The Company may purchase and maintain for any Director insurance against any liability which by virtue of any law would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Company.

No person is capable of being appointed a Director of the Company if at the time of the appointment he has attained the age of 70.

(g) *Borrowing powers*

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property, assets and uncalled share capital, and (subject to the Act) to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The Directors shall restrict the

borrowings of the Company and its subsidiaries so as to ensure that the aggregate of the amounts borrowed by the Company and all its subsidiaries and remaining outstanding at any time shall not without previous sanction of an ordinary resolution of the Company exceed an amount equal to the greater of either four times the aggregate of the nominal amount of the paid up share capital of the Company and the amount shown as standing to the credit of its capital and revenue reserves as defined in the Articles but excluding certain amounts as defined therein or the sum of £15 million.

(h) *Distribution of assets on liquidation*

If the Company shall be wound up, the liquidator may, with the sanction of an extraordinary resolution of the Company or any other sanction required by the Act, divide amongst the members in specie or in kind the whole or any part of the assets of the Company, those assets to be set at such values as he deems fair. The liquidator may also vest the whole or part of the assets of the Company in trustees on trust for the benefit of the contributories.

(i) *Uncertificated shares*

The Directors may implement such arrangements as they think fit in order for any class of shares to be held, evidenced and transferred in uncertificated form. The Company will not be required to issue a certificate to any person holding shares in uncertificated form.

11. LITIGATION

Neither the Company nor any of its subsidiaries is or has been engaged in any legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this document, a significant effect on the Group's financial position nor is the Company aware that any such proceedings are pending or threatened.

12. UK TAXATION

The following paragraphs are intended as a general guide only for Shareholders who are resident and ordinarily resident in the UK for tax purposes, holding Ordinary Shares as investments and not as securities to be realised in the course of a trade. They do not purport to be comprehensive nor to describe all potential relevant considerations. They are based on current legislation and UK Inland Revenue practice. Any Shareholder who is any doubt about his tax position or who is subject to taxation in a jurisdiction other than the UK should consult his or her own professional adviser immediately.

UK tax on capital gains

A disposal (or deemed disposal) of Placing Shares by a Shareholder who is either resident or, in the case of an individual, ordinarily resident for tax purposes in the UK or who is not UK resident but carries on a trade, profession or vocation in the UK through a branch or agency to which the Placing Shares are attributable, may, depending on the Shareholder's circumstances and subject to any available exemptions and reliefs, give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains.

A Shareholder who is an individual and who has, on or after 17 March 1998, ceased to be resident and ordinarily resident for tax purposes in the UK for a period of less than five years of assessment and who disposes of Placing Shares during that period may be liable upon his return to UK taxation of chargeable gains arising during his or her period of absence (subject to any available exemption or relief).

For a Shareholder not within the charge to UK corporation tax, such as an individual, trustee or personal representative, taper relief (which reduces a chargeable gain depending on the length of time for which an asset is held) may be available to reduce the amount of chargeable gain realised on a subsequent disposal.

For a Shareholder within the charge to UK corporation tax, indexation allowance should be available to reduce the amount of chargeable gain realised on a subsequent disposal (but not to create or increase an allowable loss).

UK stamp duty and duty reserve tax

In general, no stamp duty or stamp duty reserve tax will be payable on the issue of the Placing Shares and their entry into CREST. Any subsequent conveyance or transfer on sale of the Placing Shares will usually be subject to stamp duty on the instrument of transfer, generally at a rate of 0.5 per cent. of the amount or value of the consideration given, rounded up to the next multiple of £5. A charge to SDRT at the rate of 0.5 per cent. will arise in relation to an unconditional agreement to transfer such Placing Shares. However, where within six years of the date of the agreement (or, if the agreement was conditional, the date the agreement became unconditional) an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on that instrument, any liability to SDRT will be cancelled or repaid. The liability to pay stamp duty or SDRT is generally satisfied by the purchaser or transferee.

A transfer of Placing Shares effected on a paperless basis through CREST (where there is a change in beneficial ownership of Placing Shares) will generally be subject to SDRT at the rate of 0.5 per cent. of the value of the consideration given. The duty will be payable by the new beneficial owner.

UK taxation of dividends

Shareholders, who are individuals and whose income is within the lower or basic rate bands are liable to tax at 10 per cent. on their gross dividend income. Shareholders, who are individuals and resident for tax purposes in the UK are entitled to a non-refundable tax credit of an amount equal to 10 per cent. of the aggregate of the dividend and the tax credit. The effect of this is that the tax credit attaching to the dividend will satisfy the income tax liability on UK dividends of an individual shareholder whose income is within the lower or basic rate bands. Shareholders liable to higher rate tax (currently at a rate of 40 per cent.) are liable to tax at 32.5 per cent. on their dividend income and will have further tax to pay equal to 25 per cent. of the net dividend received.

A corporate Shareholder resident for tax purposes in the UK will generally not be liable for UK corporation tax on any dividend received from the Company.

UK resident trustees of discretionary or accumulation trusts are liable to income tax on UK company dividends at 32.5 per cent. of the gross dividend. After taking into account the 10 per cent. tax credit, the trustees will be liable to additional income tax of 22.5 per cent. of the gross dividend, equal to 25 per cent. of the net dividend.

Individual Shareholders who are resident for tax purposes in countries other than the UK but who are Commonwealth citizens, nationals of states which are part of the European Economic Area, residents of the Isle of Man or the Channel Islands and certain other persons are entitled to a tax credit as if they were resident for tax purposes in the UK which they may set off against their total UK income tax liability. Such shareholders will generally not be able to claim repayment of the tax credit from the Inland Revenue.

Other non-UK resident Shareholders should consult their own advisers concerning their tax liabilities on the dividends they receive. They should note that they will not generally be entitled to claim repayment of any part of the tax credit from the Inland Revenue under any double taxation treaty or otherwise.

Inheritance Tax

Placing Shares are assets situated in the UK for the purposes of UK inheritance tax. A gift of such assets by, or on the death of, an individual holder, may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax, even if the holder is neither domiciled in the UK, nor deemed to be domiciled in the UK under special rules relating to long term residence or previous domicile. For UK inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit. Special rules also apply to close companies (as defined by section 414 of the Income and Corporation Taxes Act 1988) and trustees of certain settlements holding Placing Shares, bringing them into the charge to inheritance tax.

If you are in any doubt as to our tax position, you should contact your professional adviser without delay.

13. WORKING CAPITAL

The Directors are of the opinion that, having made due and careful enquiry and taking into account the net proceeds of the Placing and the existing facilities available to the Group, the Group has sufficient working capital for its present requirements, that is, for at least 12 months from the date of Admission.

14. SIGNIFICANT CHANGE

Except as disclosed in this document, there has been no significant change in the financial or trading position of the Company since 31 January 2005, the date to which the latest audited non-statutory financial statements were prepared

Except as disclosed in this document, there has been no significant change in the financial or trading position of Anglo Asian Operations Limited since 31 January 2005, the date to which the last audited non-statutory financial statements were prepared.

Except as disclosed in this document, there has been no significant change in the financial or trading position of Anglo Asian Cayman Limited since 31 December 2004, the date to which the last audited non-statutory financial statements were prepared.

15. GENERAL

15.1 The aggregate expenses of the Placing and Admission are estimated at £2,500,000 including VAT (all of which are payable by the Company).

15.2 The total proceeds expected to be raised by the Placing are £20,020,000. The estimated net proceeds accruing to the Company after deduction of estimated expenses are approximately £17.5 million.

15.3 The Group's principal activity is minerals exploration and development.

15.4 Save as disclosed in this document:

15.4.1 no exceptional factors have influenced the Group's securities and there are no significant investments in progress; and

15.4.2 there are no patent or intellectual property rights, licences or particular contracts which are or may be of fundamental importance to the Group's business.

15.5 Deloitte & Touche LLP, has given and not withdrawn its consent to the inclusion in this document of its reports and references to its name in the form and context in which it appears.

15.6 Anglo-Suisse Capital has given and not withdrawn its written consent to the issue of this document with the inclusion in it of its name and references to its name in the form and context in which it appears. For the purposes of the AIM Rules, Anglo-Suisse Capital accepts responsibility for this document.

15.7 Numis has given and not withdrawn its written consent to the issue of this document with the inclusion in it of its name and references to its name in the form and context in which it appears.

15.8 Behre Dolbear has given and not withdrawn its written consent to the issue of this document with the inclusion in it of its report and references to its name in the form and context in which they respectively appear. With reference to and for the purposes of the AIM Rules, Behre Dolbear accepts responsibility for the report set out in Part IV of this document.

15.9 The Placing Price of 77p per Placing Share is at a premium of 76p for each Placing Share above the nominal value of each Placing Share.

15.10 The financial information relating to the Company contained in this document does not comprise statutory accounts for the purposes of section 240 of the Act.

15.11 Save as disclosed below, no person directly or indirectly (other than the Company's professional advisers whose names are set out on page 3 of this document and trade suppliers or save as otherwise

disclosed in this document) has in the last 12 months received or is contractually entitled to receive, directly or indirectly, from the Company on or after Admission, any payment or benefit from the Company to the value of £10,000 or more or securities in the Company to such value or entered into contractual arrangements to receive the same from the Company at the date of Admission or thereafter:

Behre Dolbear Capital, Inc. and Matthew Idiens will each receive a payment equal of up to 3 per cent. of any funds received by the Company pursuant to the Placing as a result of introductions made by them. Such payments are factored into the calculation of the expenses of the Placing.

15.12 There is no Director or member of a Director's family who has a related financial product referenced to Ordinary Shares.

15.13 Monies received from applicants pursuant to the Placing will be held in accordance with the terms and conditions of the Placing until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 29 July 2005, then such application monies will be returned to the applicants at their risk, without interest.

15.14 Share certificates representing the Placing Shares are expected to be despatched to holders who do not wish to receive their Placing Shares in uncertificated form by post at their risk within five business days of Admission. Temporary documents of title will not be issued in connection with the Placing.

15.15 The Directors have applied for the Existing Ordinary Shares and Placing Shares to be admitted to CREST with effect from Admission. Accordingly, it is expected that the Existing Ordinary Shares and Placing Shares will be enabled for settlement in CREST following Admission. Placees who are system members (as defined in the Uncertificated Securities Regulations) may elect to have their Placing Shares allocated to them in uncertificated form through CREST.

15.16 The Company has taken out public offering liability insurance. The cost of this has been factored into the calculation of the expenses of the Placing.

16. PREMISES

The head office of Anglo Asian Mining PLC is at 36 Bruton Street, London W1J 3QZ.

17. AVAILABILITY OF THIS DOCUMENT

Copies of this document will be available from the date of this document free of charge to the public on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Anglo-Suisse Capital Limited, 36 Bruton Street, London W1J 6QZ, Numis Securities Limited, Cheapside House, 138 Cheapside, London EC2V 6LH and Hammonds, Solicitors, 7 Devonshire Square, Cutlers Gardens, London EC2M 4YH from the date of this document until one month from Admission.

Dated: 26 July 2005