

15 September 2022

**Anglo Asian Mining plc**  
**Interim Results for the six-months to 30 June 2022**  
**FY 2022 Production Guidance at 54,000 to 58,000 gold equivalent ounces**  
**Interim Dividend for 2022 of US 4 cents per ordinary share**

Anglo Asian Mining plc ("Anglo Asian", the "Company" or the "Group"), the AIM-listed copper, gold, and silver producer in Azerbaijan, is pleased to announce its interim results for the six-months ended 30 June 2022 ("H1 2022").<sup>1</sup> The Group has achieved encouraging progress in a difficult external environment. Anglo Asian is pleased to announce its full year 2022 ("FY 2022") production guidance of 54,000 to 58,000 gold equivalent ounces ("GEOs").

The Company also announces its 2022 interim dividend of US 4 cents per ordinary share payable on 3 November 2022 to shareholders on record on 30 September 2022.

### **Financial highlights**

- Total revenues of \$31.5 million (H1 2021: \$43.5 million)
  - Lower gold doré sales of 11,273 ounces (H1 2021: 19,582 ounces) partially offset by higher average gold sales price of \$1,901 per ounce (H1 2021: \$1,776 per ounce)
  - Unsold gold inventory on 30 June 2022 of \$13.0 million valued at the market price on that date
- Profit before taxation of \$5.7 million (H1 2021: \$5.9 million)
  - Profit before taxation includes a total charge of \$1.6 million in respect of Libero Copper & Gold Corporation ("Libero") which became an associate company of the Group in January 2022
- All-in sustaining cost ("AISC") of gold production increased to \$983 per ounce (H1 2021: \$848 per ounce)
  - Total costs were broadly flat as higher electricity and material costs were offset by lower cyanide usage but lower gold production resulted in a higher AISC per ounce
- Free cash flow was a net outflow of \$13.2 million (H1 2021: \$0.4 million) due to an increase in working capital of \$17.2 million mainly due to unsold gold inventory at 30 June 2022
- Cash of \$21.2 million as at 30 June 2022 (31 December 2021: cash of \$37.5 million) and the Company remains debt free
- 2022 interim dividend declared of US 4 cents per ordinary share

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<sup>1</sup> Note that all references to "\$" and "cents" are to United States dollars and cents, "CAD\$" and "CAD cents" are to Canadian dollars and cents and "£" and "pence" are to Pound Sterling.

- Dividend modestly increases the pay-out in Sterling at current exchange rates due to the depreciation in the value of the pound Sterling against the US dollar

## **Operational highlights**

- Total production of 28,772 GEOs (H1 2021: 32,171 GEOs) due to lower gold grades at Gedabek
  - Gold production of 20,906 ounces (H1 2021: 24,247 ounces)
  - Copper production of 1,283 tonnes (H1 2021: 1,333 tonnes)
  - Silver production of 99,499 ounces (H1 2021: 78,980 ounces)
- Gold bullion sales of 11,273 ounces (H1 2021: 19,582 ounces) completed at an average price of \$1,901 per ounce (H1 2021: \$1,776 per ounce)
- Excellent progress made at Zafar towards commencing mining next year
  - Final JORC ore resource published in March 2022
  - Location of portal established and acquisition of the mining fleet underway
  - First new centrifugal flotation cell for zinc production line under test
- Good progress at Vejnaly and Gosha
  - Mine camp now established at Vejnaly and activity ramping up
  - Underground tunnelling towards new Hasan vein at Gosha nearing completion
- FY 2022 production guidance of between 54,000 to 58,000 gold equivalent ounces
  - Production from Hasan and Vejnaly should result in production at the upper end of the guidance range, rather than increasing the upper end of the potential total production

## **Post-period highlights**

- The Company's revised production sharing agreement became law in Azerbaijan, granting the Company three new contract areas
  - The new Garadagh, Xarxar and Demirli contract areas underpin the Company's growth strategy and ambition to become a mid-tier, copper-focused miner
  - A detailed review of the previous exploration and other data for Garadagh and Xarxar is underway and will be published as part of our 3 to 5 year growth strategy
  - New portal constructed at Xarxar and tunnelling commenced immediately
- Share buyback of 100,000 shares bought at an average price of 85.625 pence per share
- Further investment in Libero of \$0.8 million during a fundraise which maintained our shareholding at 19.9 per cent.
- With great sadness and regret the Company announces the first fatality in its history at the Xarxar contract area
  - An external investigation has cleared the Company of any blame for the accident and mining and exploration activities have not been affected by this tragic incident

## **Anglo Asian CEO Reza Vaziri commented:**

*"I am pleased to report these interim results for 2022. The Company produced 28,722 gold equivalent ounces during the period, down slightly versus last year, although this was*

*expected due to lower gold grades at Gedabek. We are pleased to announce our full year production guidance of 54,000 to 58,000 gold equivalent ounces. We are expecting a modest amount of production from Vejnaly and the Hasan vein at Gosha this year so anticipate an outcome at the upper end of the guidance. I am also very pleased to announce an interim dividend of four United States cents per share. For the majority of our shareholders, who are based in the United Kingdom, this will be an increase in their Sterling interim dividend at current exchange rates.*

*“We made significant progress in the development of our portfolio with excellent progress made at Zafar, Vejnaly and Hasan, all of which will enter production in the next 3 to 12 months. This will ease our reliance on production from Gedabek as they are set to produce meaningful quantities of ore next year.*

*“This is an exciting time for Anglo Asian Mining, with the acquisition of our three new contract areas. These will transform our business and are substantial drivers for growth. We are in the process of further developing our growth strategy which I look forward to publishing later in 2022.”*

#### Market Abuse Regulation (MAR) Disclosure

*Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014, which was incorporated into UK law by the European Union (Withdrawal) Act 2018, until the release of this announcement.*

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## **Chairman’s Statement**

Dear Shareholders

I am delighted to present our Interim Results for 2022. Our operations delivered a solid performance in the period, with total production of 28,772 GEOs, in line with our expectations. Production was slightly weaker than last year due to lower gold grades at Gedabek.

Our full year production guidance is now reaffirmed at the upper end of the range between 54,000 to 58,000 gold equivalent ounces and the Company remains in a strong financial position. Accordingly, the board is pleased to declare an interim dividend for 2022 of US 4 cents per ordinary share, reflecting our underlying confidence in the business and its growth prospects.

We have made significant progress in the year despite the adverse environment. We were delighted that our revised production sharing agreement was passed into law in July 2022 with the resulting acquisition of Xarxar, Garadagh and Demirli. This is a major milestone for the Company and now underpins our growth plans. We subsequently acquired the historical geological and other data for Garadagh and Xarxar, which is currently being analysed.

We also made considerable progress with our other mining properties. We have established a mine camp at Vejnaly and mining will commence later this year. The final JORC mineral resource for Zafar was published, mine planning is proceeding at pace and mining will commence next year. Our exploration programme continues to yield results with the announcement of another new discovery in the year, "Hasan", a narrow gold vein accessible from our existing Gosha mine.

We increased our investment in Libero in January 2022 which became an associate company of the Group. Libero is a mineral exploration company that holds a portfolio of exciting porphyry copper deposits throughout the Americas. This is the first international investment the Group has completed and reflects our ambition of mid-tier copper status and to operate beyond Azerbaijan. We have so far been encouraged by the developments across Libero's portfolio and Anglo Asian will provide invaluable expertise in developing their projects.

The Company's Annual General Meeting ("AGM") took place on 23 June 2022, and we were delighted to hold this in-person. The directors were pleased to have the opportunity to meet shareholders again and we look forward to continuing to engage with all stakeholders throughout the rest of the year and into 2023.

We executed share buybacks following approval by shareholders at the Company's recent AGM and General Meeting. We aim to opportunistically buy back shares when we believe they are undervalued by the market. The shares will be held in treasury and be available for resale. This will enable institutional investors to acquire a meaningful investment in the Company. This is currently very difficult in the open market due to the very low liquidity of our shares. To date, 100,000 shares have been acquired at an average price of 85.625 pence.

It is with great sadness and regret that I must announce that the Company experienced its first employee fatality in early July. An employee lost control of a loader he was driving up a hill at Xarxar and was killed in the resulting accident. An external investigation has cleared the Company of any blame for the incident. Anglo Asian remains committed to the upmost

standards of health and safety for all our employees, and we continue to offer our full support to the family of the bereaved to whom we extend our deepest condolences.

Our strategy for the Group remains unchanged. Our near-term focus continues to be increasing production at our currently active contract areas of Gedabek, Gosha and Vejnaly. Longer-term Garadagh, Demirli and Libero have significantly increased our exposure to copper and are key growth drivers. We have made considerable progress with this strategy during the year, and we look forward to advancing this progress in the coming months and years.

I would like to extend my sincere gratitude to all Anglo Asian employees, partners and the Government of Azerbaijan for their continued support in what continue to be challenging times. I also wish to thank our shareholders for their unwavering support of Anglo Asian Mining.

***Khosrow Zamani***

***Non-executive chairman***

***14 September 2022***

## **Chief Executive Officer's Review**

I am pleased to report the results on Anglo Asian's 2022 interim performance. We held cash on 30 June 2022 of \$21.2 million, with revenues of \$31.5 million and profit before taxation of \$5.7 million. I am particularly pleased with the progress across our portfolio of assets during the year with significant exploration and development milestones reached.

### **Operational Review**

Total production during the period was 28,772 gold equivalent ounces, which was a decline compared to 2021, but this was expected, due to lower grades at Gedabek. Our existing mines at Gedabek are currently our main operational assets, but we look forward shortly to bringing additional mines into production to counteract the declining production of these older mines.

In March, we announced the discovery of Hasan at Gosha, a new sub-vertical gold vein discovered by surface drilling towards the south of the main mine. There are significant operational synergies to be realised, as the vein is easily accessible from the existing network of underground tunnels at Gosha. Activity at Vejnaly has also ramped up, with land clearance activities now completed and staff permanently based on site. Production at Hasan and Vejnaly is due to commence before the end of the year and will provide meaningful quantities of ore from 2023.

The final JORC Mineral Resource for Zafar was released during the period, confirming 6.8 million tonnes of mineralisation. This contains 28,000 tonnes of copper, 73,000 ounces of gold and 36,000 tonnes of zinc. Encouragingly, the upper part of the resource has been defined as more massive and continuous, which will result in more efficient and cost-effective operations in the early stages of exploitation. Considerable progress has been made towards starting production at Zafar next year. The location of the mine's portal close to our production facilities has been established and the mining fleet is being acquired. A new flotation line will be built to produce zinc concentrate using centrifugal flotation cells and the first of these new flotation cells is currently under test at Gedabek. We anticipate total capital costs to bring Zafar into production will be approximately \$15 million.

In January 2022, Anglo Asian announced that it had completed its investment in Libero, our first ever investment completed outside of Azerbaijan. Libero holds significant copper deposits across North and South America at the developmental stage. We acquired a 19.8 per cent. interest through a private placing in January and in July, we followed up with a further investment to maintain our holding. In January, Michael Sununu was appointed to Libero's board of directors, and a technical committee was established. Farhang Hedjazi was appointed to the technical committee and visited Libero's properties in Argentina and Colombia.

In July, Anglo Asian was delighted to receive parliamentary ratification for its three new contract areas. This ratification is a testament to our strong, ongoing relationship with the Government of Azerbaijan. These assets are transformational for the Company and underpin our strategy to transition into a copper-focused miner with mid-tier production status. Having recently acquired geological and other data for Garadagh and Xarxar, an assessment is now underway to determine how best to develop these assets. Once complete, this will form a key component of our growth strategy. Xarxar already has an existing portal and exploration tunnel developed during the Soviet period. Part of the old tunnel has collapsed near the portal, and so Company has opened a new portal and is developing a parallel tunnel to access the rest of the original tunnel to the deposit.

## **Financial Review**

Anglo Asian performed in keeping with expectations with a half-year revenue of \$31.5 million, down from \$43.5 million in 2021. This includes \$21.7 million generated from sales of gold and silver bullion versus \$35.0 million in 2021. Both these decreases were expected, given the previously indicated decreasing rate of production at the existing mines at Gedabek and the higher inventory at 30 June 2022.

Free cash flow from operations was an outflow of \$13.2 million compared to \$0.4 million in H1 2021 due to an increase in inventories of \$12.1 million arising primarily from an increase in unsold gold to 7,167 ounces.

The Group managed costs satisfactory during the period, amid a challenging macro-economic backdrop. We were subject to higher input costs such as energy, reagent and consumables

due to cost inflation and the indirect impact of the Russian invasion of Ukraine. However, decreased use of reagents and in particular cyanide, resulted in our costs being broadly flat. Due to the lower gold production, our all-in sustaining cost of gold production increased in H1 2022 to \$983 per ounce compared to \$848 in H1 2021.

Our balance sheet remains strong, with cash of \$21.2 million at period end. This leaves us well positioned to pursue our growth strategy and any potential investment opportunities that we deem attractive, as well as maintain our dividend.

The board are pleased to recommend an interim dividend of US 4 cents per ordinary share payable to shareholders on the register at the record date of 30 September 2022. This dividend modestly increases our dividend pay-out in Sterling at current exchange rates for our shareholders, the majority of who are based in the United Kingdom.

### **Environmental, social and governance (“ESG”)**

Anglo Asian is in the process of completing an ESG review, ascertaining the priorities of our stakeholders for the Company so we can ensure that these are fully included. This forms part of our strong commitment to ESG and delivering these for our shareholders, endeavoring to achieve relevant best-in-class standards and ensure we always maintain our social license to operate.

### **Outlook**

We will continue our strategy of focusing on organic growth opportunities to maintain and increase our production in the near future. Longer-term, our planning has now started to exploit our new contract areas. We will continue to prioritise maintaining attractive returns for shareholders and are proud of our position as one of AIM’s reliable dividend payers.

***Reza Vaziri***

***President and chief executive***

***14 September 2022***

### **Dividend**

An interim dividend, in respect of the year ending 31 December 2022, of US 4 cents per ordinary share will be paid gross on 3 November 2022 to shareholders that are on the shareholders record at the record date of 30 September 2022. The shares will go ex-dividend on 29 September 2022. All dividends will be paid in cash and a scrip dividend or other dividend reinvestment plan will not be offered by the Company.

The dividend will be payable in pounds sterling. The dividend will be converted to pounds sterling using the average of the sterling closing mid-price using the exchange rate published by the Bank of England at 16:00 BST each day from the 3 to 7 October 2022.

## **Corporate Governance**

A statement of the Company's compliance with the ten principles of corporate governance in the Quoted Companies Alliance Corporate Governance Code ('QCA Code') can be found on the Company's website at [http://www.angloasianmining.com/media/pdf/CORPORATE\\_GOVERNANCE.pdf](http://www.angloasianmining.com/media/pdf/CORPORATE_GOVERNANCE.pdf)

## **Competent Person Statement**

The information in the announcement that relates to exploration results, minerals resources and ore reserves is based on information compiled by Dr Stephen Westhead, who is a full time employee of Anglo Asian Mining with the position of Vice President, who is a Fellow of The Geological Society of London, a Chartered Geologist, Fellow of the Society of Economic Geologists, Fellow of The Institute of Materials, Minerals and Mining and a Member of the Institute of Directors.

Stephen Westhead has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'; who is a Member or Fellow of a 'Recognised Professional Organisation' (RPO) included in a list that is posted on the ASX website from time to time (Chartered Geologist and Fellow of the Geological Society and Fellow of the Institute of Material, Minerals and Mining).

Stephen Westhead has sufficient experience, relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking, to qualify as a "competent person" as defined by the AIM rules.

Stephen Westhead has reviewed the resources and reserves included in this announcement and consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

## **Strategic report**

### **Principal activities**

Anglo Asian Mining PLC (the "Company"), together with its subsidiaries (the "Group"), owns and operates gold, silver and copper producing properties in the Republic of Azerbaijan ("Azerbaijan"). It also owns multiple exploration and development stage gold and copper deposits in Azerbaijan.

In January 2022, the Group completed its first investment outside of Azerbaijan, acquiring 19.8 per cent. of Libero Copper & Gold Corporation ("Libero"), which is listed on the TSX Venture Exchange in Toronto. Libero owns several significant copper exploration properties



in North and South America, including Mocoa in Colombia, one of the world's largest undeveloped copper-molybdenum resources.

### **Mining concessions in Azerbaijan**

The Group's mining concessions in Azerbaijan are held under a Production Sharing Agreement with the Government of Azerbaijan ("PSA") dated 20 August 1997. Amendments to the PSA granting the Group three new mining concessions became law in Azerbaijan on 5 July 2022.

The Group's mining concessions are called "Contract Areas" and the original PSA in 1997 granted the Group six Contract Areas. The amended PSA on 5 July 2022 granted the Group three additional Contract Areas (Garadagh, Xarxar and Demirli). In return for the new Contract Areas, the Group relinquished access to the Soutely Contract Area.

The Group now has eight Contract Areas covering a total of 2,544 square kilometres in western Azerbaijan:

- **Gedabek.** The location of the Group's primary gold, silver and copper open pit mine and the Gadir and Gedabek underground mines. The Group's processing facilities are also located at Gedabek.
- **Gosha.** Located approximately 50 kilometres from Gedabek and hosts a narrow vein gold and silver mine.
- **Ordubad.** An early-stage gold and copper exploration project located in the Nakhchivan exclave.
- **Garadagh.** Located to the north of Gedabek and hosts the Garadagh deposit which contains 168,000 and 150,700 tonnes of copper in Soviet resource classifications C1 and C2, respectively, totalling 318,700 tonnes of copper.
- **Xarxar.** Adjacent to Garadagh and shows significant potential as it is likely part of the same mineral system.
- **Kyzlbulag.** Situated in Karabakh. Hosts the Demirli deposit, a copper/molybdenum mine and a processing plant.
- **Demirli.** Adjacent to the Kyzlbulag Contract Area and expands this Contract Area to the north-east.
- **Vejnaly.** Situated in the Zangilan district of Azerbaijan and hosts the Vejnaly deposit.

There is currently no access to the Kyzlbulag and Demirli contract areas in Karabakh and the PSA will only commence in respect of these two contract areas upon notification by the Government of Azerbaijan to the Company of the cessation of all hostilities and that it is safe to access the district.

### **Overview of H1 2022**

The Company's strategy is to transition into a mid-tier copper-focused producer, which will be achieved through progressing its significant development and exploration assets, with the

aim to create considerable shareholder value. This will favourably position Anglo Asian for the upcoming electrification and decarbonization era.

In January 2022, the Group announced the acquisition of the remaining 10 per cent. of its investment in Libero, taking it to 19.8 per cent. Michael Sununu was appointed to Libero's Board of Directors and a technical committee was established to which Farhang Hedjazi was appointed as Anglo Asian's representative. In July 2022, Anglo Asian announced a follow-on investment in Libero via another private placement, to slightly increase its shareholding to 19.9 per cent. This was part of a fundraising by Libero to develop its Big Red porphyry copper project in British Columbia.

In March 2022, the Group announced the discovery of a significant new sub-vertical gold vein, "Hasan", at Gosha. Mining is planned to commence at Hasan in Q4 2022. Also in March 2022, the final Mineral Resource estimate for the Zafar deposit was released. Planning for the new Zafar mine continued at pace throughout H1 2022.

Activity was steadily increased at Vejnaly throughout H1 2022 following access being obtained in late 2021. A camp has been established and staff are now permanently located at Vejnaly, where mining operations are planned to commence, also in Q4 2022.

### **Production target for FY 2022**

The Group has a production target for the year to 31 December 2022 of 40,000 ounces to 43,000 ounces of gold and 2,400 tonnes to 2,500 tonnes of copper. The total production target for the year to 31 December 2022 expressed as gold equivalent ounces ("GEOs") is between 54,000 GEOs and 58,000 GEOs, compared to total production for the year to 31 December 2021 of 64,610 GEOs. The decrease in production is due to declining ore grades at the Gedabek mine. Silver and copper production were converted into GEOs using the following budget metal prices:

Metal	Unit	Price of metal		Gold equivalent ounces of metal	
		Actual 31 December 2021 \$	Budget 2022 \$	Actual 31 December 2021 Ounces	Budget 2022 Ounces
Gold	per ounce	1,790.43	1,750.00	1.000	1.000
Silver	per ounce	22.53	23.00	0.013	0.013
Copper	per tonne	9,692.00	9,300.00	5.413	5.314

## **Gedabek**

### ***Introduction***

The Gedabek mining operation is located in a 300 square kilometre Contract Area in the Lesser Caucasus mountains in western Azerbaijan on the Tethyan Tectonic Belt, one of the world's most significant copper and gold-bearing geological structures. Gedabek is the location of the

Group's Gedabek open pit mine, the Gadir and Gedabek underground mines, the Zafar deposit and the Company's processing facilities.

Gold production at Gedabek commenced in September 2009. Ore was initially mined from an open pit, with underground mining commencing in 2015 when the Gadir mine was opened. In 2020, underground mining commenced beneath the main open pit (the "Gedabek underground mine"). The Gedabek and Gadir underground mines have now been connected to form one continuous underground system of tunnels.

Initial gold production was by heap leaching, with copper production beginning in 2010 when the Sulphidisation, Acidification, Recycling and Thickening ("SART") plant was commissioned. The Group's agitation leaching plant commenced production in 2013 and its flotation plant in 2015. From the start of production in 2009 to 30 June 2022, approximately 765 thousand ounces of gold and 17.6 thousand tonnes of copper have been produced at Gedabek.

### ***Mineral resources and ore reserves***

Key to the future development of the Company is our knowledge of the mineral resources within the Company's Contract Areas. The Group's most recent mineral resources and ore reserves estimates for the Gedabek open pit and Gadir underground mine were published on 2 November 2020. A final mineral resources statement for the Zafar deposit was published on 21 March 2022. A summary of these estimates as of 30 June 2020 are given in Tables 1 to 4 below (amounts are in-situ before recovery).

Table 1 shows the Gedabek open pit mineral resources estimate and Table 2 shows the Gedabek open pit ore reserves estimate. Table 3 shows the Gadir underground mine mineral resources estimate and Table 4 shows the Gadir underground mine ore reserves estimate. Table 5 shows the final Zafar mineral resources estimate at 30 November 2021. Table 6 shows the Soviet Resource for the Vejnyal deposit.

**Table 1 – Gedabek open pit mineral resources estimate at 30 June 2020**

<b>MINERAL RESOURCES (cut-off grade of 0.2 g/t gold)</b>									
<b>Mineral Resources</b>	<b>Tonnage (Mt)</b>	<b>In-situ grades</b>				<b>Contained metal</b>			
		<b>Gold grade (g/t)</b>	<b>Copper grade (%)</b>	<b>Silver grade (g/t)</b>	<b>Zinc grade (%)</b>	<b>Gold (koz)</b>	<b>Copper (kt)</b>	<b>Silver (koz)</b>	<b>Zinc (kt)</b>
Measured	15.8	0.66	0.12	2.58	0.24	335	19.0	1,311	37.9
Indicated	12.0	0.56	0.12	2.31	0.16	216	14.4	891	19.2
<b>Measured and Indicated</b>	<b>27.8</b>	<b>0.62</b>	<b>0.12</b>	<b>2.46</b>	<b>0.21</b>	<b>551</b>	<b>33.4</b>	<b>2,202</b>	<b>57.1</b>
Inferred	13.0	0.44	0.06	0.61	0.15	184	7.8	255	19.5
<b>TOTAL</b>	<b>40.8</b>	<b>0.56</b>	<b>0.10</b>	<b>1.87</b>	<b>0.19</b>	<b>735</b>	<b>41.2</b>	<b>2,457</b>	<b>76.6</b>

*Some of the totals above may not add due to rounding*

**ADDITIONAL MINERAL RESOURCES (additional to gold mineral resource)**  
**(gold cut-off < 0.2 g/t and copper > 0.3 %)**

	<b>Gold</b>		<b>Copper</b>		<b>Silver</b>		<b>Zinc</b>		<b>Contained metal</b>			
	<b>Tonnage (Mt)</b>	<b>Gold grade (g/t)</b>	<b>Tonnage (Mt)</b>	<b>Copper grade (%)</b>	<b>Tonnage (Mt)</b>	<b>Silver grade (g/t)</b>	<b>Tonnage (Mt)</b>	<b>Zinc grade (%)</b>	<b>Gold (koz)</b>	<b>Copper (kt)</b>	<b>Silver (koz)</b>	<b>Zinc (kt)</b>
Measured	-	-	2.15	0.43	0.08	16.4	1.86	0.53	-	9.2	42	9.9
Indicated	-	-	2.13	0.34	0.28	13.9	2.03	0.51	-	7.2	125	10.4
<b>Measured and Indicated</b>	<b>-</b>	<b>-</b>	<b>4.28</b>	<b>0.39</b>	<b>0.36</b>	<b>14.5</b>	<b>3.89</b>	<b>0.52</b>	<b>-</b>	<b>16.5</b>	<b>167</b>	<b>20.2</b>
Inferred	-	-	2.85	0.40	0.15	19.4	7.04	0.54	-	11.4	94	38.0
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>7.10</b>	<b>0.39</b>	<b>0.51</b>	<b>15.9</b>	<b>10.9</b>	<b>0.50</b>	<b>-</b>	<b>27.9</b>	<b>261</b>	<b>58.2</b>

*Some of the totals above may not add due to rounding*

Mineral resource classifications are based on the gold estimation confidence. Copper, silver, and zinc are reported within these classifications.

<b>Stockpiles included in Measured Resources and Ore Reserves</b>							
<b>Measured Mineral Resources</b>	<b>Tonnage (Mt)</b>	<b>Stockpile grades</b>			<b>Contained metal</b>		
		<b>Gold grade (g/t)</b>	<b>Copper grade (%)</b>	<b>Silver grade (g/t)</b>	<b>Gold (koz)</b>	<b>Copper (kt)</b>	<b>Silver (koz)</b>
Agitation leach	0.02	1.87	0.24	17.79	1	-	10
Flotation	0.14	0.90	0.53	11.71	4	0.7	53
Heap leach (crushed)	0.06	0.81	0.11	7.71	2	0.1	16
Heap leach (ROM)	0.61	0.73	0.21	10.23	14	4.3	201
<b>Stockpile Mineral Resources</b>	<b>0.83</b>	<b>0.79</b>	<b>0.26</b>	<b>10.44</b>	<b>21</b>	<b>2.2</b>	<b>279</b>

*Some of the totals above may not add due to rounding*

**Table 2 - Gedabek open pit ore reserves estimate at 30 June 2020**

	<b>Tonnage (Mt)</b>	<b>In-situ grades</b>			<b>Contained metal</b>		
		<b>Gold grade (g/t)</b>	<b>Copper grade (%)</b>	<b>Silver grade (g/t)</b>	<b>Gold (koz)</b>	<b>Copper (kt)</b>	<b>Silver (koz)</b>
Proven	8.07	0.72	0.19	3.48	187	15.3	902
Probable	3.65	0.64	0.23	4.87	75	8.5	572
<b>In-situ ore reserves</b>	<b>11.72</b>	<b>0.70</b>	<b>0.20</b>	<b>3.91</b>	<b>263</b>	<b>24</b>	<b>1,474</b>
		<b>Stockpile grades</b>					
Agitation leach	0.02	1.87	0.24	17.79	1	-	10
Flotation	0.14	0.90	0.53	11.71	4	0.7	53
Heap leach (crushed)	0.06	0.81	0.11	7.71	2	0.1	16
Heap leach (ROM)	0.61	0.73	0.21	10.23	14	4.3	201
<b>Stockpile ore reserves</b>	<b>0.83</b>	<b>0.79</b>	<b>0.26</b>	<b>10.44</b>	<b>21</b>	<b>2.2</b>	<b>279</b>
<b>TOTAL ORE RESERVES</b>	<b>12.55</b>	<b>0.70</b>	<b>0.21</b>	<b>4.34</b>	<b>284</b>	<b>26.0</b>	<b>1,754</b>

*Some of the totals above may not add due to rounding*

Proved and probable ore reserves estimate is based on that portion of the measured and indicated mineral resources of the deposit within the scheduled mine designs that may be economically extracted, considering all "Modifying Factors" in accordance with the JORC (2012) Code.

**Table 3 - Gadir underground mine mineral resources estimate at 30 September 2020**

MINERAL RESOURCES (cut-off grade of 0.5 g/t gold)									
Mineral Resources	Tonnage (kt)	In-situ grades				Contained Metal			
		Gold grade (g/t)	Copper grade (%)	Silver grade (g/t)	Zinc grade (%)	Gold (koz)	Copper (t)	Silver (koz)	Zinc (t)
Measured	2,035	2.47	0.09	4.69	0.61	162	1,831	307	12,407
Indicated	966	1.59	0.02	0.63	0.33	49	193	20	3,188
<b>Measured and Indicated</b>	<b>3,001</b>	<b>2.19</b>	<b>0.07</b>	<b>3.40</b>	<b>0.52</b>	<b>211</b>	<b>2,024</b>	<b>326</b>	<b>15,595</b>
Inferred	1,594	1.10	0.01	0.03	0.10	56	159	2	1,594
<b>TOTAL</b>	<b>4,595</b>	<b>1.81</b>	<b>0.05</b>	<b>2.22</b>	<b>0.37</b>	<b>267</b>	<b>2,183</b>	<b>328</b>	<b>17,189</b>

*Some of the totals above may not add due to rounding*

**Table 4 - Gadir underground mine ore reserves estimate at 30 September 2020**

	Tonnage (Mt)	In-situ grades			Contained metal		
		Gold grade (g/t)	Copper grade (%)	Silver grade (g/t)	Gold (koz)	Copper (t)	Silver (koz)
Proven	0.47	2.32	0.04	3.38	35	173	51
Probable	0.19	2.20	0.01	0.74	14	18	5
<b>TOTAL ORE RESERVE</b>	<b>0.66</b>	<b>2.28</b>	<b>0.03</b>	<b>2.60</b>	<b>49</b>	<b>191</b>	<b>56</b>

*Some of the totals in the above table do not sum due to rounding*

The above proved and probable ore reserves estimate is based on that portion of the measured and indicated mineral resource of the deposit within the scheduled mine designs that may be economically extracted, considering all "Modifying Factors" in accordance with the JORC (2012) Code. Zinc was not estimated as part of this reserve as it is under study at resource level currently.

**Table 5 – Zafar mineral resources estimate at 30 November 2021**

**Copper > 0.3 per cent. copper equivalent**

	Tonnage (Mt)	In-situ grades			Contained metal		
		Copper (%)	Gold (g/t)	Zinc (%)	Copper (kt)	Gold (kots)	Zinc (kt)
Measured and indicated	5.5	0.5	0.4	0.6	25	64	32
Inferred	1.3	0.2	0.2	0.3	3	9	3
<b>Total</b>	<b>6.8</b>	<b>0.5</b>	<b>0.4</b>	<b>0.6</b>	<b>28</b>	<b>73</b>	<b>36</b>

*Note that all tonnages reported are dry metric tonnes. Totals may not add due to rounding.*

**Table 6 – Soviet resource of the Vejnaly deposit**

		Metal content		
	<i>Units</i>	<i>Category C1</i>	<i>Category C2</i>	<i>Total C1 and C2</i>
Ore	tonnes	181,032	168,372	349,404
Gold content	kilograms	2,148.5	2,264.2	4,412.7
Silver content	kilograms	6,108.9	4,645.2	10,754.1
Copper content	tonnes	1,593.6	1,348.8	2,942.4

***Previously heap leached ore***

Gold production at Gedabek from 2009 to 2013 was by heap leaching crushed ore until the start-up of the agitation leaching plant in 2013. The heaps remain in-situ and given the high grade of ore processed prior to the commencement of agitation leaching, and the lower recovery rates, much of the previously heap leached ore contains significant amounts of gold. This is now being processed by agitation leaching. Table 7 shows the amount of previously heap leached ore processed in H1 2022.

**Table 7 – Amount of previously heap leached ore processed in H1 2022**

	In-situ material (t)	Average gold grade (g/t)
Total: 1 January 2022	1,586,313	1.36
Processed in H1 2022	(132,523)	1.27
<b>Total: 30 June 2022</b>	<b>1,453,790</b>	<b>1.37</b>

***Mining operations***

The principal mining operation at the Gedabek contract area is conventional open-cast mining using trucks and shovels from the Gedabek open pit (which comprises several contiguous smaller open pits).

Ore is also mined from the Gadir and Gedabek underground mines. Table 8 shows the ore mined in the year ended 31 December 2021 and the 6 months ended 30 June 2022 from all the Company's mines. There was no mining at Gosha during these eighteen months.

**Table 8 – Ore mined at Gedabek from all mines (including Gosha) for the year ended 31 December 2021 and the six months to 30 June 2022**

	12 months to 31 December 2021	3 months to 31 March 2022	3 months to 30 June 2022
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Mine	Ore mined (tonnes)	Average gold grade (g/t)	Ore mined (tonnes)	Average gold grade (g/t)	Ore mined (tonnes)	Average gold grade (g/t)
Open pit	1,815,857	0.74	469,500	0.52	441,041	0.47
Gadir - u/g	115,943	1.91	30,712	1.44	36,295	1.43
Gedabek - u/g	248,792	1.42	77,937	1.60	111,827	1.25
<b>Total</b>	<b>2,180,592</b>	<b>0.80</b>	<b>578,149</b>	<b>0.71</b>	<b>589,163</b>	<b>0.68</b>

### ***Processing operations***

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

Gold doré is produced by cyanide leaching. Initial processing is to leach (i.e. dissolve) the precious metal (and some copper) in cyanide solutions. This is done by various methods:

- 1 Heap leaching of crushed ore.** Crushed ore is heaped into permeable “pads” onto which is sprayed a solution of cyanide. The solution dissolves the metals as it percolates through the ore by gravity and it is then collected by the impervious base under the pad.
- 2 Heap leaching of run of mine (“ROM”) ore.** The process is similar to heap leaching for crushed ore, except the ore is not crushed, instead it is heaped into pads as received from the mine (ROM) without further treatment or crushing. This process is used for very low-grade ores.
- 3 Agitation leaching.** Ore is crushed and then milled in a grinding circuit. The finely ground ore is placed in stirred (agitation) tanks containing cyanide solution and the contained metal is dissolved in the solution. Any coarse, free gold is separated using a centrifugal-type Knelson concentrator.

Slurries produced by the above processes with dissolved metal in solution are then transferred to a resin-in-pulp (“RIP”) plant. This plant selectively absorbs then de-absorbs the gold and silver. The gold and silver dissolved in the concentrated solution, which is produced by the RIP plant, is recovered by electrolysis and then smelted to produce the doré metal, comprising an alloy of mostly gold and silver.

Copper and precious metal concentrates are produced by two processes, SART processing and flotation.

- 1 Sulphidisation, Acidification, Recycling and Thickening (“SART”).** The cyanide solution after gold absorption by resin-in-pulp processing is transferred to the SART plant. The pH of the solution is then changed by the addition of reagents which precipitates the copper

and any remaining silver from the solution. The process also recovers cyanide from the solution, which is recycled back to leaching.

- 2 Flotation.** Flotation is carried out in a separate flotation plant. Ground ore is mixed with water to produce a slurry called “pulp” and other reagents are then added. This pulp is processed in flotation cells (tanks), where the pulp is stirred and air introduced as small bubbles. The sulphide mineral particles attach to the air bubbles and float to the surface where they form a froth which is collected. This froth is dewatered to form a mineral concentrate containing copper, gold and silver.

Table 9 summarises the ore processed by leaching at Gedabek for the year ended 31 December 2021 and 6 months ended 30 June 2022

**Table 9 – Ore and its gold grade processed by leaching at Gedabek for the year ended 31 December 2021 and the six months ended 30 June 2022**

Quarter ended	Ore processed			Gold grade of ore processed		
	Heap leach pad crushed ore (tonnes)	Heap leach pad ROM ore (tonnes)	Agitation leaching plant* (tonnes)	Heap leach pad crushed ore (g/t)	Heap leach pad ROM ore (g/t)	Agitation leaching plant* (g/t)
31 March 2021	110,612	258,097	154,373	0.90	0.61	1.92
30 June 2021	154,619	177,369	164,288	0.81	0.59	1.64
30 September 2021	154,112	194,816	171,029	0.79	0.51	1.65
31 December 2021	113,623	309,374	151,701	0.68	0.49	1.53
<b>FY 2021</b>	<b>532,966</b>	<b>939,656</b>	<b>641,391</b>	<b>0.80</b>	<b>0.54</b>	<b>1.68</b>
31 March 2022	115,173	273,577	144,275	0.75	0.48	1.63
30 June 2022	82,814	299,168	162,239	0.78	0.53	1.4
<b>H1 2022</b>	<b>197,987</b>	<b>572,745</b>	<b>306,514</b>	<b>0.76</b>	<b>0.51</b>	<b>1.48</b>

*\* includes previously heap leached ore.*

Table 10 summarises ore processed by flotation for the year ended 31 December 2021 and 6 months ended 30 June 2022.

**Table 10 – Ore and its gold, silver and copper content processed by flotation for the year ended 31 December 2021 and the six months ended 30 June 2022**

Quarter ended	Ore processed (tonnes)	Gold content (ounces)	Silver content (ounces)	Copper content (tonnes)
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31 March 2021	111,060	920	15,782	652
30 June 2021	116,910	1,251	23,870	596
30 September 2021	121,283	1,231	19,939	519
31 December 2021	129,384	1,856	28,480	762
<b>FY 2021</b>	<b>478,637</b>	<b>5,258</b>	<b>88,071</b>	<b>2,529</b>
31 March 2022	104,475	1,921	33,522	577
30 June 2022	114,099	1,293	24,209	745
<b>H1 2022</b>	<b>218,574</b>	<b>3,214</b>	<b>57,731</b>	<b>1,322</b>

### ***Production and sales***

For the 6 months ended 30 June 2022, gold production totalled 20,906 ounces, which was a decrease of 3,331 ounces in comparison to the production of 24,247 ounces for the 6 months ended 30 June 2021.

Table 11 summarises the gold and silver bullion produced from doré bars and sales of gold bullion for the year ended 31 December 2021 and 6 months ended 30 June 2022.

**Table 11 – Gold and silver bullion produced from doré bars and sales of gold bullion for the year ended 31 December 2021 and 6 months ended 30 June 2022**

Quarter ended	Gold produced* (ounces)	Silver produced* (ounces)	Gold sales** (ounces)	Gold Sales price (\$/ounce)
31 March 2021	11,541	4,916	5,635	1,697
30 June 2021	11,789	5,921	13,947	1,808
<b>H1 2021</b>	<b>23,330</b>	<b>10,837</b>	<b>19,582</b>	<b>1,776</b>
30 September 2021	12,314	5,473	6,828	1,815
31 December 2021	10,561	5,430	13,153	1,825
<b>H2 2021</b>	<b>22,875</b>	<b>10,903</b>	<b>19,981</b>	<b>1,821</b>
<b>FY 2021</b>	<b>46,205</b>	<b>21,740</b>	<b>39,563</b>	<b>1,799</b>
31 March 2022	8,963	7,574	7,519	1,904
30 June 2022	10,137	7,620	3,754	1,895
<b>H1 2022</b>	<b>19,100</b>	<b>15,194</b>	<b>11,273</b>	<b>1,901</b>

#### ***Note***

**\* including Government of Azerbaijan's share**

**\*\* excluding Government of Azerbaijan's share**

Table 12 summarises the total copper, gold and silver produced as concentrate by both SART and flotation processing for the year ended 31 December 2021 and 6 months ended 30 June 2022.

**Table 12 – Total copper, gold and silver produced as concentrate by both SART and flotation processing for the year ended 31 December 2021 and 6 months ended 30 June 2022**

	<b>Concentrate production* (dmt)</b>	<b>Copper content* (tonnes)</b>	<b>Gold content* (ounces)</b>	<b>Silver content* (ounces)</b>
<b>2021</b>				
<b>Quarter ended 31 March</b>				
SART processing	473	276	13	19,850
Flotation	2,375	362	353	10,599
<b>Total</b>	<b>2,848</b>	<b>638</b>	<b>366</b>	<b>30,449</b>
<b>Quarter ended 30 June</b>				
SART processing	512	301	12	22,428
Flotation	2,652	394	539	15,216
<b>Total</b>	<b>3,164</b>	<b>695</b>	<b>551</b>	<b>37,644</b>
<b>Quarter ended 30 September</b>				
SART processing	503	265	13	19,526
Flotation	2,600	308	517	11,913
<b>Total</b>	<b>3,103</b>	<b>573</b>	<b>530</b>	<b>31,439</b>
<b>Quarter ended 31 December</b>				
SART processing	338	193	16	16,414
Flotation	3,584	550	1,012	16,829
<b>Total</b>	<b>3,922</b>	<b>743</b>	<b>1,028</b>	<b>33,243</b>
<b>2022</b>				
<b>Quarter ended 31 March</b>				
SART processing	330	188	12	25,108
Flotation	2,586	380	1,065	18,007
<b>Total</b>	<b>2,916</b>	<b>568</b>	<b>1,077</b>	<b>43,115</b>
<b>Quarter ended 30 June</b>				
SART processing	316	168	14	25,548
Flotation	3,811	547	715	15,642
<b>Total</b>	<b>4,127</b>	<b>715</b>	<b>729</b>	<b>41,190</b>

**Note**

*\* including Government of Azerbaijan's share.*

Table 12 summarises the total copper concentrate (including gold and silver) production and sales from both SART and flotation processing for the year ended 31 December 2021 and 6 months ended 30 June 2022.

**Table 12 – Total copper concentrate (including gold and silver) production and sales from both SART and flotation processing for the year ended 31 December 2021 and six months ended 30 June 2022**

Quarter ended	Concentrate production* (dmt)	Copper content* (tonnes)	Gold content* (ounces)	Silver content* (ounces)	Concentrate sales** (dmt)	Concentrate sales** (\$000)
31 March 2021	2,848	638	366	30,499	-	-
30 June 2021	3,164	695	551	37,644	3,467	9,066
<b>H1 2021</b>	<b>6,012</b>	<b>1,333</b>	<b>917</b>	<b>68,143</b>	<b>3,467</b>	<b>9,066</b>
30 September 2021	3,103	573	530	31,439	3,549	5,712
31 December 2021	3,922	743	1,028	33,243	4,132	8,941
<b>H2 2021</b>	<b>7,025</b>	<b>1,316</b>	<b>1,558</b>	<b>64,682</b>	<b>7,681</b>	<b>14,653</b>
<b>FY 2021</b>	<b>13,037</b>	<b>2,649</b>	<b>2,475</b>	<b>132,825</b>	<b>11,148</b>	<b>23,719</b>
31 March 2022	2,916	568	1,077	43,115	1,477	3,248
30 June 2022	4,127	715	729	41,190	4,642	8,127
<b>H2 2022</b>	<b>7,043</b>	<b>1,283</b>	<b>1,806</b>	<b>84,305</b>	<b>6,119</b>	<b>11,375</b>

\* including Government of Azerbaijan's share

\*\* excludes Government of Azerbaijan's share

### ***Infrastructure***

The Gedabek Contract Area benefits from excellent infrastructure and access. The site is located at the town of Gedabek, which is connected by good metalled roads to the regional capital of Ganja. Baku, the capital of Azerbaijan, is to the south and the country's border with Georgia to the north, are each approximately a four to five hour drive over good quality roads. The site is connected to the Azeri national power grid.

### ***Water management***

The Gedabek site has its own water treatment plant which was constructed in 2017 and which uses the latest reverse osmosis technology. In the last few years, Gedabek town has experienced water shortages in the summer and this plant reduces to the absolute minimum the consumption of fresh water required by the Company. Wastewater evaporation equipment is also deployed in the tailings dam.

### ***Tailings (waste) storage***

Tailings are stored in a purpose-built dam approximately seven kilometres from the Group's processing facilities, topographically at a lower level than the processing plant, thus allowing gravity assistance of tailings flow in the slurry pipeline. Immediately downstream of the

tailings dam is a reed bed biological treatment system to purify any seepage from the dam before being discharged safely into the nearby Shamkir river.

The wall of the tailings dam was raised by seven metres in 2020 increasing the capacity of the tailings dam to 6.0 million cubic metres. The dam has now been reconfigured and has sufficient capacity for tailings to approximately the end of 2023. There are two pipelines from the Company's processing facilities to the tailings dam to increase capacity and provide redundancy.

A site has been identified for a new tailings dam in the close vicinity of the existing dam and final permissions are being obtained for the land use. The necessary investigations to determine the competency of the bedrock at the proposed site have been successfully completed. The process of designing the new dam and planning to transition to using it are currently underway.

### **Gosha**

The Gosha Contract Area is 300 square kilometres in size and is situated in western Azerbaijan, 50 kilometres north-west of Gedabek. Gosha is the location of a high grade, underground gold mine. Ore mined at Gosha is transported by road to Gedabek for processing. No mining was carried out in the Gosha mine in the 6 months ended 30 June 2022.

Geological field work in 2021 resulted in the discovery of a new sub-vertical high gold grade mineralised vein ("Hasan") immediately south of the existing Gosha mine. The new gold vein can be accessed via a short tunnel from the existing tunnelling at Gosha. During H1 2022, geological sampling was carried out in the mine and preparations made for the tunnelling towards the Hasan vein. Production of Hasan is expected to commence in Q4 2022.

### **Ordubad**

The 462 square kilometre Ordubad Contract Area is located in Nakhchivan, south-west Azerbaijan, and contains numerous targets. The Company carried out only very limited geological exploration work at Ordubad in H1 2022 as normal access to the site could not be obtained due to the COVID-19 pandemic.

### **Garadagh and Xarxar**

Garadagh and Xarxar are situated 4.0 and 1.5 kilometres respectively from the northern boundary of the Gedabek Contract Area. They are easily accessible, being situated alongside the main road from Gedabek to Shamkir. These two Contract Areas infill the territory between Gedabek and Gosha to create a contiguous territory totalling 1,408 square kilometres. The territory includes areas to the north, north-east and west of the current Gedabek Contract Area.

Legal ownership of the two Contract Areas was finally granted in July 2022. Previously, extensive geological exploration and other investigations had been carried out at both sites by their former owners. Subsequent to 30 June 2022, all of the geological data and associated other documents and reports resulting from the geological exploration were acquired by the Company. This included extensive geochemistry and geophysical data including 3D geological models plus assays of core drilling. The physical core samples were also handed over to the Company. In addition, extensive further work had been carried out, including: the preparation of metallurgical flowsheets; environmental and social studies and preparatory mine plans and open pit designs based on a preliminary mineral resource estimation. All of this further work was included in the acquired package of documentation.

Xarxar has an existing portal and exploration tunnel developed during the Soviet era. Part of the tunnel has collapsed, and the Company has recently opened a new portal and is developing a parallel tunnel to access the original tunnel and the deposit.

The Avshancli and Gilar discoveries are situated close to the northern boundary of the Gedabek Contract Area. Geological exploration of Avshancli and Gilar indicates that these discoveries trend to the north towards Xarxar. The extension of the Contract Area to the north will therefore enable these discoveries to be fully incorporated into the Company's expansion plans. The Gilar, Xarxar and Garadagh deposits are all situated in close proximity, within a ten square kilometre area. This will provide operational synergies and facilitate coordinated development.

No work was carried out at Garadagh and Xarxar in H1 2022 as the Company only acquired the Contract Areas in July 2022.

### **Kyzlbulag and Demirli**

The Kyzlbulag Contract Area in the Karabakh economic region contains several mines and has excellent exploration potential, as indicated by the presence of many mineral occurrences and known targets in the region. There are indications that up to 35,000 ounces of gold per year were extracted from the Kyzlbulag copper-gold mine before the mine was closed several years ago, indicating the likely presence of a significant gold mineralising system.

The new Demirli Contract Area contains the Demirli mining property. It is 74 square kilometres and extends the Kyzlbulag Contract Area by about 10 kilometres to the north-east.

Russian peacekeepers are currently present in the region, but the Government of Azerbaijan will take all reasonable measures to ensure that the Company has access to the region to undertake mineral exploration and exploitation.

No work was carried out at Kyzlbulag or Demirli in H1 2022 as the Company had no access to the Kyzlbulag Contract Area in the period and the rights to the Demirli Contract Area were only acquired in July 2022.

### **Vejnaly**

The Vajnaly contract area is 300 square kilometres in size and is located close to the Iranian border in the Zangilan region in south-west Azerbaijan. The Contract Area was acquired as part of the original PSA in 1997,+ but access was only obtained in late 2021 as the region was previously occupied by Armenia. It contains the Vajnaly deposit which has been operated illegally during the time the Company could not access the Contract Area. There is an existing open pit and underground mine and processing plant.

During H1 2022, the Company ramped up its operations at Vajnaly. A camp facility for 24 people has been established and surface access roads have been widened and cleaned. Around 10 people are currently living on-site. The existing laboratory at the camp has been refurbished and equipment has been ordered. Warehouse facilities to store explosives have been constructed and a permit obtained for their use. A new low loader for the underground mine has been purchased and will shortly arrive at Vajnaly. Mine planning is underway with mining and surface drilling planned to commence in Q4 2022.

The ownership of the physical assets at the site was transferred to the Company at no cost.

### **Geological exploration**

#### **Summary**

- New mineral deposit discovery “Zafar” at Gedabek
  - Final Mineral Resource published on 21 March 2022
  - In-situ Mineral Resource of 28,000 tonnes of copper, 73,000 ounces of gold and 36,000 tonnes of zinc
  - Further drilling carried out in H1 2022
- New sub-vertical gold vein, “Hasan”, discovered at Gosha
  - Located to the immediate south of the existing Gosha mine
  - Vein can be accessed from existing underground mine workings
- Surface core and reverse circulation drilling to define the Gedabek open pit ore zone carried out in H1 2022
  - Seven surface core drill holes completed with a total length of 1,503 metres
  - 85 reverse circulation drill holes completed with a total length of 9,384 metres
- Exploration tunnelling carried out beneath the Gedabek open pit
  - 470 metres of tunnelling completed
  - 9 core drill holes completed with a total length of 1,125 metres
  - Positive assay results returned for gold, silver and copper
- Exploration continued in H1 2022 in the continuous Gedabek and Gadir underground tunnel system

- Six core drill holes completed with a total length of 944 metres
- 1,141 metres completed of sidewall and roof mapping
- New mineralisation body discovered at Gilar
  - Ore body is a south-west continuation of the deposit
  - Considerable exploration activity carried out in H1 2022
- No geological field work was carried out at Ordubad during H1 2022 due to COVID-19 travel restrictions
- Work commenced at the Vejnaly deposit
  - Soviet reserve of the Vejnaly deposit shows 142,000 ounces of gold and 2,942 tonnes of copper
  - Existing galleries have been mapped and vein sampling and ore modelling now being carried out

### ***Gedabek***

#### ***Zafar deposit***

The discovery of a new mineral deposit “Zafar” was announced in early 2021. The deposit is located 1.5 kilometres north-west of the existing Gedabek processing plant.

The geology of the area is structurally complex, comprising mainly of Upper Bajocian-aged volcanics. The mineralisation seems to be associated with a main north-west to south-east trending structure, which is interpreted as post-dating smaller north-east to south-west structures. In the south-west area, outcrops with tourmaline have been mapped, which can be indicative of the potential for porphyry-style mineral formation. The exploration area is located along the regional Gedabek-Shekarbek fault system, with Shekarbek being another target area known to host copper mineralisation, situated in the north-west of the zone.

Six core drill holes with a total length of 3,295 metres were completed at Zafar in H1 2022. Four drill holes returned grades above reportable limits. One drill hole was for the purpose of geotechnical and metallurgical test work. Grades of up to 1.5 grammes per tonne of gold and 3.95 per cent. copper were reported. Bench scale X-ray diffraction (“XRD”) analysis of drill core samples was routinely used during H1 2022. This uses a portable XRD machine to undertake geochemical analyses of core samples. The results are obtained in “real time” without the need to wait for laboratory analysis, which enables a better focused drill programme.

The final Mineral Resource estimate for the Zafar deposit was published on 21 March 2022 and is contained within table 5 above.

#### ***Gedabek open pit***

Seven surface core drill holes were completed in H1 2022 with a total length of 1,503 metres and 85 reverse circulation drill holes completed with a total length of 9,384 metres to define the ore zone. The majority of the gold grades returned were in the range 0.01 to 0.99 grammes of gold per tonne and copper grades of 0.01 to 0.49 per cent. of copper.

### *Gedabek open pit - underground*

The Gedabek and Gadir underground mines are connected, and form one continuous underground network of tunnels, accessible from both the Gadir and Gedabek portals. However, a significant fault structure separates the two mines. In H1 2022, an exploration tunnel of 470 metres was constructed from the existing Gadir underground mine to underneath the northern end of the Gedabek main open pit. Nine core drill holes (HQ/NQ size) totalling 1,125 metres were completed, along the length of the tunnel, which showed significant mineralisation. The tunnelling will provide access for further drill chambers to assess the mineralisation between Gadir and the main open pit. The intersections have been modelled independently and show continuous zones that can be considered for further mining.

### *Gadir underground mine*

During H1 2022, six underground exploration core drill holes (HQ/NQ size) were completed with a total length of 944 metres. 1,140 metres of underground sidewall and tunnel roof mapping were completed. This defined zones for continuation of mining and extended the down dip footprint of the mineralisation. As part of the mining activity, 15 core drill holes (HQ/NQ size) with a total length of 2,056 metres were completed for ore zone definition.

### *Avshancli*

Avshancli is a mineral district which is 10.5 kilometres north-east of the Gedabek open pit. In H1 2022, four core drill holes were completed totalling 1,316 metres. The geological work to date at Avshancli-1 shows discontinuous surface mineralisation with gold grades dropping off from the surface as the structures narrow with depth. Given the distribution of mineralisation, economic volumes of ore are likely to be small.

### *Gilar*

Gilar is a mineral occurrence located approximately two kilometres south of Avshancli-1. The area hosts two styles of mineralisation, gold in quartz veins and hydrothermal gold-copper. Three mineralisation bodies have been discovered at the occurrence. 30 surface core drill holes were completed in H1 2022 for a total length of 9,581 metres. The Company continues to assess the economic feasibility of tunnelling for further exploration at Gilar to allow for underground drilling and bulk sampling.

### *Ugur open pit and Ugur Deeps*

The Ugur pit has now been fully exhausted. In H1 2022, drilling was carried out in the vicinity of the depleted open pit (Ugur Deeps region) to locate possible extensions to the deposit. Two core drill holes were completed with a total length of 515 metres targeting high-grade copper-silver mineralisation. Five trenches of length 65 metres were sampled, and 250,000 square metres of lithological-alteration structural mapping was completed. No significant results were obtained.



## **Gosha**

The Gosha contract area, which hosts the Gosha mine, is located next to the Armenian border. Surface core drilling which commenced in 2021, resulted in the discovery of a new sub-vertical high gold grade mineralised vein ("Hasan"), after surface mapping suggested the presence of gold at the location. The discovery was announced in March 2022. The new gold vein can be accessed via a short tunnel from the existing tunnelling at Gosha.

The Gosha mine was previously thought to consist of two narrow gold veins, zone 13 and zone 5 to the south. Mining has previously taken place from both veins. Hasan is located immediately south of the zone 5 and intersects it at one point. The host rock mostly exhibits silicification and kaolinisation alteration, which changes to quartz-haematite alteration in andesite.

There was no drilling activity in H1 2022 but preparatory work was carried out for underground drilling. Sampling of the Hasan vein continued from existing galleries and preparatory work was undertaken for the development of existing underground tunnels towards the new Hassan vein so that mining can commence in H2 2022.

## **Ordubad**

Due to COVID-19 restrictions, drill access was proscribed during H1 2022 and therefore very limited geological field work was completed.

The Company is awaiting results from the samples collected by the geological team from the Natural History Museum London as part of their ongoing "From Arc Magmas to Ores" ("FAMOS") international research project. This study is being carried out to determine whether there are any indications of a porphyry system within the Ordubad Contract Area. The results of this investigation have unfortunately been delayed by the COVID-19 pandemic.

## **Vejnaly**

The Vejnaly deposit is located within the volcanic-plutonic structure of the Kafan structure formation and incorporates twenty-five gold-bearing vein zones. Ore veins and zones of the deposit are mainly represented by quartz–sulphide and, rarely, by quartz–carbonate–sulphide veins and hydrothermally altered, disintegrated and brecciated rocks. Sulphides are dominated by pyrite with subordinate chalcopyrite. There are prospects for porphyry, epithermal and skarn type deposits.

A Soviet resource for the deposit (table 6 above) shows a total C1 and C1 resource of 141,000 ounces of gold and 2,942 tonnes of copper.

A geological team was established at Vejnaly in H1 2022 and commenced vein sampling and ore modelling.

## **Sale of the Group's products**

Important to the Group's success is its ability to transport its production to market and sell them without disruption.

In H1 2022, the Group shipped all its gold doré to Switzerland for refining by either MKS Finance SA or Argor-Heraeus SA. The Group continually reviews which refiner offers the best commercial terms, and based on this, decides to which refiner to ship each consignment. The logistics of transport and sale are well established and gold doré shipped from Gedabek arrives in Switzerland within three to five days. The proceeds of the estimated 90 per cent. of the gold content of the doré can be settled within one to two days of receipt of the doré. The Group, at its discretion, can sell the resulting refined gold bullion to the refiner.

The Gedabek mine site has good road transportation links and copper and precious metal concentrate is collected by truck from the Gedabek site by the purchaser. The Group sells its copper concentrate to three metal traders as detailed in note 2 to the condensed Group interim financial statements below. The contracts with each metal trader are periodically renewed and each new contract requires the approval of the Government of Azerbaijan.

### **Libero Copper & Gold Corporation**

Libero is a minerals exploration company listed on the Toronto TSX Venture Exchange (ticker LBC). Anglo Asian made a further investment of 10 per cent. in Libero Copper & Gold Corporation ("Libero") in January 2022 to take its interest to 19.8 per cent. and Michael Sununu was appointed to its board. A technical committee was established and Farhang Hedjazi was appointed as the Company's representative. Farhang Hedjazi visited Libero's properties in Argentina and Colombia in H1 2022.

Libero has an extremely attractive portfolio of exploration assets in mining-friendly jurisdictions in North and South America, including Mocoa in Colombia, Big Bulk and Big Red in British Columbia, Canada, and Esperanza in Argentina.

Libero released the results of its first drill campaign at Mocoa in H1 2022 which are highly encouraging. The first drill hole was completed to a depth of 1,236 metres and complete assay results have been reported. 1,229 metres of 0.58 per cent. copper equivalent (0.42 per cent. copper and 0.047 per cent. molybdenum) from 7 metres to 1,236 metres was returned. These assay results confirm the exceptional grade, thickness, and strength of the mineralisation present in the area. Nine new porphyry targets indicating significant expansion potential at Mocoa have been identified.

Subsequent to 30 June 2022, Libero initiated a drill programme at its Big Red property to test for hydrothermal sources immediately south-east of the Terry porphyry copper-gold discovery.

Further information can be found at <https://www.liberocopper.com/>.

## **Principal risks and uncertainties**

### ***Country risk in Azerbaijan***

The Group's wholly-owned operations are solely in Azerbaijan and are therefore at risk of adverse changes to the regulatory or fiscal regime within the country. However, Azerbaijan is outward looking and desirous of attracting direct foreign investment and the Company believes the country will be sensitive to the adverse effect of any proposed changes in the future. In addition, Azerbaijan has historically had a stable operating environment and the Company maintains very close links with all relevant authorities.

### ***Operational risk***

The Company currently produces all its products for sale at Gedabek. Planned production may not be achieved as a result of unforeseen operational problems, machinery malfunction or other disruptions. Operating costs and profits for commercial production therefore remain subject to variation. The Group monitors its production daily, and has robust procedures in place to effectively manage these risks.

### ***Commodity price risk***

The Group's revenues are exposed to fluctuations in the price of gold, silver and copper and all fluctuations have a direct impact on the operating profit and cash flow of the Group. Whilst the Group has no control over the selling price of its commodities, it has very robust cost controls to minimise expenditure to ensure it can withstand any prolonged period of commodity price weakness. The Group actively monitors all changes in commodity prices to understand the impact on its business. The Group has previously hedged against the future movement in the price of gold. The directors keep under review the potential benefit of hedging.

### ***Foreign currency risk***

The Group reports in United States Dollars and a large proportion of its costs are incurred in United States Dollars. It also conducts business in Australian Dollars, Azerbaijan Manats and United Kingdom Sterling. The Group does not currently hedge its exposure to other currencies, although it continues to review this periodically.

### ***Liquidity and interest rate risk***

During H1 2022, the Group had no bank debt and only occasional minor borrowings in connection with providing letters of credit to suppliers. The Group did therefore not have any significant interest rate risk during the year.

The Group had significant surplus cash deposits during H1 2022. The Group places these on deposit in United States dollars with a range of banks to both ensure it obtains the best return

on these deposits and to minimise counterparty risk. The amount of interest received on these deposits is not material to the financial results of the Company and therefore any decrease in interest rates would not have any adverse effect.

### **Russian invasion of Ukraine**

The Company is unaffected directly by the Russian invasion of Ukraine or the international sanctions levied against various private and governmental Russian entities. However, the Company is subject to global the macro-economic conditions resulting from the Russian invasion such as higher input costs.

### **COVID-19 pandemic**

The COVID-19 pandemic continued into H1 2022, but the intensity of the pandemic decreased throughout the period. Most of the restrictions put in place to combat the pandemic were lifted during H1 2022. The COVID-19 pandemic remained a priority for the Group throughout the period and the board continues to monitor the situation closely.

### **Key performance indicators**

The Group has adopted certain key performance indicators (“KPIs”) which enable it to measure its financial performance. These KPIs are as follows:

- 1 Profit before taxation.** This is the key performance indicator used by the Group. It gives insight into cost management, production growth and performance efficiency.
- 2 Net cash provided by operating activities.** This is a complementary measure to profit before taxation and demonstrates conversion of underlying earnings into cash. It provides additional insight into how we are managing costs and increasing efficiency and productivity across the business in order to deliver increasing returns.
- 3 Free cash flow (“FCF”).** FCF is calculated as net cash from operating activities, less expenditure on property, plant and equipment and mine development, and Investment in exploration and evaluation assets including other intangible assets.
- 4 All-in sustaining cost (“AISC”) per ounce.** AISC is a widely used, standardised industry metric and is a measure of how our operation compares to other producers in the industry. AISC is calculated in accordance with the World Gold Council's Guidance Note on Non-GAAP Metrics dated 27 June 2013. The AISC calculation includes a credit for the revenue generated from the sale of copper and silver, which are classified by the Group as by-products. There are no royalty costs included in the Company's AISC calculation as the Production Sharing Agreement with the Government of Azerbaijan is structured as a physical production sharing arrangement. Therefore, the Company's AISC is calculated using a cost of sales, which is the cost of producing 100 per cent. of the gold and such

costs are allocated to total gold production including the Government of Azerbaijan's share.

**Reza Vaziri**

***President and chief executive***

***14 September 2022***

## **Financial Review**

### **Group statement of income**

The Group generated revenues in the six months ended 30 June 2022 ("H1 2022") of \$31.5 million ("m") (H1 2021: \$43.5m) from the sales of gold and silver bullion and copper and precious metal concentrate.

The revenues in H1 2022 included \$21.7m (H1 2021: \$35.0m) generated from the sales of gold and silver bullion from the Group's share of the production of doré bars. Bullion sales in H1 2022 were 11,273 ounces of gold and 11,169 ounces of silver (H1 2021: 19,582 ounces of gold and 7,616 ounces of silver) at an average price of gold of \$1,901 per ounce and an average price of silver of \$24 per ounce (H1 2021: \$1,776 per ounce and \$27 per ounce respectively). In addition, the Group generated revenue in H1 2022 of \$9.8m (H1 2021: \$8.5m) from the sale of 9,094 dry metric tonnes (H1 2021: 8,408 dry metric tonnes) of copper and precious metal concentrate.

The Group did not hedge any metal sales during the year ending 31 December 2021 or the 6 months ending 30 June 2022.

The Group incurred cost of sales in H1 2022 of \$20.4m (H1 2021: \$34.7m) as follows:

	<b>H1 2022 (\$m)</b>	<b>H1 2021 (\$m)</b>	<b>B/(W)* (\$m)</b>
Cash cost of sales**	<b>27.4</b>	27.8	0.4
Depreciation and amortisation	<b>6.4</b>	7.7	1.3
<b><i>Cash costs, depreciation and amortisation</i></b>	<b>33.8</b>	35.5	1.7
Capitalised costs	<b>(1.2)</b>	(1.2)	-
<b><i>Cost of sales before inventory movement</i></b>	<b>32.6</b>	34.3	1.7
Inventory movement	<b>(12.2)</b>	0.4	12.6
<b>Cost of sales per the Group statement of income</b>	<b>20.4</b>	34.7	14.3

\*B/(W) – Better or Worse

\*\*Cash costs of sales are defined as cost of sales per the Group statement of income less depreciation and amortisation plus capitalised costs adjusted by the movement in the period of opening and closing inventory. A reconciliation of cash cost of sales to cost of sales per the Group income statement is given in the table above.

The lower cash costs of sales in H1 2022 compared to H1 2021 were largely due to lower reagent costs offset by higher consumable costs, electricity costs and haulage costs. Reagent costs decreased by \$1.3m due to lower cyanide costs due to the changing composition of the ore feedstock. Consumables, electricity and haulage costs increased by a total of \$1.2m due to an increase in the price of steel grinding balls, an 11 per cent. increase in electricity costs and more ore hauled in the period. Depreciation decreased by \$1.3m from \$7.7m in H1 2021 to \$6.4m in H1 2022 due to lower gold production. Accumulated mine development costs within producing mines are depreciated and amortised on a unit-of-production basis over the economically recoverable reserves of the mine concerned, except in the case of assets whose useful life is shorter than the life of the mine, in which case the straight line method is applied. The unit of account for run of mine ("ROM") costs and for post-ROM costs are recoverable ounces of gold. The \$12.2m inventory movement arose due to unsold gold at 30 June 2022 increasing to 7,167 ounces from 1,776 ounces at 31 December 2021.

Administrative expenses in H1 2022 were \$3.1m compared to \$2.6m in H1 2021. The Group's administrative expenses comprise the cost of the administrative staff and associated costs at the Gedabek mine site, the Baku office and maintaining the Group's listing on AIM. Administrative costs increased in H1 2022 compared to H1 2021 primarily due to higher administrative salaries.

Finance costs in H1 2022 were \$0.4m (H1 2021: \$0.2m) and comprise interest on letters of credit, interest on lease liabilities and accretion expenses on the rehabilitation provision. The finance costs were higher due to higher lease liabilities in H1 2022 compared to H1 2021. The Group had no bank debt during the period 1 January 2021 to 30 June 2022.

Other expense in H1 2022 of \$710,000 (H1 2021: \$75,000) included the decrease in the value of Libero Copper & Gold Corporation ("Libero") shares between 1 January to 26 January (the date it became an associate company) of \$221,000, a loss on the revaluation of share options in Libero of \$304,000 and expensing the forward contract of \$214,000 established in respect of the January 2022 Libero share acquisition. The other expense in H1 2021 was the loss realised on the sale of 325,000 shares in Conroy Gold and Natural Resources PLC.

The Group had a taxation charge in H1 2022 of \$2.2m (H1 2021: \$2.4m). This comprised a current income tax charge of \$nil (H1 2021: \$1.8m) and a deferred tax charge of \$2.2m (H1 2021: \$0.6m). R.V. Investment Group Services ("RVIG") in Azerbaijan incurred a taxable loss of \$9.4m in H1 2022 and these losses will be carried forward and offset against future taxable profits. RVIG has no other taxable losses available for offset against future profits.

### **All-in sustaining cost of production**

AISC is a widely used, standardised industry metric and is a measure of how our operation compares to other producers in the industry. AISC is calculated in accordance with the World

Gold Council's Guidance Note on Non-GAAP Metrics dated 27 June 2013. The AISC calculation includes a credit for the revenue generated from the sale of copper and silver, which are classified by the Group as by-products. There are no royalty costs included in the Company's AISC calculation as the Production Sharing Agreement with the Government of Azerbaijan is structured as a physical production sharing arrangement. Therefore, the Company's AISC is calculated using a cost of sales, which is the cost of producing 100 per cent. of the gold and such costs are allocated to total gold production including the Government of Azerbaijan's share.

The Group produced gold at an all-in sustaining cost ("AISC") per ounce of \$983 in H1 2022 compared to \$848 in H1 2021. The Group reports its cash cost as an AISC calculated in accordance with the World Gold Council's guidance which is a standardised metric in the industry and includes the credit from the sales of silver and copper.

The Company's cost of production was broadly flat in H1 2022 compared to H1 2021. The Company experienced some cost inflation in H1 2022 notably in the price of steel grinding balls and electricity. There was an 11 per cent. increase in the price of electricity during the period. However, this was offset by lower cyanide usage due to the lower amount of ore processed and its changing composition. However, the AISC cost per ounce increased due to the lower gold production in the period.

#### **Group statement of financial position**

Non-current assets increased from \$95.1m at 31 December 2021 to \$96.0m at 30 June 2022. Libero became an associate company on 26 January 2022, following our further investment, with an acquisition cost of \$4.9m (see Libero Copper & Gold Corporation below). Intangible assets increased from \$30.3m at 31 December 2021 to \$32.2m at 30 June 2022 due to expenditure on geological exploration and evaluation of \$2.4m partially offset by amortisation of \$0.5m in respect of mining rights. Property, plant and equipment (including leased assets) were lower by \$2.1m due to depreciation in the period.

Net current assets were \$67.7m at 30 June 2022 compared to \$62.8m at 31 December 2021. The reason for the increase were increases in inventories of \$12.1m and trade and other receivables (excluding the amount owed to the Government of Azerbaijan) of \$3.6m and a decrease in tax payable of \$3.0m. These increases were partially offset by lower cash of \$16.3m. The increase in inventory arose due to an increase in unsold gold of \$8.5m to \$10.5m at 30 June 2022 compared to 31 December 2021. There were 7,167 ounces of unsold gold at 30 June 2022 compared to 1,776 ounces at 31 December 2021. Trade and other receivables increased due to an increase in gold owed to the Government of Azerbaijan of \$6.4m and an increase in trade and miscellaneous receivables of \$2.9m. The Group's cash balances at 30 June 2022 were \$21.2m (31 December 2021: \$37.5m). Surplus cash is mostly maintained in US dollars which is placed on deposit with banks at interest rates of around 1 to 2 per cent.

Shareholders' equity of the Group at 30 June 2022 was \$122.1m (31 December 2021: \$118.4m). The increase was due to the profit retained in the period of \$3.4m and share based payment expense credited to reserves of \$0.2m. There were no shares issued or bought back in H1 2022.

The Group was financed only by equity at 31 December 2021 and 30 June 2022 as there has been no bank debt outstanding since 1 January 2021.

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

### **Libero Copper & Gold Corporation**

On 26 January 2022, the Company acquired a further 10 per cent. of Libero which was then reclassified as an associate company of the Group. Its acquisition cost was \$4.9m as follows:

<b><i>As at 26 January 2022</i></b>	<b><i>\$k</i></b>
Market value of the Company's existing 9.8 per cent. trade investment	2,173
Cost of the 10 per cent. investment (7m shares at CAD\$ 0.50 / share)	2,776
<b><i>Total acquisition cost of Libero as an associate Company</i></b>	<b><i>4,949</i></b>

A reconciliation of the acquisition cost to the net assets of Libero is as follow:

Company's share of the net assets of Libero	1,456
Goodwill on acquisition	3,493
<b><i>Total acquisition cost of Libero as an associate Company</i></b>	<b><i>4,949</i></b>

The acquisition of Libero resulted in a loss of \$435,000, being a loss on the revaluation of the Company's existing investment between 31 December 2021 and 26 January 2022 of \$221,000 and the expensing of the derivative established at 31 December 2021 of \$214,000 for the forward purchase of the 10 per cent. investment which was subsequently exercised in January 2022.

In the six months to 30 June 2022, our share of Libero's loss for the period it was an associate was \$949,000. This loss was offset by a profit of \$83,000, on the deemed disposal of 0.25 per cent. of Libero following the issue of 743,302 shares to third party investors, resulting in a net loss of \$866,000. A net loss of \$34,000 was also recognised in other comprehensive income for currency translation. The Company also revalued its options in Libero to market value at



30 June 2022, resulting in a loss of \$304,000 mainly due to the share price of Libero decreasing from CAD\$0.54 at 31 December 2021 to CAD\$0.24 at 30 June 2022.

### **Group statement of cash flow**

Operating cash inflow before movements in working capital for H1 2022 was \$14.6m (H1 2021: \$14.0m).

Working capital movements in H1 2022 absorbed cash of \$17.2m (H1 2021: \$0.8m) largely due to an increase in trade and other debtors of \$3.7m (H1 2021: \$3.4m) and an increase in inventories of \$12.1m (H1 2021: decrease of \$1.0m). The increase in inventories was due to an increase of unsold gold at 30 June 2022 of 5,391 ounces.

There was a cash outflow from operating activities in H1 2022 of \$6.0m compared to a cash inflow in H1 2021 of \$5.8m. The cash outflow was caused by cash absorbed by working capital in H1 2022 of \$17.3m.

The Group paid corporation tax in H1 2022 of \$3.4m (H1 2021: \$7.5m) in Azerbaijan. These were payments on account of RVIG's liability for the year ending 31 December 2022 of \$0.3m and a final settlement in respect of the year ended 31 December 2021 of \$3.1m.

Expenditure on property, plant and equipment in H1 2022 was \$4.8m (H1 2021: \$3.3m). The main items of expenditure in H1 2022 were deferred stripping costs of \$1.1m, construction of a new heap leach pad of \$0.9m, miscellaneous plant and equipment of \$0.9m and Gedabek mine development costs of \$1.2m.

Exploration and evaluation expenditure incurred and capitalised in H1 2022 was \$2.4m (H1 2021: \$2.8m). This arose on exploration at the Gedabek, Gosha, Ordubad and Vejnaly contract areas.

### **COVID-19 pandemic**

By 1 January 2022, the Government of Azerbaijan had lifted most of the restrictions imposed to restrict the spread of the coronavirus. Management evaluated that the COVID-19 pandemic had no material effect on the financial results for the six months ended 30 June 2022 due to lost production and increased costs.

### **Dividends**

The Group paid an interim and final dividend in respect of the year ended 31 December 2021 totalling \$0.08 per share. The Group declares its dividends in United States dollars but pays the dividends in United Kingdom pounds sterling. The dividends declared are converted into United Kingdom pounds sterling using a five-day average of the daily sterling closing mid-price exchange rate published by the Bank of England at 16:00 each day for a week prior to

the payment of each dividend. The week used for the averaging is announced at the same time as the dividend.

The directors have declared an interim dividend of \$0.040 per share in respect of the financial year ending 31 December 2022. The dividend will be paid on 3 November 2022 and will cost the Group \$4.6m but has not been accrued in the H1 2022 financial statements.

### **Production sharing agreement**

In accordance with the terms of the Production Sharing Agreement ("PSA") with the Government of Azerbaijan ("Government"), the Group and the Government share the commercial products of each mine. The Government's share is 51 per cent. of "Profit Production". Profit Production is defined as the value of production, less all capital and operating cash costs incurred during the period when the production took place. Profit Production for any period is subject to a minimum of 25 per cent. of the value of the production. This is to ensure the Government always receives a share of production. The minimum Profit Production is applied when the total capital and operating cash costs (including any unrecovered costs from previous periods) are greater than 75 per cent. of the value of production. All operating and capital cash costs in excess of 75 per cent. of the value of production can be carried forward indefinitely and set off against the value of future production.

Profit Production and unrecovered costs are calculated separately for each contract area and costs incurred at one contract area cannot be offset against production at another. Unrecovered costs can only be recovered against future production from their respective contract area. Profit Production for the Group for all contract areas has been subject to the minimum 25 per cent. since commencement of production including both the year to 31 December 2021 and the 6 months to 30 June 2022. The Government's share of production in the six months to 30 June 2022 (as in all previous periods) was therefore 12.75 per cent. being 51 per cent. of 25 per cent. with the Group entitled to the remaining 87.25 per cent. The Group was therefore subject to an effective royalty on its revenues in the six months to 30 June 2022 of 12.75 per cent. (six months to 30 June 2021: 12.75 per cent.) of the value of its production.

The Group can recover the following costs in accordance with the PSA for its Gedabek contract area (currently its main operating site):

- all direct operating expenses of the mine;
- all exploration expenses;
- all capital expenditure incurred on the mine;
- an allocation of corporate overheads - currently, overheads are apportioned to Gedabek according to the ratio of direct capital and operating expenditure at the Gedabek contract

area compared with direct capital and operational expenditure at the Gosha and Ordubad contract areas; and

- an imputed interest rate of United States Dollar LIBOR + 4 per cent. per annum on any unrecovered costs.

The total unrecovered costs for the Gedabek, Gosha and Vejnaly contract areas at 30 June 2022 were \$32.6m, \$20.3m and \$0.1m respectively (31 December 2021: \$29.7m, \$19.7m and \$nil respectively).

### **Foreign currency exposure**

The Group reports in US dollars and a substantial proportion of its business is conducted in either US dollars or the Azerbaijan Manat ("AZN") which has been stable at AZN 1 equalling approximately \$0.58 during the six months ended 30 June 2022. The Company's revenues and its debt facility are also denominated in US dollars. The Company does not currently have any significant exposure to foreign exchange fluctuations and the situation is kept under review.

### **Going concern**

The directors have prepared the condensed Group interim financial statements on a going concern basis after reviewing the Group's forecast cash position for the period to 30 September 2023 and satisfying themselves that the Group will have sufficient funds on hand to meet its obligations as and when they fall due over the period of their assessment. Appropriate rigour and diligence have been applied by the directors who believe the assumptions are prepared on a realistic basis using the best available information.

The Group had cash balances of \$21.2 million and no bank debt at 30 June 2022. The directors have prepared a base case cash flow forecast that assumes production is consistent with the business plan and a gold price of \$1,750. The gold prices are lower than that used for the impairment testing to add further conservatism to the forecast. The base case cash flow forecast shows the Group is able to fund its working capital requirements from cash generated from its operations at Gedabek provided production is maintained and finished products sold. The Group has access to local sources of both short and long term finance should this be required and has an \$15 million standby credit facility with Pasha Bank as a contingency measure which is available until April 2023 with no conditions on drawdown.

By 1 January 2022, the Government of Azerbaijan had lifted virtually all of the restrictions imposed to restrict the spread of the coronavirus. The very few restrictions that remained were not having any effect on the ability of the business to operate. The directors believe that the ability of the Company to operate throughout the COVID-19 pandemic demonstrates the resilience of the business should further restrictions be imposed due to any future intensification of the COVID-19 pandemic.

The Group's business activities, together with the factors likely to affect its future development, performance and position, can be found within the chairman's statement, the Chief Executive Officer's review and the strategic report above. The financial position of the Group, its cash flow, liquidity position and borrowing facilities are discussed within this financial review.

After making due enquiry, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the condensed Group interim financial statements for the 6 months to 30 June 2022.

***William Morgan***

***Chief financial officer***

***14 September 2022***

**Anglo Asian Mining plc**  
**Condensed group statement of income**  
Six months ended 30 June 2022

		6 months to 30 June 2022 (unaudited) \$000	6 months to 30 June 2021 (unaudited) \$000
<b>Continuing operations</b>	Notes		
Revenue	2	31,548	43,521
Cost of sales		(20,426)	(34,652)
<b>Gross profit</b>		11,122	8,869
Other operating income		-	52
Administrative expenses		(3,058)	(2,550)
Other operating expenses		(511)	(285)
<b>Operating profit</b>		7,553	6,086
Finance costs		(359)	(181)
Finance income		39	84
Other expense		(710)	(75)
Share of loss of an associate	3	(866)	-
<b>Profit before tax</b>		5,657	5,914
Income tax expense	4	(2,182)	(2,359)
<b>Profit attributable to the equity holders of the parent</b>		3,475	3,555
<b>Profit per share attributable to the equity holders of the parent</b>		3,475	3,555
Basic (US cents per share)	5	3.04	3.11
Diluted (US cents per share)	5	3.04	3.11

**Anglo Asian Mining plc**  
**Condensed group statement of comprehensive income**  
Six months ended 30 June 2022

	6 months to 30 June 2022 (unaudited) \$000	6 months to 30 June 2021 (unaudited) \$000
<b>Profit for the period</b>	3,475	3,555
<b>Other comprehensive income</b>		
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):</i>		
Exchange differences on translation of foreign associate company	(37)	-
Share of comprehensive profit of an associate company	3	-
<b>Net other comprehensive profit / (loss) that may be reclassified to profit or loss in subsequent periods</b>	(34)	-
<b>Total comprehensive income for the period, net of tax</b>	3,441	3,555

**Anglo Asian Mining plc**  
**Condensed group statement of financial position**  
30 June 2022

	Notes	30 June 2022 (unaudited) \$000	30 June 2021 (unaudited) \$000	31 December 2021 (audited) \$000
<b>Non-current assets</b>				
Intangible assets	6	32,200	26,150	30,347
Property, plant and equipment	7	56,853	62,792	58,710
Leased assets	8	2,814	1,928	3,066
Investment in an associate	3	4,049	-	-
Non-current financial assets	9	80	-	2,777
Other receivables	10	-	-	185
		<b>95,996</b>	<b>90,870</b>	<b>95,085</b>
<b>Current assets</b>				
Inventory	11	49,019	40,491	36,912
Trade and other receivables	10	29,784	15,322	19,752
Other current financial assets	9	-	-	214
Current income tax asset		300	-	-
Cash and cash equivalents		21,152	36,640	37,453
		<b>100,255</b>	<b>92,453</b>	<b>94,331</b>
<b>Total assets</b>		<b>196,251</b>	<b>183,323</b>	<b>189,416</b>
<b>Current liabilities</b>				
Trade and other payables	12	(32,131)	(19,535)	(28,024)
Income taxes payable		-	(594)	(3,061)
Lease liabilities	8	(429)	(520)	(403)
		<b>(32,560)</b>	<b>(20,649)</b>	<b>(31,488)</b>
<b>Net current assets</b>		<b>67,695</b>	<b>71,804</b>	<b>62,843</b>
<b>Non-current liabilities</b>				
Provision for rehabilitation		(12,026)	(11,833)	(11,922)
Lease liabilities	8	(2,715)	(1,541)	(2,890)
Deferred tax liability	4	(26,881)	(25,494)	(24,699)
		<b>(41,622)</b>	<b>(38,868)</b>	<b>(39,511)</b>
<b>Total liabilities</b>		<b>(74,182)</b>	<b>(59,517)</b>	<b>(70,999)</b>
<b>Net assets</b>		<b>122,069</b>	<b>123,806</b>	<b>118,417</b>
<b>Equity</b>				
Share capital	13	2,016	2,016	2,016
Share premium	14	33	33	33
Share-based payment reserve		223	-	12
Merger reserve		46,206	46,206	46,206
Foreign currency translation reserve		(34)	-	-
Retained earnings		73,625	75,551	70,150
<b>Total equity</b>		<b>122,069</b>	<b>123,806</b>	<b>118,417</b>

**Anglo Asian Mining plc**  
**Condensed group statement of cash flows**  
Six months ended 30 June 2022

	6 months to 30 June 2022 (unaudited) \$000	6 months to 30 June 2021 (unaudited) \$000
<b>Cash flows from operating activities</b>		
Profit before tax	5,657	5,914
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Finance costs	359	181
Finance income	(39)	(84)
Unrealised loss on financial instruments	743	75
Depreciation of owned assets	5,945	7,092
Depreciation of leased assets	306	245
Share based payment	211	-
Share of loss of an associated company	866	-
Amortisation of mining rights and other intangible assets	550	625
<b>Operating cash flow before movements in working capital</b>	<b>14,598</b>	<b>14,048</b>
Increase in trade and other receivables	(3,666)	(2,479)
(Increase) / decrease in inventories	(12,107)	966
(Decrease) / increase in trade and other payables	(1,461)	695
<b>Cash (absorbed by) / generated from operations</b>	<b>(2,636)</b>	<b>13,230</b>
Income taxes paid	(3,363)	(7,482)
<b>Net cash (used by) / provided by operating activities</b>	<b>(5,999)</b>	<b>5,748</b>
<b>Cash flows from investing activities</b>		
Expenditure on property, plant and equipment and mine development	(4,794)	(3,299)
Investment in exploration and evaluation activities	(2,403)	(2,810)
Proceeds from the sale of financial instruments	-	110
Acquisition of an associated company	(2,776)	-
Interest received	38	84
<b>Net cash used in investing activities</b>	<b>(9,935)</b>	<b>(5,915)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	-	(1,711)
Interest paid - lease liabilities	(164)	(80)
Repayment of lease liabilities	(203)	(250)
<b>Net cash used in financing activities</b>	<b>(367)</b>	<b>(2,041)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(16,301)</b>	<b>(2,208)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>37,453</b>	<b>38,848</b>
<b>Cash and cash equivalents at end of the period</b>	<b>21,152</b>	<b>36,640</b>

# Anglo Asian Mining plc

## Condensed group statement of changes in equity

Six months ended 30 June 2022

(unaudited)

Notes	Share capital \$000	Share premium \$000	Share-based payment reserve \$000	Merger reserve \$000	Foreign currency translation reserve \$000	Retained earnings \$000	Total equity \$000
1 January 2022	2,016	33	12	46,206	-	70,150	118,417
Profit for the period	-	-	-	-	-	3,475	3,475
Other comprehensive loss for the period	-	-	-	-	(34)	-	(34)
<b>Total comprehensive income for the period</b>	-	-	-	-	<b>(34)</b>	<b>3,475</b>	<b>3,441</b>
Share based payment	-	-	211	-	-	-	211
<b>30 June 2022</b>	<b>2,016</b>	<b>33</b>	<b>223</b>	<b>46,206</b>	<b>(34)</b>	<b>73,625</b>	<b>122,069</b>

Six months ended 30 June 2021

(unaudited)

Notes	Share capital \$000	Share premium \$000	Share-based payment reserve \$000	Merger reserve \$000	Retained earnings \$000	Total equity \$000
1 January 2021	2,016	33	-	46,206	73,707	121,962
Profit for the period	-	-	-	-	3,555	3,555
Cash dividends paid 15	-	-	-	-	(1,711)	(1,711)
<b>30 June 2021</b>	<b>2,016</b>	<b>33</b>	<b>-</b>	<b>46,206</b>	<b>75,551</b>	<b>123,806</b>

Year ended 31 December 2021

(audited)

Notes	Share capital \$000	Share premium \$000	Share-based payment reserve \$000	Merger reserve \$000	Retained earnings \$000	Total equity \$000
1 January 2021	2,016	33	-	46,206	73,707	121,962
Profit for the year	-	-	-	-	7,361	7,361
Cash dividends paid 15	-	-	-	-	(10,918)	(10,918)
Share-based payment	-	-	12	-	-	12
<b>31 December 2021</b>	<b>2,016</b>	<b>33</b>	<b>12</b>	<b>46,206</b>	<b>70,150</b>	<b>118,417</b>



# **Anglo Asian Mining plc**

## **Notes to the condensed Group interim financial statements**

Six months ended 30 June 2022

### **1 General information**

Anglo Asian Mining plc (the "Company") is a company incorporated in England and Wales under the Companies Act 2006. The Company's ordinary shares are traded on the AIM market of the London Stock Exchange plc. The Company is a holding company. The principal activity of the Company and its subsidiaries (the "Group") is operating a portfolio of mining operations and metal production facilities within Azerbaijan. The Group also invests in mining businesses outside of Azerbaijan.

#### ***Basis of preparation***

The condensed Group interim financial statements for the six-month period ending 30 June 2022 have been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board and IAS 34 as adopted for use in the United Kingdom. The information for the half year ended 30 June 2022 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 2021 has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditor drew attention by way of an emphasis of matter and did not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006. The condensed Group interim financial statements have not been audited.

The condensed Group interim financial statements have been prepared under the historical cost convention except for the treatment of share-based payments, certain trade receivables at fair value, derivatives not designated as hedging instruments and financial assets at fair value through profit and loss. The condensed Group interim financial statements are presented in United States dollars ("\$") and all values are rounded to the nearest thousand except where otherwise stated. In the condensed Group interim financial statements "£" and "pence" are references to the United Kingdom pound sterling, "CAN\$" and "CAN cents" are references to Canadian dollars and cents and "AZN" is a reference to the Azerbaijan New Manat.

#### ***Accounting policies and new standards, interpretations and amendments***

The annual financial statements of Anglo Asian Mining plc are prepared in accordance with IFRSs as issued by the International Accounting Standards Board and in conformity with the requirements of the Companies Act 2006. The condensed Group interim financial statements included in this half-yearly financial report have been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board and in conformity with the requirements of the Companies Act 2006.

The accounting policies adopted in the preparation of the half-yearly condensed Group interim financial statements for 2022 are consistent with those followed in the preparation of the Group's annual report and accounts for 2021, except for the adoption of new standards that became effective from 1 January 2022. The Group has not adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2022, but do not have an impact on the condensed Group interim financial statements.

#### ***Investment in associate companies and joint ventures***

The Group acquired an interest in an associate company in the 6 months ended 30 June 2022. Accordingly, the Group has adopted the following accounting policy for associate companies and joint ventures from 1 January 2022:

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

### ***Going concern***

The directors have prepared the condensed Group interim financial statements on a going concern basis after reviewing the Group's forecast cash position for the period to 30 September 2023 and satisfying themselves that the Group will have sufficient funds on hand to meet its obligations as and when they fall due over the period of their assessment. Appropriate rigour and diligence have been applied by the directors who believe the assumptions are prepared on a realistic basis using the best available information.

The Group had cash balances of \$21.2 million and no bank debt at 30 June 2022. The directors have prepared a base case cash flow forecast that assumes production is consistent with the business plan and a gold price of \$1,750. The gold prices are lower than that used for the impairment testing to add further conservatism to the forecast. The base case cash flow forecast shows the Group is able to fund its working capital requirements from cash generated from its operations at Gedabek provided production is maintained and finished products sold. The Group has access to local sources of both short and long term finance should this be required and has an \$15 million standby credit facility with Pasha Bank as a contingency measure which is available until April 2023 with no conditions on drawdown.

By 1 January 2022, the Government of Azerbaijan had lifted virtually all of the restrictions imposed to restrict the spread of the coronavirus. The very few restrictions that remained were not having any effect on the ability of the business to operate. The directors believe that the ability of the Company to operate throughout the COVID-19 pandemic demonstrates the resilience of the business should further restrictions be imposed due to any future intensification of the COVID-19 pandemic.

The Group's business activities, together with the factors likely to affect its future development, performance and position, can be found within the chairman's statement, the chief executive officer's review and the strategic report above. The financial position of the Group, its cash flow, liquidity position and borrowing facilities are discussed within the financial review above.

After making due enquiry, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the condensed Group interim financial statements for the 6 months to 30 June 2022.

## **2 Operating segments**

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

Sales of gold within doré and gold and silver bullion were made to two customers, the Group's gold refiners, MKS Finance SA and Argor-Heraeus SA, both based in Switzerland.

The gold and copper concentrate was sold in 2021 and 2022 to Industrial Minerals SA, Trafigura PTE Ltd and Metal-Kim Metalurji Ve Kimya Tarim Sanayi Tic Ltd Sti.

### 3 Investment in an associate

Libero Copper & Gold Corporation ("Libero") is minerals exploration company listed on the TSX Venture Exchange (ticker: LBC) in Canada and owns, or has the right to acquire, several copper exploration properties in North and South America.

On 26 January 2022, the Group acquired a further 10 per cent. interest in Libero taking its total interest to 19.8 per cent. From this date, Libero is accounted for using the equity method of accounting in the Group's consolidated financial statements. Prior to 26 January 2022, the Group had a 9.8 per cent. interest in Libero and accounted for the investment as a financial asset. The Group's interest was subsequently reduced in the period to 19.6 per cent. following an issue of shares by Libero in which the Group did not participate. The reduction in shareholding has been treated as a deemed disposal of an interest of 0.2 per cent. of Libero.

The Group's interest in Libero at 30 June 2022 was 19.6 per cent. The following tables illustrates the summarised financial information of the Group's investment in Libero:

#### **Balance sheet of Libero at 30 June 2022**

	30 June 2022 (Unaudited) \$000
Current assets	1,684
Non-current assets	2,908
Current liabilities	(961)
Non-current liabilities	(209)
<b>Equity</b>	<b>3,422</b>

#### **Reconciliation to carrying value in Group balance sheet**

<b>Equity of Libero</b>	<b>3,422</b>
Share based payment expense	(582)
<b>Equity recognised by Group</b>	<b>2,840</b>
Group's share in equity – 19.6% (2021: nil)	556
Goodwill	3,493
<b>Group carrying value of associate</b>	<b>4,049</b>

#### **Profit and loss account of Libero for the 6 months to 30 June 2022**

	6 months to 30 June 2022 (Unaudited) \$000
Expenses	5,169
Other expenses	314
<b>Loss before taxation</b>	<b>5,483</b>
Taxation	-
<b>Loss for the period</b>	<b>5,483</b>

#### **Reconciliation to loss of associate in Group P&L account**

<b>Loss for the period</b>	<b>5,483</b>
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Pre-acquisition loss to 25 January 2022	(659)
<b>Post acquisition loss</b>	<b>4,824</b>
Group's share of the loss at 19.8 and 19.6 per cent.	949
Profit on deemed disposal of 0.2 per cent. of Libero	(83)
<b>Loss recognised as an associate</b>	<b>866</b>

#### Reconciliation of the movement in associate company in the 6 months to 30 June 2022

	6 months to 30 June 2022 (Unaudited) \$'000
1 January 2022	-
Transfer from other financial assets	2,173
Additions	2,776
Share of loss of the associate	(866)
Foreign exchange loss	(34)
<b>30 June 2022</b>	<b>4,049</b>

Libero had no contingent liabilities or capital commitments on 30 June 2022 and 2021.

#### 4 Income tax

The income taxation charge for the 6 months ended 30 June 2022 represents a current income tax charge of \$nil (2021: \$1.8m) and a deferred taxation charge of \$2.2m (2021: \$0.6m). These current and deferred taxation charges are in respect of the representative office registered in Azerbaijan of RV Investment Group Services LLC ("RVIG") (a wholly owned subsidiary of the Company).

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

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

At 30 June 2022, RVIG had unused taxation losses available for offset against future profits of \$9.4m and a deferred taxation asset has been established of \$3.0m. This has been offset against deferred taxation liabilities in the Group balance sheet. The Group also has unused taxation losses within the Company and a subsidiary (Anglo Asian Operations Limited) available for offset against future profits. No deferred taxation asset has been recognised in respect of such losses due to the unpredictability of future profit streams. Unused taxation losses may be carried forward indefinitely.

#### 5 Profit per ordinary share

	6 months to 30 June 2022 (unaudited) \$'000	6 months to 30 June 2021 (unaudited) \$'000
<b>Profit per ordinary share</b>		
Profit after tax for the period	3,475	3,555
Basic profit per share (US cents)	3.04	3.11
Diluted profit per share (US cents)	3.04	3.11

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

#### 6 Intangible assets

	Exploration & evaluation Gedabek (unaudited) \$000	Exploration & evaluation Gosha (unaudited) \$000	Exploration & evaluation Ordubad (unaudited) \$000	Exploration & evaluation Vejnaly (unaudited) \$000	Mining rights (unaudited) \$000	Other intangible assets (unaudited) \$000	Total (unaudited) \$000
<b>Cost</b>							
1 January 2021	10,514	1,642	5,751	-	41,925	562	60,394
Additions	6,842	556	190	-	-	-	7,588
31 December 2021	17,356	2,198	5,941	-	41,925	562	67,982
Additions	2,011	34	81	150	-	127	2,403
<b>30 June 2022</b>	<b>19,367</b>	<b>2,232</b>	<b>6,022</b>	<b>150</b>	<b>41,925</b>	<b>689</b>	<b>70,385</b>

#### Amortisation and impairment

1 January 2021	-	-	-	-	35,966	463	36,429
Charge for year	-	-	-	-	1,176	30	1,206
31 December 2021	-	-	-	-	37,142	493	37,635
Charge for period	-	-	-	-	537	13	550
<b>30 June 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,679</b>	<b>506</b>	<b>38,185</b>

#### Net book value

31 December 2021	17,356	2,198	5,941	-	4,783	69	30,347
<b>30 June 2022</b>	<b>19,367</b>	<b>2,232</b>	<b>6,022</b>	<b>150</b>	<b>4,246</b>	<b>183</b>	<b>32,200</b>

## 7 Property, plant and equipment

	Plant and equipment and motor vehicles (unaudited) \$000	Producing mines (unaudited) \$000	Assets under construction (unaudited) \$000	Total (unaudited) \$000
<b>Cost</b>				
1 January 2021	25,207	220,421	1,590	247,218
Additions	1,974	4,782	637	7,393
Decrease in provision for rehabilitation	-	(288)	-	(288)
31 December 2021	27,181	224,915	2,227	254,323
Additions	482	2,801	889	4,172
Decrease in provision for rehabilitation	-	(84)	-	(84)
<b>30 June 2022</b>	<b>27,663</b>	<b>227,632</b>	<b>3,116</b>	<b>258,411</b>
<b>Depreciation and impairment</b>				
1 January 2021	21,766	158,772	-	180,538
Charge for year	1,427	13,648	-	15,075
31 December 2021	23,193	172,420	-	195,613
Charge for period	420	5,525	-	5,945
<b>30 June 2022</b>	<b>23,613</b>	<b>177,945</b>	<b>-</b>	<b>201,558</b>
<b>Net book value</b>				
31 December 2021	3,988	52,495	2,227	58,710
<b>30 June 2022</b>	<b>4,050</b>	<b>49,687</b>	<b>3,116</b>	<b>56,853</b>

## 8 Leases

### Right of use assets

	Plant and equipment and motor vehicles (unaudited) \$000	Producing mines (unaudited) \$000	Total (unaudited) \$000
<b>Cost</b>			
1 January 2021	2,357	553	2,910
Additions	166	541	707
Lease modifications	957	116	1,073
31 December 2021	3,480	1,210	4,690
Additions	54	-	54
<b>30 June 2022</b>	<b>3,534</b>	<b>1,210</b>	<b>4,744</b>

<b>Depreciation and impairment</b>			
1 January 2021	813	288	1,101
Charge for year	410	113	523
31 December 2021	1,223	401	1,624
Charge for period	220	86	306
<b>30 June 2022</b>	<b>1,443</b>	<b>487</b>	<b>1,930</b>

<b>Net book value</b>			
31 December 2021	2,257	809	3,066
<b>30 June 2022</b>	<b>2,091</b>	<b>723</b>	<b>2,814</b>

### Lease liabilities

	Total \$000
1 January 2021	1,947
Additions	707
Lease modifications	1,073
Interest expense	266
Repayment	(700)
<b>31 December 2021</b>	<b>3,293</b>
Addition	54
Interest expense	165
Repayment	(368)
<b>30 June 2022</b>	<b>3,144</b>

	30 June 2022 (unaudited) \$000	30 June 2021 (unaudited) \$000	31 December 2021 (audited) \$000
Current liabilities	429	520	403
Non-current liabilities	2,715	1,541	2,890
<b>Total lease liabilities</b>	<b>3,144</b>	<b>2,061</b>	<b>3,293</b>

### Amount recognised in the profit and loss account

	6 months to 30 June 2022 (unaudited) \$000	6 months to 30 June 2021 (unaudited) \$000
Depreciation expense of right to use assets	306	245
Interest expense	165	80
Expense relating to short leases	131	98
	<b>602</b>	<b>423</b>

## 9 Other financial assets

	30 June 2022 (unaudited) \$000	30 June 2021 (unaudited) \$000	31 December 2021 (audited) \$000
<b>Non - current</b>			
<b>Derivatives not designated as hedging instruments</b>			
Share warrants	80	-	384
<b>Financial assets at fair value through profit and loss</b>			
Listed equity investments	-	-	2,393
	<b>80</b>	<b>-</b>	<b>2,777</b>

	30 June 2022 (unaudited) \$000	30 June 2021 (unaudited) \$000	31 December 2021 (audited) \$000
<b>Current</b>			
<b>Derivatives not designated as hedging instruments</b>			
Forward contract for the purchase of shares	-	-	214

### **Forward contract for the purchase of shares**

In December 2021, the Group subscribed for 12,600,000 shares in Libero Copper & Gold Corporation ("Libero"). 5,600,000 shares were purchased in December 2021, with the remaining 7,000,000 shares purchased in January 2022. Accordingly, the 7,000,000 shares purchased in January 2022 is a forward contract for the purchase of shares. The forward contract is measured at fair value. The carrying value of the forward contract of \$214,000 was expensed to other expense in the 6 months ended 30 June 2022.

### **Share warrants**

Each of the 12,600,000 shares purchased in Libero has half a warrant attached totalling 6,300,000 warrants. The carrying value is the value of the 6,300,000 warrants valued using a risk-neutral binomial tree. Quantitative information about the fair value measurement of the warrants using significant directly or indirectly observable inputs together with the major assumptions used to value the share warrants in Libero is as follows:

Assumption	30 June 2022	31 December 2021
Share price of Libero	CAD\$0.24	CAD\$0.54
Option exercise price	CAD\$0.75	CAD\$0.75
Acceleration condition	CAD\$1.00	CAD\$1.00
Lapse date	22 December 2023	22 December 2023
Risk free rate	3.09 per cent.	0.51 per cent.
Expected volatility – daily	5.64 per cent.	7.64 per cent.
Expected volatility – annualised	89.58 per cent.	121.25 per cent.
Probability of regulatory approval	Not applicable	95 per cent.
Discount for lack of marketability	11.61 per cent.	15.36 per cent.
Exchange rate	US\$1 = CAD\$1.2872	US\$1 = CAD\$1.2634

## 10 Trade and other receivables

	30 June 2022 (unaudited) \$000	30 June 2021 (unaudited) \$000	31 December 2021 (audited) \$000
<b>Non- current</b>			
Advances for purchases	-	-	185

	30 June 2022 (unaudited) \$000	30 June 2021 (unaudited) \$000	31 December 2021 (audited) \$000
<b>Current</b>			
Gold held due to the Government of Azerbaijan	22,488	9,683	16,094
VAT refund due	25	1,086	390
Loan to employee	500	-	-
Other tax receivable	1,432	238	182
Trade receivables – fair value*	1,441	1,866	718

Prepayments and advances	<b>3,898</b>	2,449	2,368
	<b>29,784</b>	15,322	19,752

*\*Trade receivables subject to provisional pricing.*

Trade receivables (subject to provisional pricing) are for sales of gold and copper concentrate and are non interest-bearing, but are exposed to future commodity price movements over the quotational period ("QP") and, hence, fail the 'solely payments of principal and interest' test and are measured at fair value up until the date of settlement. These trade receivables are initially measured at the amount which the Group expects to be entitled, being the estimate of the price expected to be received at the end of the QP. Approximately 90 per cent. of the provisional invoice (based on the provisional price) is received in cash within one to two weeks from when the concentrate is collected from site, which reduces the initial receivable recognised under IFRS 15. The QPs can range between one and four months post shipment and final payment is due between 30-90 days from the end of the QP.

The Group does not consider any trade or other receivable as past due or impaired. All receivables at amortised cost have been received shortly after the balance sheet date and therefore the Group does not consider that there is any credit risk exposure. No provision for any expected credit loss has therefore been established at 30 June 2021 and 2022 and 31 December 2021.

The VAT refund due at 30 June 2021 and 2022 and 31 December 2021 relates to VAT paid on purchases.

Gold bullion held and transferable to the Government is bullion held by the Group due to the Government of Azerbaijan. The Group holds the Government's share of the product from its mining activities and from time to time transfers that product to the Government. A corresponding liability to the Government is included in trade and other payables shown in note 12.

## 11 Inventory

	30 June 2022 (unaudited) \$000	30 June 2021 (unaudited) \$000	31 December 2021 (audited) \$000
<b>Current assets</b>			
<b>Cost</b>			
Finished goods - bullion	<b>10,500</b>	2,686	2,001
Finished goods - metal in concentrate	<b>3,843</b>	2,984	1,079
Metal in circuit	<b>12,391</b>	13,278	12,026
Ore stockpiles	<b>7,138</b>	9,127	7,107
Spare parts and consumables	<b>15,147</b>	12,416	14,699
Total current inventories	<b>49,019</b>	40,491	36,912
Total inventories at the lower of cost and net realisable value	<b>49,019</b>	40,491	36,912

Current ore stockpiles consist of high-grade and low-grade oxide ores that are expected to be processed during the 12 months subsequent to the balance sheet date.

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

## 12 Trade and other payables

	30 June 2022 (unaudited) \$000	30 June 2021 (unaudited) \$000	31 December 2021 (audited) \$000
Accruals and other payables	<b>4,868</b>	4,914	5,999
Trade creditors	<b>3,075</b>	3,630	3,629
Gold held due to the Government of Azerbaijan	<b>22,488</b>	9,683	16,094
Payable to the Government of Azerbaijan from copper concentrate joint sale	<b>1,700</b>	1,308	2,302
	<b>32,131</b>	19,535	28,024

Trade creditors primarily comprise amounts outstanding for trade purchases and ongoing costs. Trade creditors are non-interest bearing. Accruals and other payables mainly consist of accruals made for accrued but not paid salaries, bonuses, related payroll taxes and social contributions, accrued interest on borrowings, and services



provided but not billed to the Group by the end of the reporting period. The directors consider that the carrying amount of trade and other payables approximates to their fair value.

The amount payable to the Government of Azerbaijan from copper concentrate joint sale represents the portion of cash received from the customer for the government's portion from the joint sale of copper concentrate.

### 13 Share capital

	Ordinary shares of 1 pence each	\$000
<b>Ordinary shares issued and fully paid:</b>		
1 January and 31 December 2021 and 30 June 2022	114,392,024	2,016

### 14 Share premium account

	\$000
1 January and 31 December 2021 and 30 June 2022	33

### 15 Distributions made and proposed

	Six months ended 30 June 2022 (unaudited) \$000	Six months ended 30 June 2021 (unaudited) \$000	Year ended 31 December 2021 (audited) \$000
<b>Cash dividends on ordinary shares declared and paid</b>			
Special dividend for 2020: 1.5 US cents* per share	-	1,711	1,711
Final dividend for 2020: 3.5 US cents** per share	-	-	4,010
Interim dividend for 2021: 4.5 US cents*** per share	-	-	5,197
	-	1,711	10,918
<b>Cash dividends proposed on ordinary shares</b>			
Final dividend for 2021: 3.5 US cents**** per share	-	-	4,010
Interim dividend for 2021: 4.5 US cents*** per share	-	5,197	-
Interim dividend for 2022: 4.0 US cents***** per share	4,572	-	-

\* the special dividend for 2020 was declared in United States dollars but paid in Sterling in the amount of 1.0767 pence per ordinary share on 11 March 2021.

\*\* the final dividend for 2020 was declared in United States dollars but paid in Sterling in the amount of 2.5354 pence per ordinary share on 29 July 2021.

\*\*\* the interim dividend for 2021 was declared in United States dollars but paid in Sterling in the amount of 3.2937 pence per ordinary share on 4 November 2021.

\*\*\*\* the final dividend for 2021 was declared in United States dollars but paid in Sterling in the amount of 2.9181 pence per ordinary share on 28 July 2022.

\*\*\*\*\* the interim dividend for 2022 is to be paid in Sterling on 3 November 2022 at a rate to be announced.

The proposed but not paid interim and final dividends for the year ending 31 December 2021 and the 6 months ended 30 June 2021 and 2022 are not recognised as liabilities in the Group statements of financial position.

### 16 Contingencies and commitments

The Group undertakes its mining operations in the Republic of Azerbaijan pursuant to the provisions of the Agreement on the Exploration, Development and Production Sharing for the Prospective Gold Mining Areas: Gedabek, Gosha, Ordubad Group (Piazbashi, Agyurt, Shakardara, Kiliyaki), Soutely, Kyzilbulag and Vejnali Deposits dated year ended 20 August 1997 (the "PSA"). The PSA contains various provisions relating to the obligations of the R.V. Investment Group Services LLC ("RVIG"), a wholly owned subsidiary of the Company. The principal provisions are regarding the exploration and development programme, preparation and timely submission of reports to the Government, compliance with environmental and ecological requirements. The Directors believe that RVIG is in compliance with the requirements of the PSA. The Group has announced a discovery on Gosha Mining Property in February 2011 and submitted the development programme to the Government according to the PSA requirements, which was approved in 2012. In April 2012 the Group announced a discovery on the Ordubad Group of Mining Properties and submitted the development programme to the Government for review and approval according to the PSA requirements. The Group and the Government are still discussing the formal approval of the development programme.

The initial period of the mining licence for Gedabek was until March 2022. The Company has the option to extend the licence for two five-year periods (ten years in total) conditional upon satisfaction of certain requirements in the PSA. The first of the five year extensions was obtained by the Company in April 2021 and accordingly the mining licence now extends to March 2027 with a further five year extension permitted.

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.

Subsequent to 30 June 2022, various revisions to the Group's PSA were passed into the law of the Republic of Azerbaijan as set out in note 18 – post balance sheet events.

## **17 Related party transactions**

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

### **Trading transactions**

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

### **Other related party transactions**

- a) Total payments in the 6 months to 30 June 2022 of \$1,809,000 (6 months to 30 June 2021: \$452,000) were made for equipment and spare parts purchased from Proses Muhendislik Danismanlik Inshaat ve Tasarim Anonim Shirket ("PMDI"), an entity in which the vice president of technical services of Azerbaijan International Mining Company has a direct ownership interest. There is an outstanding payable to PMDI of \$nil at 30 June 2022 (30 June 2021: \$21,000 and 31 December 2021: \$157,000).
- b) Total payments in the 6 months to 30 June 2022 of \$1,033,000 (6 months to 30 June 2021: \$503,000) were made for equipment and spare parts purchased from F&H Group LLC ("F&H"), an entity in which the vice president of technical services of Azerbaijan International Mining Company has a direct ownership interest. There is an outstanding payable to F&H of \$576,000 at 30 June 2022 (30 June 2021: \$488,000 and 31 December 2021: \$862,000).
- c) On 30 June 2022, a loan of \$500,000 was made to the vice president of technical services of Azerbaijan International Mining Company. The loan carries an interest rate of 4 per cent. and is repayable on 30 June 2023 with earlier repayment permissible. The loan is secured on the Anglo Asian Mining plc shares owned by the vice president of technical services of Azerbaijan International Mining Company. The loan was guaranteed by the president and chief executive officer of Anglo Asian Mining plc.

## **18 Post balance sheet events**

### ***Ratification of revised Production Sharing Agreement for the Group***

Various amendments to the Group's Production Sharing Agreement ("PSA") were ratified in July 2022 by the Parliament of the Republic of Azerbaijan which granted the Group three new Contract Areas with a combined area of 882 square kilometres. The Soutely contract area was relinquished. The parliamentary ratification was signed into law on 5 July 2022 by the President of the Republic of Azerbaijan. Following revision to the PSA, the Group has eight contract areas covering 2,544 square kilometres in Azerbaijan.

### ***Purchase of Company's own Shares***

In the period 1 July 2022 to 14 September 2022, the Company purchased a total of 100,000 of its own shares at an average price of 85.625 pence. The shares were not cancelled but held in treasury.

### ***Additional investment in Libero Copper & Gold Corporation ("Libero")***

On 7 August 2022, the Company acquired 2,900,000 new shares in Libero by way of a private placement at CAN 33 cents per share. The total acquisition price was CAN\$957,000 million (\$748,000). The shares were admitted to the TSXV Stock Exchange following issue. Following the placement, the Company owned 19.9 per cent. of the enlarged share capital of Libero.

## **19 Approval of condensed group interim financial statements**

The condensed group interim financial statements of Anglo Asian Mining plc and its subsidiaries for the six-month period ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors on 14 September 2022.

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

**Notes:**

Anglo Asian Mining plc (AIM:AAZ) is a gold, copper and silver producer in Central Asia with a broad portfolio of production and exploration assets in Azerbaijan. The Company produced 64,610 gold equivalent ounces ("GEOs") for the year ended 31 December 2021.

In December 2021, the Company undertook a private placement which acquired 19.8 per cent. of Libero Copper & Gold Corporation ("Libero"). The transaction was completed in January 2022. Libero is listed on the TSX Venture Exchange in Canada and owns, or has the option to acquire, several copper exploration properties in North and South America, including Mocoa in Colombia, one of the world's largest undeveloped copper-molybdenum resources.

On 5 July 2022, the Government of Azerbaijan ratified amendments to its Production Sharing Agreement, granting Anglo Asian three additional concessions totalling a combined area of 882 square kilometres. This includes the Garadagh porphyry copper deposit, with a Soviet classified resource of over 300,000 tonnes of copper. The acquisition of these concessions is transformational to Anglo Asian's asset portfolio and underpins the strategic target of transitioning into a mid-tier copper focused miner.

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