Anglo Asian Mining plc / Ticker: AAZ / Index: AIM / Sector: Mining

26 September 2013

Anglo Asian Mining plc ('Anglo Asian' or 'the Company')

Interim Results

Anglo Asian Mining plc, the AIM listed gold, copper and silver producer focussed in Azerbaijan, is pleased to announce its interim results for the six months ended 30 June 2013 ('H1 2013').

Overview

- Profit before tax of US$4.2 million (H1 2012: US$10.5 million)
- Gross profit of US$9.3 million (H1 2012: US$14.2 million)
- Revenue of US$27.6 million (H1 2012: US$30.1 million)
- Operating cashflows before movement in working capital of US$10.5 million (H1 2012:US$15.5 million)
- Gold and silver dore production at flagship Gedabek mine from heap leach operations totalled 15,039 ounces gold and 9,999 ounces silver, from agitation leach operations totalled 2,458 ounces gold and 662 ounces silver (H1 2012: 21,641 ounces gold and 12,174 ounces silver all from heap leach)
- Gold sales of 14,229 ounces (H1 2012: 18,135 ounces) at an average of US$1,561 per ounce (H1 2012: US$1,644)
- Produced gold at an average cash operating cost of US$564 per ounce of gold (H1 2012 US$767 including the Government of Azerbaijan's share
- Production target for H2 2013 at Gedabek is 42,500 ounces of gold resulting in a target of 60,000 ounces of gold and 27,617 ounces of silver from heap leach and agitation leach operations collectively for FY 2013 from Gedabek
- Copper and silver production from SART operations at Gedabek totalled 166 tonnes and 17,590 ounces respectively – sold 1,500 wet metric tonnes of copper concentrate to Glencore and realised US$5.1 million of revenue
- Target of 420 tonnes of copper and 60,000 ounces of silver expected from SART operations for FY 2013
- Continuing to develop a high grade underground gold mine in the Gosha Contract Area - first production anticipated Q1 2014
- Development and Production Programme in 462 sq km Ordubad Contract Area submitted to the Ministry of Ecology and Natural Resources ("MENR")
- Net debt, including interest-bearing loans and borrowings less cash and cash equivalents totals US$46.4 million

Chairman's Statement

I am pleased to report on another period of progress for your Company as a significant gold, copper and silver production company in Azerbaijan. We have a portfolio of assets which includes our flagship Gedabek gold, copper and silver mine in western Azerbaijan ('Gedabek'), a second development gold project, Gosha, only 50km away from Gedabek, which is expected to move into full production in 2014, and a third gold exploration/development project, offering upside potential for the future at Ordubad, located in the Nakhchivan region of Azerbaijan.

In the first six months of 2013, we have continued to perform as a profitable, lower-cost gold, copper and silver mining company, however it is in the second half of the year where we expect to truly deliver on our stated objectives of driving the growth, production and profitability of our flagship Gedabek mine and expanding our group gold production profile with the development of Gosha. We expect to produce 42,500 ounces of gold in H2 2013, resulting in our full year target of 60,000 ounces.

Gold production for H1 2013 from Gedabek totalled 17,497 ounces, together with 10,661 ounces of silver in the doré metal, with cash operating costs of US$564. Of this, 15,039 ounces of gold and 9,999 ounces of silver production came from our original heap leach operations. Gold sales over the reporting period totalled 14,229 ounces at an average selling price of US$1,561 per oz. Gold production and sales were in line with management's expectations, where we forecast that our first half results would be lower than the same reporting period last year, with the second half of the year expected to perform strongly. The lower production was due to lower grade ore being fed to the heap leaching operations, while higher grade ore was temporarily stockpiled, pending the commissioning of our new Agitation Leaching Plant at Gedabek, which began production on schedule in June 2013. The new plant was specifically implemented to compliment the original low-cost heap leaching processing plant at Gedabek and substantially increase gold production and lower recovery costs for the future.

The Agitation Leaching Plant was commissioned at the end of the period, on time and US$7 million under budget, and in its first few weeks of production, delivered 2,458 ounces of gold to 30 June 2013, which equated to 14% of total gold production for H1 2013. Since then the new plant has continued to perform well and in August 2013 we reported Gedabek's highest monthly gold production since it first poured gold in May 2009, with 7,600 ounces produced in one month. Indications suggest that this trend is set to continue and we remain confident that gold production for H2 2013 will total circa 42,500 ounces, which would enable Gedabek to achieve the 60,000 ounces gold production target for FY 2013. Importantly this would mark a 20% increase on FY 2012 gold production of 50,215 ounces of gold. Furthermore, the new Agitation Leaching Plant is expected to lower gold production costs to circa US$450-550 per ounce, which together with the increase in production should see profitability strengthen significantly in the second half of the year, despite the reduction in the market price of gold.

Importantly, at Gedabek, we also produce copper in the form of a precipitated copper sulphide concentrate by-product, containing silver and a small amount of gold, from our Sulphidisation, Acidification, Recycling and Thickening ('SART') plant. Whilst gold is our primary business, copper concentrate production at Gedabek is cash generative and helps to lower our overall production costs. Production from the SART plant for H1 2013 totaled 166 tonnes of copper, 17,590 ounces of silver and 30 ounces of gold. We expect to produce 420 tonnes of copper and 60,000 ounces of silver in FY 2013.

In terms of copper sales in H1 2013, we delivered 1,500 wet metric tonnes ('WMT') of copper concentrate to Glencore, primarily from stock, realising US$5.1 million for the period, which in turn reduced our cash operating costs in the six month period. A further 550 dry metric tonnes of copper concentrate sales remain to be completed under the original Glencore contract that we signed in Q4 2012 and we expect to meet this commitment by the end of the year. In addition we signed a new sales contract in Q3 2013 with Seagate Minerals and Metals Inc ('Seagate') for 750 WMT of copper concentrate to be shipped during July and August 2013. This latest sales contract followed the successful trial shipment of 200 WMT of copper concentrate with Seagate, which was undertaken in Q1 2013. At the end of H1 2013 copper concentrate stocks were 906 WMT. These sales will see our copper concentrate product continuing to add to our bottom line and increasing our profitability for FY 2013.

In terms of the future growth of Anglo Asian beyond 2013, we have been busy developing and implementing mine plans. We have a targeted development programme centred on expanding the reserve and resource base at Gedabek, which currently stands at 744,038 ounces and 1,276,422 ounces of gold, respectively, to further ensure the future production success of the mine. We also intend to increase the Company's total gold production by inaugurating our second mining project, Gosha, which we are currently developing with a view of first production in 2014. Once Gosha is on line, we expect to increase our FY2014 Company target to between 80,000 and 90,000 ounces of gold and this, if achieved, would firmly cement our position as a significant gold producer in the Caucasia region.

With regard to exploration and development at Gedabek, in June 2012, the Company announced a maiden mineable reserve at Gedabek which totalled 20,312,879 tonnes at 1.139 g/t gold for 744,038 ounces, 0.293% copper for 59,479 tonnes, and 9.456 g/t silver for 6,175,531 ounces (see press release 7th June 2012). Since then, an extensive 28,872 metre drilling programme has been completed which targeted an extension of the existing mine at Gedabek and an updated resource report prepared by the Company's geological consultants and Competent Person, CAE Mining International Ltd ('CAE Mining'), had been expected at the end of June 2013. However, CAE Mining has experienced unforeseen delays and delivery of the report has now been promised by 30 September 2013.

Bringing our second gold project, Gosha, into production has the potential to be transformational for Anglo Asian. At the project, located 50km from Gedabek, significant progress has been made to develop a high-grade, underground gold mine, which is expected to produce circa 15,000-20,000 ounces of gold per annum. The Gosha ore is high grade and we plan to truck it to Gedabek and process it through the Agitation Leach plant, from the beginning of 2014. The ore vein has now been intercepted and a trial batch of 100 tonnes of ore was mined in September 2013. We are continuing development work on the mine and will start regular ore production at Gosha later this year. This will help optimise economies of scale of our Gedabek processing operations as we fully utilise the capacity of both our agitation and heap leach plants, increasing our 2014 production levels to a targeted 80,000 to 90,000 ounces, and generating further cash-flow for the Company next year.

Further exploration work at our Ordubad Contract Area, located in the Nakhchivan region of Azerbaijan, resulted in the issuance of a notice of discovery for two gold deposits, Piyazbashi and Agyurt. The Company will continue the exploration works to seek more mineral potential in the area.

In terms of our corporate activity for the period, we continue to work closely with the Government of Azerbaijan, with whom we have a Production Sharing Agreement, which is based on the established Azeri oil industry model. Up until the time we have recovered all of our carried-forward, development costs, the Government of Azerbaijan effectively takes 12.75% of commercial products from any mine we bring into production, with Anglo Asian receiving 87.25%. We expect to continue retaining 87.25% of the commercial products until at least the end of 2014 based on costs incurred to date following the construction of the Agitation Leaching Plant.

In addition, we have strong relations with the International Bank of Azerbaijan (‘IBA’), which is majority owned by the Government of Azerbaijan, and we have various financing agreements in place with the bank. As at 30 June 2013, the Company’s net debt totalled US$46.4 million (2012: US$11.9 million). This increase in net debt was due to an additional loan agreement undertaken with the IBA by the Company to finance the new Agitation Leaching Plant at Gedabek, which as mentioned had an estimated capital expenditure of US$52 million and an actual cost of US$45 million.

With 566 personnel working for Anglo Asian, our health, safety, social and environmental record is very important to us and we constantly strive to achieve the highest international standards in these vital areas of our operations. However, in spite of our best efforts, we were all shocked in April by the occurrence of the first fatal accident in the short history of our Company. The accident involved a loaded ore truck that overturned, fatally injuring the driver. The Ministry-led, official inquiry blamed driver error for the incident and exonerated the Company, but we have taken the lesson to heart and have further increased our vigilance to try to ensure a safe and secure working environment for all our employees and contractors.

In conclusion, I believe the Anglo Asian team has delivered on numerous key objectives during the first half of 2013 and it has laid the foundations for a transformational year for the Company in 2013 and beyond. The commissioning of the Agitation Leaching Plant at Gedabek at the end of the period was a significant milestone for the Company that has resulted in a record monthly gold pour in August 2013, further increasing our confidence in reaching our FY2013 gold production target of 60,000 ounces, whilst lowering operating costs. With our second gold mine, Gosha, on track to commence full production in the first half of next year we expect to increase this target further still to 80-90,000 ounces in FY2014 and therefore deliver on our strategy to build Anglo Asian into a leading gold company in the Caucasian region.

KhosrowZamani
Non-executive Chairman

Interim consolidated income statement

For the 6 months ended 30 June 2013

	Notes	**Unaudited Six months to 30 June 2013 US$**	Unaudited Six months to 30 June 2012 US$
Revenue		**27,621,811**	30,106,071
Cost of sales		**(18,287,175)**	(15,917,090)
Gross profit		**9,334,636**	14,188,981
Other income		**119,129**	107,727
Administrative expenses		**(3,281,374)**	(2,698,427)
Other operating expense		**(1,352,789)**	(400,466)
Operating profit		**4,819,602**	11,197,815
Finance income		**-**	147,400
Finance costs		**(649,115)**	(885,162)
Profit before tax		**4,170,487**	10,460,053
Income tax	3	**(372,358)**	(3,853,003)
Profit after tax		**3,798,129**	6,607,049
Profit per share for the period attributable to the equity holders of the parent		**3,798,129**	6,607,049
Basic cents per share	4	**3.41**	5.95
Diluted cents per share	4	**3.38**	5.90

Interim consolidated statement of comprehensive income

For the 6 months ended 30 June 2013

	Unaudited Six months to	Unaudited Six months to

	30 June 2013 US$	30 June 2012 US$
Profit for the period	**3,798,129**	6,607,049
Total comprehensive profit for the period	**3,798,129**	6,607,049
Attributable to the equity holders of the parent	**3,798,129**	6,607,049

Interim consolidated balance sheet

As at 30 June 2013

	Notes	Unaudited As at 30 June 2013 US$	Audited As at 31 December 2012 US$	Unaudited As at 30 June 2012 US$
Non-current assets				
Intangible assets	5	**22,102,830**	22,828,092	23,655,981
Property, plant and equipment	6	**108,570,687**	87,877,035	55,604,284
Non-current prepayments	7	**904,954**	2,683,673	4,745,649
Inventories	9	**2,707,615**	-	-
		134,286,086	113,388,800	84,005,914
Current assets				
Trade receivables and other assets	8	**8,235,837**	10,482,147	8,765,746
Inventories	9	**42,069,551**	36,427,632	34,293,283
Cash and cash equivalents		**339,171**	2,410,730	3,052,910
		50,644,559	49,320,509	46,111,939
Total assets		**184,930,645**	162,709,309	130,117,853
Current liabilities				
Trade and other payables		**(12,671,607)**	(11,612,591)	(13,948,419)
Interest bearing loans and borrowings	10	**(330,964)**	(1,820,999)	(10,996,412)
		(13,002,571)	(13,433,590)	(24,944,831)
Net current assets		**37,641,988**	35,886,919	21,167,108
Non-current liabilities				
Provision for rehabilitation		**(5,641,244)**	(4,622,916)	(1,948,731)
Interest bearing loans and borrowings	10	**(46,364,853)**	(28,938,750)	(3,971,572)
Deferred tax liability		**(19,717,257)**	(19,344,899)	(15,706,790)
		(71,723,354)	(52,906,565)	(21,627,093)
Total liabilities		**(84,725,925)**	(66,340,155)	(46,571,924)
Net assets		**100,204,720**	96,369,154	83,545,929
Equity				
Share capital	11	**1,973,129**	1,973,129	1,973,129
Share premium account		**32,172,575**	32,172,575	32,172,575
Share-based payment reserve		**769,307**	731,870	681,407
Merger reserve		**46,206,390**	46,206,390	46,206,390
Retained earnings		**19,083,319**	15,285,190	2,512,428
Total equity		**100,204,720**	96,369,154	83,545,929

Interim consolidated cash flow statement

For the six months ended 30 June 2013

	Notes	**Unaudited Six months to 30 June 2013 US$**	Unaudited Six months to 30 June 2012 US$
Net cash inflow generated from operating activities	12	**4,753,394**	8,054,704
Investing activities			
Expenditure on property, plant and equipment and mine development		**(20,314,693)**	(13,861,918)
Investment in exploration and evaluation assets including other intangible assets	5	**(211,154)**	(2,312,050)
Interest received		**-**	147,400
Net cash used in investing activities		**(20,525,847)**	(16,026,568)
Financing activities			
Shares issued in lieu of cash and for options exercised		**-**	38,826
Proceeds from borrowings		**17,945,500**	3,971,572
Repayment of borrowings		**(1,820,999)**	(2,100,755)
Interest paid		**(2,423,607)**	(822,963)
Net cash generated/(used) in financing activities		**13,700,894**	(1,086,180)
Net decrease in cash and cash equivalents		**(2,071,559)**	(6,885,684)
Cash and cash equivalents at beginning of period		**2,410,730**	9,938,594
Cash and cash equivalents at end of period		**339,171**	3,052,910

Interim consolidated statement of changes in equity

For the six months ended 30 June 2013

	Notes	Share capital US$	Share premium US$	Share-based payment reserve US$	Merger Reserve US$	Retained earnings US$	Total Equity US$
At 1 January 2013		**1,973,129**	**32,172,575**	**731,870**	**46,206,390**	**15,285,190**	**96,369,154**
Total comprehensive income		—	—	—	—	**3,798,129**	**3,798,129**
Share based payment charge for the period		—	—	**37,437**	—	—	**37,437**
At 30 June 2013		**1,973,129**	**32,172,575**	**769,307**	**46,206,390**	**19,083,319**	**100,204,720**

For the six months ended 30 June 2012

	Notes	Share capital US$	Share premium US$	Share-based payment reserve US$	Merger Reserve US$	Accumulated loss US$	Total Equity US$
At 1 January 2012		1,967,704	32,139,674	648,789	46,206,390	(4,094,621)	76,867,936
Total comprehensive income		—	—	—	—	6,607,049	6,607,049
Shares issued		5,425	32,901	—	—	—	38,326
Share based payment charge for the period		—	—	32,618	—	—	32,618
At 30 June 2012		1,973,129	32,172,575	681,407	46,206,390	2,512,428	85,545,929

Notes to the financial statements

1. Basis of preparation

Anglo Asian Mining is a public company listed on the Alternative Investment Market (AIM). Its principal activity is building a portfolio of mining operations within Azerbaijan. The impact on seasonality or cyclicality on operations is not regarded as significant to the interim financial statements.

The financial information has been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board. The information for the half year ended 30 June 2013 does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. A copy of the statutory accounts for the year ended 31 December 2012 has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified and did not contain statements under section 498(2) or 498(3) of the Companies Act 2006.

The financial information has not been audited and has been prepared on the historical cost basis.

The principal accounting policies adopted are consistent with those adopted in the annual accounts to 31 December 2012, except for the adoption of the following new amendment to the existing standard as of 1 January 2013:

- IAS 1 Clarification of the requirement for comparative information (Amendments)
- IAS 32 Tax Effects of Distribution to Holder of Equity Instruments (Amendments)
- IAS 34 Interim Financial Reporting and Segment Information for total assets and liabilities (Amendments)
- IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments)
- IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements
- IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures
- IFRS 12 Disclosures of Interests in Other Entities
- IFRS 13 Fair Value Measurement

The adoption of these amendments has no impact on Group earnings or equity in the current or prior periods.

The preparation of financial information in conformity with International Financial Reporting Standards as adopted by EU (IFRS) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results ultimately may differ from those estimates.

The interim report was approved by the Board of Directors on 25 September 2012.

The Directors have prepared the consolidated financial statements on a going concern basis after reviewing the Group's cash position for the period to 31December 2014 and satisfying themselves the Group will have sufficient funds on hand to realise their assets and meet their obligations as and when they fall due.

2. Operating segments

The Group determines and presents operating segments based on the information that is internally provided to the Group's chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors that makes the strategic decisions. The Board currently considers the business from a consolidated perspective and reviews the business based on the operating and exploration assets of the Group.

Based on how the business is reviewed the Group has two segments: mining operations and exploration sites. Both segments are located within the Republic of Azerbaijan. The mining operations segment is made of the Group's only producing asset, Gedabek, which accounts for all the Group's revenues, cost of sales and depreciation/amortisation.

All sales of gold and silver bullions are made to one customer, the Group's gold refinery, MKS Finance SA, based in Switzerland. Copper concentrate is sold to two customers: Seagate Minerals & Metals Inc. and Glencore International AG.

	Mining operations US$	Exploration sites US$	Other/ corporate US$	Total US$
Revenue	27,621,811	-	-	**27,621,811**
Cost of sales	(18,287,175)	-	-	**(18,287,175)**
Gross profit	9,334,636	-	-	**9,334,636**
Other income	-	-	119,129	**119,129**
Administrative expenses	(8,125)	-	(3,273,249)	**(3,281,374)**
Other operating expense	(1,295,411)	-	(57,378)	**(1,352,789)**
Operating profit				**4,819,602**
Finance income	-	-	-	**-**
Finance costs	(649,115)	-	-	**(649,115)**
Profit before tax				**4,170,487**
Income tax	(1,345,924)	33,368	940,198	**(372,358)**
Profit per share for the period attributable to the equity holders of the parent				**3,798,129**
Total assets	181,625,526	2,787,864	517,255	**184,930,645**

Liabilities are reviewed on a consolidated basis and therefore not reviewed separately.

3. Deferred tax

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax liability increased during the period due to increase in temporary differences from increase of inventory balance and increase in non-current assets during the period.

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

Profit tax charged during the period represents current tax for the period and the change in deferred tax liability during the period incurred by RV Investment Group Services LLC representative office registered in Azerbaijan.

4. Earnings per ordinary share

	Unaudited 6 months to 30 June 2013 US$	Unaudited 6 months to 30 June 2012 US$
Earnings per ordinary share		
Profit	**3,798,129**	**6,607,049**
Basic earnings per share	**3.41**	**5.95**
Diluted earnings per share	**3.38**	**5.90**
	Number	**Number**
Weighted average number of shares:		
For basic earnings per share	**111,397,307**	**111,076,153**
For diluted earnings per share	**112,281,370**	**111,999,467**

5. Intangible assets

Exploration and evaluation assets

	Gedabek US$	Ordubad US$	Total US$
Cost:			
As at 1 January 2012	4,946,919	2,173,640	7,120,559
Additions	905,817	509,949	1,415,766
Transfer to property, plant and equipment	(5,852,736)	—	(5,852,736)
As at 31 December 2012	—	**2,683,589**	**2,683,589**
Additions	—	104,275	104,275
Transfer to property, plant and equipment	—	—	—
As at 30 June 2013	**—**	**2,787,864**	**2,787,864**

Mining rights and other intangible assets

Cost:	Mining rights US$	Other intangible assets US$	Total US$
As at 1 January 2012	41,925,262	443,201	42,368,463
Additions	—	229,770	229,770
As at 31 December 2012	41,925,262	672,971	42,598,233
Additions	—	106,879	106,879
Transfer to property, plant and equipment	—	(311,984)	(311,984)
As at 30 June 2013	**41,925,262**	**467,866**	**42,393,128**
Amortization and impairment			
As at 1 January 2012	(20,492,851)	(158,232)	(20,651,083)
Charge for the year	(1,767,344)	(35,303)	(1,802,647)
As at 31 December 2012	(22,260,195)	(193,535)	(22,453,730)
Charge for the period	(606,021)	(18,411)	(624,432)
As at 30 June 2013	**(22,866,216)**	**(211,946)**	**(23,078,162)**
Carrying amount			
As at 31 December 2012	19,665,067	479,436	20,144,503

As at 30 June 2013	**19,059,046**	**255,921**	**19,314,966**

6. Property, plant and equipment

	Temporary buildings US$	Plant and Equipment US$	Producing mines US$	Motor Vehicles US$	Office equipment US$	Leasehold improvements US$	Assets under Construction US$	Total US$
Cost								
As at 1 January 2012	316,357	7,269,929	54,143,559	756,946	2,580,925	455,105	8,462,183	73,985,004
Capitalisation of interest	—	—	—	—	—	—	519,776	519,776
Additions	7,377	1,202,315	882,683	222,109	225,246	—	41,936,354	44,476,084
Transfer to producing mines	—	—	18,581,802	—	—	—	(18,581,802)	—
Transfer from evaluation and exploration assets	—	—	—	—	—	—	5,852,736	5,852,736
Increase in provision for rehabilitation	—	—	2,012,295	—	—	—	—	2,012,295
As at 31 December 2012	323,734	8,472,244	75,620,339	979,055	2,806,171	455,105	38,189,247	126,845,895
Capitalisation of interest	—	—	—	—	—	—	1,893,745	1,893,745
Additions	—	3,738,099	1,025,362	—	67,625	23,375	17,084,291	21,938,752
Transfer to producing mines	—	—	49,409,108	—	—	—	(49,409,108)	—
Transfer from intangible assets	—	—	311,984	—	—	—	—	311,984
Increase in rehabilitation asset	—	—	913,109	—	—	—	—	913,109
As at 30 June 2013	**323,734**	**12,210,343**	**127,279,902**	**979,055**	**2,873,796**	**478,480**	**7,758,175**	**151,903,485**
Depreciation								
and impairment								
As at 1 January 2012	(229,192)	(3,016,620)	(25,220,657)	(453,102)	(1,152,530)	(363,233)	—	(30,435,334)
Charge for year	(40,005)	(1,080,732)	(6,863,214)	(166,939)	(355,294)	(47,342)	—	(8,533,526)
As at 31 December 2012	(269,197)	(4,097,352)	(32,083,871)	(620,041)	(1,507,824)	(410,575)	—	(38,988,860)
Charge for period	(18,887)	(589,391)	(3,573,847)	(59,603)	(120,027)	(2,183)	—	(4,363,938)
As at 30 June 2013	**(288,084)**	**(4,686,743)**	**(35,657,718)**	**(679,644)**	**(1,627,851)**	**(412,758)**	**—**	**(43,352,798)**
Carrying amount								
As at 31 December 2012	54,537	4,374,892	43,536,468	359,014	1,298,347	44,530	38,189,247	87,877,035
As at 30 June 2013	**35,650**	**7,523,600**	**91,622,184**	**299,411**	**1,245,945**	**65,722**	**7,758,175**	**108,570,687**

7. Non-current prepayments

Non-current prepayments represent advances made to suppliers for fixed asset purchases. US$904,954 (31December 2012: US$ 2,683,673) advance payments were made to suppliers for equipment purchases for Gedabek and Gosha mining properties.

8. Trade receivables and other assets

	Unaudited As at 30 June 2013 US$	Audited As at 31 December 2012 US$
Gold held and transferable to the Government to satisfy obligations	**862,289**	3,831,200
VAT refund due	**1,030,012**	1,706,233
Other tax receivable	**592,426**	462,462
Trade receivables	**1,090,307**	1,055,058
Prepayments and advances	**3,683,638**	3,427,194
Advance payment for profit tax	**977,165**	—

	8,235,837	10,482,147

The carrying amount of trade and other receivables approximates the fair value.

The VAT refund due at 30 June 2013 and 31 December 2012 relates to VAT paid on purchases.

The gold bullion receivable on behalf of the Government of Azerbaijan relates to bullion held in the account of the Group for which the Government of Azerbaijan is the beneficial holder. The Group holds the Government's share of the product from its mining activities and from time to time transfers that product to the Government of Azerbaijan as per government's request. A corresponding liability to the Government of Azerbaijan is included in trade and other payables.

In accordance with the terms of the PSA the Group is paying profit tax in advance on a quarterly basis. Advance payment for profit tax represents amount paid in excess of actual profit tax liability incurred during the six month period ending at 30 June 2013. Final profit tax liability will be determined at year end and any overpayment or underpayment for actual profit tax liability will be settled in March 2014 as per the PSA.

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

9. Inventories

	Unaudited As at 30 June 2013 US$	Audited As at 31 December 2012 US$
At cost		
Finished goods – bullion	**4,024,798**	2,030,670
Finished goods – metal in concentrate	**1,047,012**	4,363,560
Metal in circuit	**20,456,499**	17,976,010
Ore stockpiles	**5,169,408**	7,457,165
Spare parts and consumables	**11,371,834**	4,600,227
Total current inventories	**42,069,551**	36,427,432
Non-current inventories – ore stockpiles	**2,707,615**	-
Total inventories	**44,777,166**	36,427,432

171 dry metric tonnes of wet copper concentrate and 115 dry metric tonnes of dry copper concentrate were produced during the period with values of US$273,692 and US$262,552 respectively. Sales of wet copper concentrate continued during the period to the existing customers. The Company is currently in the stage of getting bids from customers for the sales of dry copper concentrate, it is expected that payable metal content of dry copper concentrate will be higher than the wet copper concentrate.

Current ore stockpiles consist of high-grade and low-grade oxide ore that is expected to be processed during 12 months subsequent to the reporting date.

Non-current ore stockpiles consist of low-grade oxide ore and high-grade sulphide ore that is expected to be processed more than 12 months from the reporting date.

During the period the Group wrote down the accumulated balance of unrecoverable wet copper concentrate product at the amount of US$698,205.

Inventory is recognized at lower of cost or net realizable value.

10. Interest-bearing loans and borrowings

	Unaudited As at 30 June 2013 US$	Audited As at 31 December 2012 US$
Loans from IBA	**46,695,817**	30,759,749
Total interest bearing loans and borrowings	**46,695,817**	30,759,749
Loans repayable in less than one year	**330,964**	1,820,999
Loans repayable in more than one year	**46,364,853**	28,938,750

Loans with the International Bank of Azerbaijan carry an interest rate of 12% per annum. There is no penalty for early repayment on any of the loans from International Bank of Azerbaijan.

IBA agreed to finance the Group's US$52 million new agitation plant construction by opening credit lines as requested at an interest rate of 12% per annum for facilities used. Credit line agreements were signed for total amount of US$49,500,000 with IBA as of 30 June 2013. US$47,272,189 (30 June 2012: US$ 3,971,572) was withdrawn from these credit lines as of 30 June 2013 mainly for financing construction of new agitation plant.

In the 6 months to 30 June 2013, the Group had made repayments to the International Bank of Azerbaijan of US$1,820,999 (30 June 2012: US$2,100,755).

Total interest accrued on interest bearing loans during the period wasUS$2,423,607 (30 June 2012: US$822,961).

11. Share Capital

	shares	US$
Ordinary shares issued and fully paid:		
At 1 January 2012	**111,047,307**	1,967,704
Exercise of stock options	**350,000**	5,425
At 31 December 2012	**111,397,307**	1,973,129
Exercise of stock options	**-**	-
At 30 June 2013	**111,397,307**	1,973,129

12. Notes to the cash flow statement

	Unaudited Six months to 30 June 2013 US$	Unaudited Six months to 30 June 2012 US$
Profit before tax	**4,170,487**	10,460,054
Adjustments for:		
Finance income	**-**	(147,400)
Finance costs	**649,115**	885,162
Depreciation of property, plant and equipment	**4,363,938**	3,503,632
Amortization of mining rights and other intangible assets	**624,433**	785,245
Decrease in rehabilitation provision	**(47,799)**	-
Write down of unrecoverable inventory	**698,205**	-
Share-based payment expense	**37,437**	32,618
Operating cash flows before movements in working capital	**10,495,816**	15,519,311
Decrease/(increase)in trade and other receivables	**4,102,142**	(41,661)
Increase in inventories	**(9,047,739)**	(6,992,100)
Increase in trade and other payables	**3,175**	809,150
	5,553,394	9,294,700
Income tax paid	**(800,000)**	(1,239,996)
Cash generated from operations	**4,753,394**	8,054,704
Net cash generated from operating activities	**4,753,394**	8,054,704

13. Contingencies and commitments

The Group undertakes its mining operations in the Republic of Azerbaijan pursuant to the provisions of the Agreement on the Exploration, Development and Production Sharing for the Prospective Gold Mining Areas: Gedabek, Gosha, Ordubad Group (Piazbashi, Agyurt, Shakardara, Kiliyaki), Soutely, Kyzilbulag and Vejnali Deposits dated 20 August 1997 (the 'PSA'). The PSA contains various provisions relating to the obligations of the R.V. Investment Group Services LLC ('RVIG'), a wholly owned subsidiary of the Company, with regards to the exploration and development programme, preparation and timely submission of reports to the Government, compliance with environmental and ecological requirements, etc. The Directors believe that RVIG is in compliance with the requirements of the PSA. The Group has submitted Development and Production program to the MENR according to the PSA requirements.

The mining licence on Gedabek expires in March 2022, with options to extend the licence by ten years conditional upon satisfaction by RVIG of certain requirements stipulated in the PSA.

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

There were no operating lease commitments at 30 June 2013.

The Group has completed construction of new agitation plant in the period, which to allow increased recovery rates. Construction of new agitation plant was financed by the credit lines with IBA.

On 22August 2013 the Group has entered into non-cash credit line agreement in amount of US$3,000,000 for letter of credits with YapiKredi Bank Azerbaijan. A pledge agreement was signed with YapiKredi Bank Azerbaijan for guarantee of letters of credit opened under the above mentioned agreement. According to this pledge agreement, movable equipment for the amount of US$4,852,000 was pledged to guarantee letters of credit opened under the agreement.

14. Related party transactions

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

Trading transactions

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

Other related party transactions

a) Mr Reza Vaziri, a director of the company, retains an indirect interest in the lease of the office in Baku, Azerbaijan. The cost of the lease in the period was US$46,869 (30 June 2012: US$46,848).

b) During the period US$150,960 (30 June 2012: US$115,954) was paid to Mr Reza Vaziri for consultancy services.

c) During the periodUS$6,390 (30 June 2012: US$4,685) was paid to Professor John Monhemius, a director of the company, for consultancy services.

d) Total payment in amount of US$1,624,741 (30 June 2012: US$21,875) was made for equipment and spare parts purchased from Proses MuhendislikDanismanlikInshaatveTasarimAnonimShirket, the entity in which the Chief Technical Officer of Azerbaijan International Mining Company has a direct ownership interest.

There is US$ 96,723 advance payment at the end of the period in relation to the above related party transaction (30 June 2012: US$33,926).

15. Subsequent events

The following subsequent events relate to the period from 30 June 2013 to the date of approval of the interim financial statements on 25 September 2012.

Till 13 September 2013, 358 dry metric tonnes of copper concentrate were shipped for sale to Seagate Minerals and Metals Inc. total estimated value of US$1,569,648 (including Government of Azerbaijan share).

Total amount of new borrowings withdrawn from IBA during subsequent period for comprised US$2.2 million.

****ENDS****

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

Reza Vaziri	Anglo Asian Mining plc	Tel: +994 12 596 3350
Sean Duffy	Anglo Asian Mining plc	Tel: +994 12 596 3350
Ewan Leggat	SP Angel Corporate Finance LLP	Tel: +44 (0) 20 3463 2260

Laura Littley	SP Angel Corporate Finance LLP	Tel: +44 (0) 20 3463 2260
Felicity Edwards	St Brides Media & Finance Ltd	Tel: +44 (0) 20 7236 1177
Lottie Brocklehurst	St Brides Media & Finance Ltd	Tel: +44 (0) 20 7236 1177

Notes:

Anglo Asian Mining plc (AIM:AAZ) is a gold producer in Central Asia with a broad portfolio of production and exploration assets in Azerbaijan. The Company has a 1,962 sq km prospective exploration portfolio, assembled from analysis of historic Soviet geological data and held under a Production Sharing Agreement ('PSA') based on the Azeri oil industry. The Company developed Azerbaijan's first operating gold/copper mine, Gedabek, which commenced gold production in May 2009. Gold production for the year ended 31 December 2012 totalled 50,215 oz of gold and FY 2013 gold production target is 60,000 oz of gold in line with the successful commissioning of the new agitation leaching plant at Gedabek in H1 2013.

Anglo Asian is actively looking to exploit its first mover advantage in Azerbaijan to by developing additional projects, as well as looking for other properties in order to fulfil its expansion ambitions and become a mid-tier gold and base metal production company. With this in mind, the Company is currently developing its second mining operation, Gosha, which is 50km away from Gedabek into a small, profitable mining operation and is targeting to increase the Company's total gold production by the end of 2014 to 80,000 to 90,000 ounces of gold.