Anglo Asian Mining PLC
Annual report and accounts 2023

ANGLO ASIAN MINING PLC

A mining business with an exceptional portfolio of assets to deliver sustainable growth

Contents

Anglo Asian Mining PLC is an established gold, copper and silver producer with a broad portfolio of production and exploration assets in Azerbaijan. The Company produced 31,821 gold equivalent ounces in the year ended 31 December 2023. The Company has a well-defined strategy to grow production and become a mid-tier copper producer. Production will commence from Gilar, a new copper and gold mine at Gedabek, in the second half of 2024.

The Company has an exciting portfolio of greenfield assets which lay the foundation for substantial future growth of the business. In addition to Gilar - Zafar, Xaxar and Garadag all host significant ore deposits. The Company is developing these opportunities at pace with JORC mineral resources now published for the Zafar, Gilar and Xarxar deposits. These deposits contain total JORC mineral resources (measured, indicated and inferred) of over 200,000 tonnes of copper and 328,000 ounces of gold. A non-JORC Company estimate for the Garadag deposit contains an "indicated" and "inferred" mineral resource of over 324,000 tonnes of copper.

Sustainability, and minimising the risk of any adverse impact to the environment, is at the core of our business and everything we do. The Company has committed to implement the Global Industry Standard on Tailings Management ('GISTM') by the end of 2026. A sustainability policy has been implemented and the Company is now reporting climate related financial and other information.

Discover more online
For the latest news and investor information, visit the Company's website at
www.angloasianmining.com

Front cover: New Caterpillar loader at Gilar.

Highlights

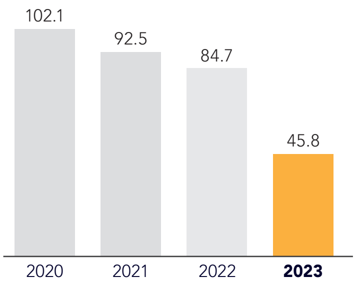
year ended 31 December 2023

Operational highlights

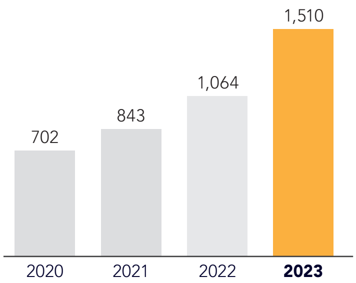
- Total production for 2023 was 31,821 gold equivalent ounces ("GEOs") compared to 57,618 GEOs in 2022
- Gold production for 2023 of 21,758 ounces, compared to 43,114 ounces produced in 2022
- Gold bullion sales in 2023 of 15,822 ounces (2022: 34,918 ounces) completed at an average of $1,951 per ounce (2022: $1,783 per ounce)
- Copper production for 2023 was 2,138 tonnes compared to 2,516 tonnes produced in 2022
- Silver production for 2023 totalled 53,226 ounces compared to 2022 production of 182,046 ounces
- Gold produced in 2023 at an all-in-sustaining cost ("AISC")*, net of by-product credits, of $1,510 (2022: $1,064) per ounce. Higher AISC in 2023 mainly due to lower production

Financial highlights

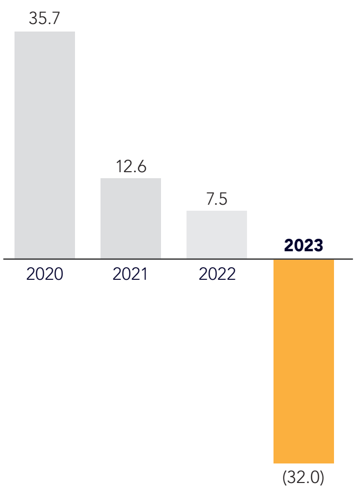
Revenue
($m)



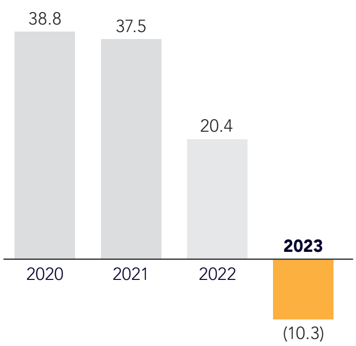
All-in sustaining cost ("AISC")*
($ per ounce)



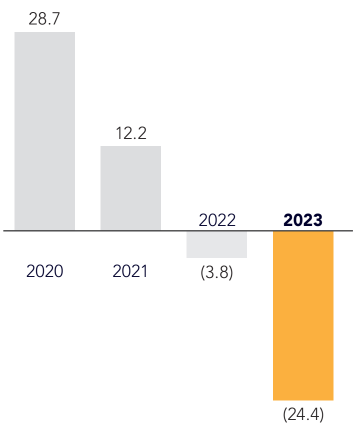
Profit/(loss) before taxation
($m)



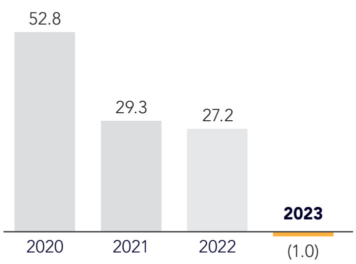
Net cash/(debt)*†
($m)



Free cash flow*†
($m)



Operating cash flow before movements in working capital
($m)



* *Non-IFRS indicator: see definition in financial review on pages 42 to 47.*

† *Including cash in transit and restricted cash used to secure a borrowing.*

Anglo Asian Mining at a glance

Anglo Asian Mining is an established and sustainable mining business with a portfolio of wholly owned copper, gold and silver producing and development stage assets in Azerbaijan. These assets are situated on the Tethyan Tectonic belt, one of the world's most significant gold and copper bearing trends.

Azerbaijan contract areas

Azerbaijan is situated in southwest Asia, bordering the Caspian Sea, with a small European portion north of the Caucasus range. Azerbaijan borders Armenia, Georgia, Iran, Russia and Türkiye, and is split into two parts by Armenia; the smaller part is called the Autonomous Republic of Nakhchivan. Full sovereignty was restored over the Karabakh region of Azerbaijan in 2023. The country has an established democratic government, which is fully supportive of international investment initiatives. Infrastructure is reasonably extensive. Low cost labour is also available.

- Active – Production and exploration
- Exploration
- Currently no access

The Group has eight concessions, called contract areas, in Azerbaijan with a total area of 2,544 square kilometres. Gedabek, Gosha, Xarxar and Garadag form a contiguous territory of 1,408 square kilometres which is developing as a potential copper district. Vejnaly is located in the Zangilan region of Azerbaijan and Kyzlbulag and Demirli are a contiguous territory in Karabakh. Ordubad is in the Nakhchivan exclave of Azerbaijan. Access has not yet been granted to Kyzlbulag and Demirli.

The Group has historically produced gold, copper and silver from its open pit and underground mines at Gedabek. These mines are now very mature and the Group is transitioning to production from its new deposits of Zafar and Gilar situated at Gedabek, and Xarxar and Garadag. Gilar will commence production in the second half of 2024.

JORC minerals resource estimates have now been published for Zafar, Gilar and Xarxar. In total, these deposits contain total JORC mineral resources (measured, indicated and inferred) of over 200,000 tonnes of copper and 328,000 ounces of gold. A non-JORC Company estimate for the Garadag deposit contains an "indicated" and "inferred" mineral resource of over 324,000 tonnes of copper.

The Group's processing facilities are located at Gedabek. Gold doré is produced by leaching and copper concentrate by flotation. The capacity of the Group's flotation plant was doubled in 2023. Extensive refurbishment and maintenance of the Group's production facilities was also carried out in 2023.

The Group's contract areas are all highly prospective, exploration territory. The Group has a proven track record of mineral discovery having discovered the Ugur, Gadir, Zafar and Gilar deposits in the last eight years.

Gosha and Vejnaly both host existing underground mines built in the Soviet era. Exploration is carried out at these two locations.

Azerbaijan contract areas

GEDABEK 300 square kilometre

Gedabek is the main production asset of the Group. It hosts the Gedabek open pit and the contiguous Gedabek and Gadir underground mines. Gilar, a new copper-gold mine, will commence production in the second half of 2024. The Zafar deposit is also located at Gedabek but is not currently being developed as the Company is currently focused on bringing Gilar into production. All processing facilities are currently located at Gedabek which comprise an agitation leaching plant, a flotation plant and SART processing. The capacity of the flotation plant has been doubled in 2023. Heap leaching is also carried out using both crushed and ROM ore.

Gedabek is now a very mature site with excellent road access, power from the Azeri national grid and a water treatment plant. Only minimal capital expenditure is now required to sustain its operations. Mining and exploration rights are until March 2027 which can be extended for a further five years.

The Company's tailing management facility is situated approximately 4.5 kilometres from the Company's processing facilities at Gedabek and is a downstream rock fill embankment. There have been four construction phases and a final wall raise will be carried out which is awaiting the approval of the Government of Azerbaijan. The Company has committed to implement the Global Industry Standard on Tailings Management ('GISTM') by the end of 2026.

XARXAR 464 square kilometre

Xarxar is situated 1.5 kilometres from the northern boundary of the Gedabek contract area.

Extensive geological fieldwork was carried out in 2023 including core drilling from both surface and underground. An exploration portal has been constructed and the underground tunnel developed. The historic data acquired in 2022 from the previous owner of the deposit was also extensively analysed. A JORC mineral resource estimate has been announced containing total JORC mineral resources of 119,100 tonnes of copper.

The Xarxar contract area extends the Gedabek contract area to the north. The Gilar mine is situated within the Gedabek contract area close to its northern boundary. Geological exploration indicates that the Gilar deposit trends to the north into the Xarxar contract area. The Xarxar contract area will therefore enable the Gilar deposit to be fully mined.

GARADAG 344 square kilometre

Garadag abuts the northern boundary of Xarxar and hosts the Garadag deposit. Garadag has been extensively explored since the end of the Soviet era by its previous owners.

In 2022, the Group acquired the historical geological exploration and other data of the previous owners of the deposit. The data included 9,645 chemical assays taken from 23,454 metres of drill core which have been transferred to the Group. The data also included geochemical and geophysical data, including maps and interpretative reports.

No geological fieldwork was carried out in 2023. However, extensive collating and analysis was carried out of the historical data which was acquired.

A non-JORC Company estimate for the Garadag deposit contains an "indicated" and "inferred" mineral resource of over 324,000 tonnes of copper. A JORC mineral resource estimate for Garadag will be published later in 2024.

Anglo Asian Mining at a glance *continued*

Azerbaijan contract areas continued

GOSHA

300 square kilometre

Gosha is situated in western Azerbaijan, 50 kilometres northwest 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 year ended 31 December 2023.

"Hasan", a new sub-vertical high gold grade mineralised vein, immediately south of the existing Gosha mine has recently been discovered. Hasan can be accessed via a short tunnel from the existing tunnelling at Gosha. A further vein close to Hasan called "Akir" is also showing promising mineralisation.

The Group is also carrying out geological fieldwork at Asrikchay, a copper and gold target situated in the northeast corner of the Gosha Contract Area, about 7 kilometres from the Gosha mine, within the Asrikchay valley.

VEJNALY

300 square kilometre

Vejnaly is a 300 square kilometre contract area located in the Zangilan district in southwest Azerbaijan. It borders Iran to the south and Armenia to the west. It hosts the Vejnaly deposit.

There are both open pit and underground workings and the main ore body was extensively mined during the Armenian occupation. There is also an existing crusher and flotation processing plant at the mine which will need extensive renovation to recommence operation. A camp is now established at Vejnaly and approximately 30 full time employees, who are mainly geologists, are exploring in the vicinity of the existing mine.

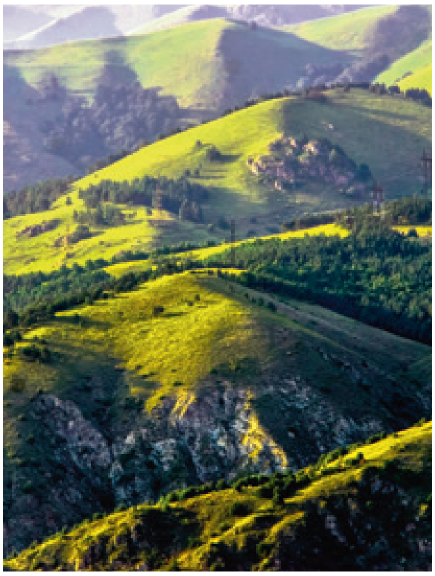
There was no mining or production at Vejnaly in 2023. Minor amounts of ore are being extracted from the underground mine as the geologists clean out and rehabilitate the tunnels as part of their exploration. This ore will be transported to Gedabek for processing.

ORDUBAD

462 square kilometre

Ordubad is an exploration area in Nakhchivan, southwest Azerbaijan, which contains numerous targets. Geology suggests that the area is favourable for porphyry formation. Targets include Shakadara (gold), Dirnis (copper and silver prospect), Keleki (gold prospect), Destabashi (copper prospect) and Aylis.

Limited exploration at Ordubad restarted in 2023.



KYZLBULAG

462 square kilometre

Kyzlbulag is in Karabakh. It contains several mines and has excellent potential for exploration, as indicated by the presence of many mineral deposits and known targets in the region.

Kyzlbulag together with Demirli contain the Demirli mine. There are indications that up to 35,000 ounces of gold per year were extracted from the Demirli copper-gold mine, before the mine was closed several years ago, indicating the presence of a gold mineralising system.

The Government of Azerbaijan restored its sovereignty over Karabakh in 2023. It will use all reasonable endeavours to ensure that the Company has physical access to the region.

DEMIRLI

74 square kilometre

The Demirli deposit is adjacent to the Kyzlbulag contract area and expands the Kyzlbulag contract area to the northeast.

The Government of Azerbaijan restored its sovereignty over Karabakh in 2023. It will use all reasonable endeavours to ensure that the Company has physical access to the region.

Although access has not been granted to the contract area, a technical team from the Company was allowed to visit the Demirli mine and processing plant in March 2024.

GEDABEK TOWN

The Company's main production site is at its Gedabek contract area which is close to the town of Gedabek in western Azerbaijan. Gedabek town has undergone a large amount of economic growth and development as a result of the mining now taking place in the area. Previously an impoverished upland town, Gedabek is now a thriving community and is the location of many diverse businesses. A new town community centre has been built together with other communal buildings. The Company actively promotes economic activity in the region and has sponsored activities such as beekeeping and carpet weaving.

Our growth strategy

Anglo Asian Mining remains committed to implementing its medium-term growth strategy of transitioning to a multi-asset, mid-tier producer, with copper becoming the Company's principal commodity. Certain parts of this strategy, including the completion of JORC mineral resource estimates for the Xarxar and Gilar deposits, have now been successfully completed.

Having operated successfully in Azerbaijan for over 20 years, the Company has developed high quality production and development assets. The acquisition of three new contract areas, Garadag, Xarxar, and Demirli, in July 2022 strengthens the foundation of our growth strategy and supports our evolution into a mid-tier copper producer. While acknowledging a delay due to the Micon environmental review and partial suspension of processing, the strategic plan remains firmly in place with an assumed slippage of one year. However, the Company believes some of this time will be made up. With three of the four key deposits in the Gedabek area now possessing JORC-compliant mineral resource estimates, the Company is focused on maintaining momentum with its long-term transition.

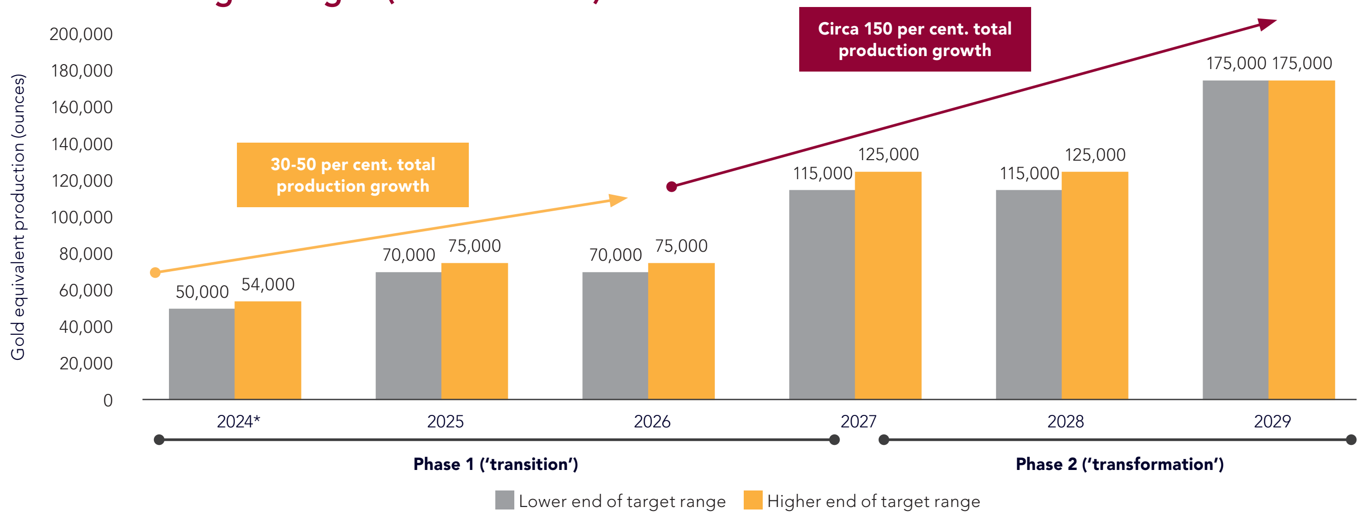
The growth strategy comprises two phases. In the initial phase ('transition'), the Company will manage production at the currently operating Gedabek and Gadir mines as they approach the end of their anticipated operational lives. Simultaneously, the Company will start production at two new mines, Gilar and Xarxar, between 2024 and 2027. Production has also been assumed to start at Zafar from 2026. However, the start up of Zafar may not be necessary, dependant upon the final mine life of the Gedabek open pit.

The second phase ('transformation') will see the Company develop Garadag, which is projected to produce over 300,000 tonnes of copper and is expected to commence production in 2028 to 2029.

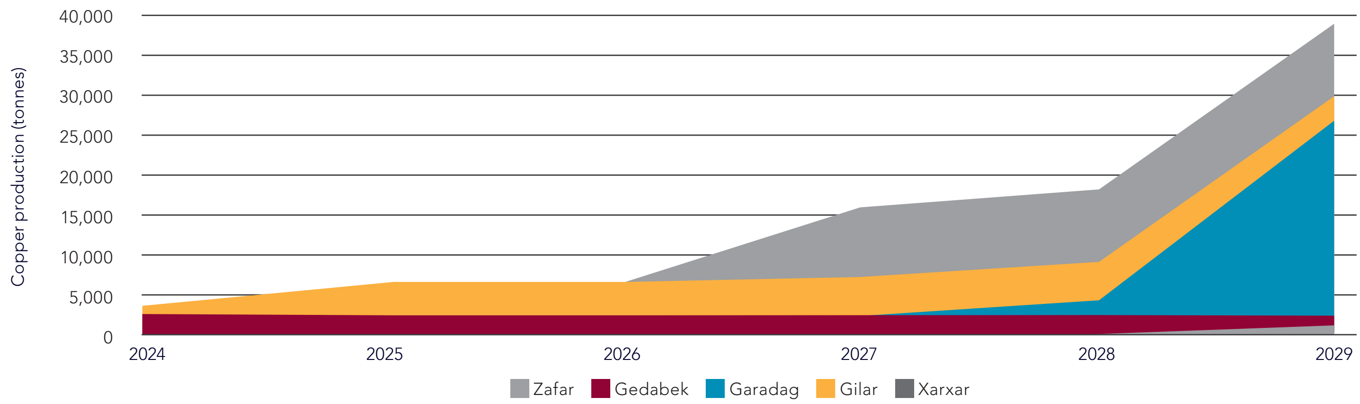
The Company has revised its goal of increasing its production of gold equivalent ounces by 30 to 50 per cent. to 70,000 to 75,000 to 2025 and 2026. It now targets a rise in copper equivalent production to approximately 36,000 plus tonnes per annum (gold equivalent of 175,000 ounces) from 2029.

As part of its growth strategy, the Company's primary output will shift to copper from gold, with copper becoming the majority contributor to revenue by 2027. As a critical metal for the global energy transition, the board of Anglo Asian Mining is confident the Company's shift to copper production will generate sustainable, long-term value for all stakeholders.

Production target ranges (2024 to 2029)



Transition from gold to copper through new mine construction



* *These production amounts are from the strategic plan. Guidance has not yet been issued for the year ending 31 December 2024.*

Chairman's statement

"...the Board remains confident that the underlying business is strong, with a seasoned and highly motivated team and a blue-chip portfolio of assets with the capability to achieve our ambitious medium-term strategy of transitioning to a mid-tier copper-focused producer."

Khosrow Zamani
Non-executive chairman

Undoubtedly 2023 was a challenging year for Anglo Asian Mining, with production partially suspended for the last four months of the year due to the environmental audit of our Gedabek tailings dam and whilst we were waiting for the approval of the Government of Azerbaijan (the "Government") to raise the tailings dam wall. However, the Board remains confident that the underlying business is strong, with a seasoned and highly motivated team and a blue-chip portfolio of assets with the capability to achieve our ambitious medium-term strategy of transitioning to a mid-tier copper-focused producer.

Production

During the year, the Company produced 31,821 gold equivalent ounces ("GEOs"), which was in the mid-range of the revised production guidance of 30,000 to 34,000 GEOs. Production was expected to decline in 2023 as the Company was only mining from its Gedabek open pit and Gedabek and Gadir underground mines, which all have falling grades as they approach the end of their lives. However, the decrease was more than anticipated due to the lost production caused by the suspension of flotation and agitation leaching from August to December 2023. The Group will not issue production guidance for 2024 until it receives approval to raise the tailings dam wall.

Progress of our strategic growth plan

In March, we announced our medium-term growth strategy, which envisages Anglo Asian Mining more than doubling its production within the next five years as we transition to a multi-asset, mid-tier producer, with a portfolio dominated by copper. The completion of this strategy was a significant achievement, and I would like to thank the entire management team for their hard work and dedication in developing it. The environmental audit and partial suspension of processing has led to certain implementation delays to the growth strategy. However, we are entirely focused on, and confident of, still achieving mid-tier production in the medium term and delivering the associated considerable shareholder value.

A key pillar of our strategic plan is the preparation of mineral resource estimates for our mineral deposits to the JORC standard. We have been successful in this regard and have now published JORC mineral resource estimates for three of our assets under development, Gilar, Zafar and Xarxar. We will be publishing the JORC mineral resource estimate for Garadag later in the year. These mineral resources guarantee the long-term future of the Company and provide increased insights regarding the development plans for these assets.

Another key pillar of the growth strategy is commencement of production from the Gilar mine. Development is well underway with production due to start by the end of 2024. We have also procured, with vendor finance, a Caterpillar underground mining fleet. The delivery of the fleet to Gedabek was a significant milestone, and was Caterpillar's first delivery of this type of underground equipment to Azerbaijan and the broader Caucasus region.

Micon environmental audit

Following protests by local residents at our tailings dam, at the request of the Government, Micon International Co Limited ("Micon") carried out a health, safety and environmental review of tailings management at the Gedabek site in late July. The review was carried out under the auspices of the Ministry of Ecology and Natural Resources of Azerbaijan. The Company's local environmental engineers, CQA International, and its independent tailings management consultant Knight Piésold, assisted in the review. The environmental audit, which measured multiple environmental factors in detail, including water samples, soil samples, and air quality, confirmed there were no issues, with our operations operating well within international guidelines. Following the finalisation of the report, the Government gave us permission to restart operations in September.

We are fully implementing the report's recommendations, including improving our emergency response capabilities, strengthening our environmental monitoring and documentation, and enhancing how we engage and communicate with local communities.

Kyzlbulag and Demirli contract areas

Azerbaijan resumed full sovereignty over Karabakh in 2023 and the Russian peacekeepers have recently left the territory. The Company has not yet been granted access to its contract areas in Karabakh. However, preliminary discussions have started with the Government regarding access and commencing production from the assets situated in the contract areas. The Company has started obtaining and collating various documentation regarding the assets in our contract areas in Karabakh and a technical team have recently visited the Demirli processing plant.

Chairman's statement *continued*

Geological team working in the drill core shed at Gedabek

Sustainability and climate reporting

Sustainability and upholding the best principles of Environmental, Social and Governance ("ESG") are of the utmost importance to the Company and are fundamental to how we operate and make key decisions.

During early 2024, we established a Sustainability Committee, which will oversee activities related to sustainable development and social responsibility and is chaired by non-executive director, Professor John Monhemius. This committee will also be responsible for overseeing the Company's activities with respect to mitigating climate risks. We are determined to deliver real progress in this area and the committee will help spearhead our efforts as we continue to uphold industry best practice standards. For example, the Company has recently committed to full compliance with the Global Industry Standard on Tailings Management ('GISTM') and we are currently in the process of collating the required information and putting in place the necessary requirements, and we aim to achieve full GISTM compliance by 2026. We are also pleased to disclose our climate related risks and opportunities in line with the Task Force on Climate-Related Financial Disclosures ("TCFD") reporting framework for the first time this year.

Libero Copper & Gold Corporation ("Libero")

Libero had a poor year as it struggled to raise finance without drilling permission for its Mocoa property. After two follow-on investments in January and February, we decided not to invest further in Libero. An impairment provision of $5 million was recorded against our investment at the end of 2023. In early 2024, our interest fell to approximately 5.7 per cent. Libero has so far proved a disappointing investment. However, Libero has recently been restructured and refinanced and is under new management. We believe Libero still has the ability to create material shareholder value.

Dividend and going concern

The partial suspension of processing has, as you would expect, put a strain on the finances of the Company. However, the Company still continues to generate revenue from its heap leach and SART operations and is exercising extremely stringent cost control to weather this difficult period.

Given the partial suspension of production and the loss for the year, the Company does not intend to pay a dividend for 2023. However, the Company's reputation as a reliable dividend payer is important to the directors, who fully intend to resume dividend payments once conditions allow.

The Group's financial statements contain two material uncertainties as to going concern; whether permission will be obtained from the Government to raise the wall of the tailings dam; and obtaining further finance from banks in Azerbaijan. These uncertainties have arisen because these exercises had not yet been completed at the date of signing the financial statements. Work on completing these tasks is ongoing and progressing well and the Government and banks in Azerbaijan are being supportive. We are also actively exploring other sources of non-equity finance. We are therefore confident that the permission to raise the tailings dam wall and further finance will both be obtained in the short term.

UN Climate Change Conference in Baku in November 2024 ("COP 29")

As I am sure everyone is aware, COP 29 will be held in Baku in November 2024. Preparations for the conference are well underway with some governments already establishing staff resources in Baku in advance of the conference. The Company welcomes this opportunity for Azerbaijan to showcase its capital city and, as a significant business in Azerbaijan, it intends to fully participate in the conference where appropriate.

Annual General Meeting

We encourage shareholders to attend our Annual General Meeting, the details of which are set out on pages 121 and 122 of this annual report. The directors welcome all shareholders to attend and look forward to meeting as many of you as possible.

Summary

Despite a very challenging year, the Board remains excited by Anglo Asian's growth prospects. The resilience displayed during the year is a testament to the strength of the business, and we look forward to returning to full production and continuing to generate value for our stakeholders.

Appreciation

I would like to take this opportunity to thank the employees of Anglo Asian Mining, our partners, the Government of Azerbaijan, and our advisers for their continued support. I would also like to sincerely thank our shareholders for their continued commitment to the Company. I look forward to a better 2024 and to sharing our future successes with you all.

Khosrow K. Zamani

Khosrow Zamani
Non-executive chairman
15 May 2024

President and chief executive's review

"...despite the adversity, we continued throughout the year to lay the foundations for our future growth. We are confident that we have now largely overcome these challenges and the underlying business remains robust."

Reza Vaziri
President and chief executive

2023 was a year of resilience for Anglo Asian Mining with many unforeseen challenges. However, despite the adversity, we continued throughout the year to lay the foundations for our future growth. We are confident that we have now largely overcome these challenges and the underlying business remains robust. We own an excellent portfolio of mineral deposits with significant growth potential and have a well-defined strategy to bring them into production.

Operational review

The year was pivotal in developing our asset portfolio and positioning Anglo Asian Mining for growth. We announced our medium-term growth strategy in March and have already achieved several milestones in its implementation. However, the Micon environmental audit and the new requirement to obtain the permission of the Government of Azerbaijan (the "Government") to raise the tailings dam wall slowed our progress. One benefit of the positive outcome of the environmental audit is that our credentials are now fully established as a safe operator that does not pollute the environment. This will greatly assist us should we need to arrange external financing for our new mines.

One major achievement was the development of the Gilar mine. We have completed construction of the portals to the mine and underground tunnelling to reach the mineralisation is currently underway. Unfortunately, progress has been slower than anticipated due to softer rock and water encountered underground. However, we remain on track to commence production by the end of this year from Gilar and have also published its maiden JORC mineral resource estimate. This confirmed 6.10 million tonnes of mineralisation, with average grades of 0.88 per cent. copper and 1.30 grams per tonne of gold, containing over 255,000 ounces of gold and nearly 54,000 tonnes of copper.

We completed a mining scoping study for Zafar and have commenced development work, including the construction of one of the two planned portals. A JORC mineral resource estimate confirmed 6.8 million tonnes of mineralisation at average grades of 0.5 per cent. copper, 0.4 grammes per tonne of gold and 0.6 per cent. zinc, containing 73,000 ounces of gold, 28,000 tonnes of copper and 36,000 tonnes of zinc. This anticipates an ore production rate of 700,000 tonnes per annum. Development of the Zafar mine was put on hold during 2023 in order to deploy all our resources to developing Gilar, which became our priority due to its excellent drilling results early in the year. Gilar will prove key to achieving our production ambitions, supported in the longer term by production from Zafar, while our larger copper mines are developed.

We published the maiden JORC mineral resource estimate for Xarxar in 2024, confirming 22.4 million tonnes of indicated and inferred mineralisation at an average grade of 0.48 per cent. of copper, containing over 110,000 tonnes of copper, making it a significant copper deposit. An initial assessment of the Garadag porphyry copper deposit suggests that it has the potential to produce over 300,000 tonnes of copper. Garadag is another key asset in the implementation of our growth strategy and we will publish its JORC mineral resource estimate later in 2024.

We are now prioritising our geological exploration programme around our larger mineral deposits and plan to carry out less work at our secondary and smaller prospects. This required the Company to make a provision against historic exploration expense of $13 million. However, we are maintaining some activity at Gosha and in the Ordubad area of Nakchivan, targeting both gold and copper mineralisation. We are also still exploring in the vicinity of the Vejnaly mine in the Zangilan district of Azerbaijan.

The Government regained full sovereignty over Karabakh in 2023 and the Russian peacekeepers have recently left the region. Karabakh hosts the Demirli copper and molybdenum porphyry mine, which is an exciting brownfield project that lies within our Demirli contract area. The Company is currently discussing obtaining full access to Demirli with the Government and a technical team from the Company visited the property in March 2024 for an initial assessment of the assets.

Another operational milestone in 2023 was taking delivery of a Caterpillar underground mining fleet for the Gilar mine, the first time this type of equipment of has been deployed in Azerbaijan, or the wider Caucasus region. Part of the purchase price is being refinanced with vendor financing in 2024. This fleet will significantly advance our operational capabilities and reflects our strong partnership with Caterpillar.

President and chief executive's review *continued*

Operational review continued

We have also taken the opportunity to increase production capacity at Gedabek by upgrading the flotation plant during the environmental shutdown, enhancing its performance in anticipation of increased production volumes in the years ahead.

Financial review

Revenues were $45.9 million compared to $84.7 million in 2022. This includes gold bullion sales of 15,822 ounces at an average price of $1,951 per ounce and total copper concentrate sales of 11,192 dry metric tonnes valued at $15.8 million.

The Group hedged part of its gold bullion production in 2023, as the price of gold appeared to plateau earlier in the year. In June, monthly forward sales of gold bullion were made of approximately 25 to 30 per cent. of budgeted production for the remainder of 2023. A total of 4,600 ounces were sold at prices between $1,950 to $1,979 per ounce. 3,000 ounces of gold were sold in 2023 under the hedge programme for an average price of $1,969.97 per ounce with the remaining 1,600 ounces rolled forward to 2024. The hedging programme generated additional revenue of approximately $75,000.

The Company incurred a loss before tax of $32.0 million compared with a profit in 2022 of $7.5 million. Part of this loss arose due to the lower production and the cost of the environmental audit and partial suspension of production. However, the Company also incurred non-cash impairment charges of $5.0 million in respect of Libero Copper & Gold Corporation ("Libero") and $13.0 million in respect of historical geological exploration expenditure.

An impairment provision was made in 2023 to write down Libero to reflect its recoverable value. Subsequently, following a refinancing by Libero in early 2024, in which Anglo Asian did not participate, our holding in Libero fell to 5.7 per cent. It ceased to be an associate company from that date and going forward will be accounted for as an equity investment. The Group's strategy changed in 2023 following the discovery and development of the Zafar and Gilar mines and the acquisition of Xarxar and Garadag. The Group's focus has now moved away significantly from Ordubad and our other secondary and smaller exploration prospects. Accordingly, the Company wrote down the value of previously capitalised exploration expenditure of $13.0 million.

The Company had net debt of $10.3 million at 31 December 2023 and saleable inventory of 3,296 ounces of gold with a market value of approximately $6.8 million and copper concentrate with a market value of $0.2 million.

Revenues from production at Gedabek continued to be subject to an effective royalty of 12.75 per cent. through our production sharing agreement with the Government of Azerbaijan. We anticipate that this same royalty rate will continue to apply to at least the end of 2025. The gold and silver produced from the ore stockpile at Vejnaly in 2021 was sold in 2023 for $1.6 million. This was subject to an effective royalty of 32 per cent. because the ore stockpile was acquired at zero cost.

Environmental audit and community relations

In July 2023, local residents protested against the Company's preferred site for the construction of its second Gedabek tailings dam and many entirely untrue assertions were made regarding our existing tailings dam. Anglo Asian Mining has been operating at Gedabek since 2009 and is proud of its long-standing environmental and health and safety track record. Historically, it has enjoyed excellent community relations, particularly given its significant social and economic contribution to the local area. Gedabek was an impoverished region with low levels of employment before the arrival of the Company and is now one of the most prosperous regions in Azerbaijan. Accordingly, the unrest over the location of the second tailings dam was entirely unexpected.

Following the unrest, a comprehensive environmental audit by Micon International Co Ltd ("Micon"), was jointly commissioned by the Government and Anglo Asian Mining, which confirmed our operations were operating well within international environmental guidelines. The Government gave permission for the Company to restart operations in September. We regard obtaining permission to restart our operations within only a few months as a major achievement and it is a credit to the team for their hard work. There are many examples in the industry of mines taking years to restart, if at all, following environmental shutdowns.

In early 2024, various media organisations published a number of unfounded allegations regarding the Company's operations. The publications wholly ignored the comprehensive independent audit that cleared the Company of any environmental breach and the multiple public statements the Company had made in 2023 about its operations. Anglo Asian Mining maintains excellent relations with the Government and wholly supports its commitment and approach to developing the country's natural resources in a sustainable manner for the benefit of all stakeholders.

As we continue to advance our sustainability agenda, we remain dedicated to responsible mining practices that benefit not only our Company, but also the communities and environments in which we operate.

Tailings storage at Gedabek and the restart of production

The current tailings dam is almost full and the Company has submitted plans to the Government for a further 7.5 metre raise of the wall to its final design height, which will give sufficient capacity for two to three more years of production. This raise will be carried out in two stages, with the first raise of 2.5 metres being completed approximately three months after permission is obtained. All necessary documents to obtain permission were submitted to the Government in March 2024, including a report by Knight Piésold confirming the stability of the dam. We are very confident that we will receive the permission shortly. Once permission to raise the tailings dam is received, full production will restart.

Commitment to Global Standards and Sustainability

Our commitment to sustainability was further consolidated by our pledge in January 2024 to implement the Global Industry Standard on Tailings Management ('GISTM') at our Gedabek operations, aiming for full compliance by 2026. This initiative reflects our zero-tolerance policy towards environmental risk and guides our management of tailings facilities throughout their lifecycle.

Our sustainability efforts are deeply embedded in every aspect of our operations, guided by a long-term vision of creating enduring value. We remain one of the largest employers in Azerbaijan, with over 1,600 employees, and we actively participate in community development through various outreach programs, including medical assistance, food aid and environmental initiatives, such as tree planting. In March 2024, we furthered our commitment by establishing a sustainability committee that will oversee the development of the Company's strategy and activities related to its sustainable development and social responsibility.

Anglo Asian Mining is undertaking a significant step in climate transparency by aligning its reporting with the Task Force on Climate-Related Financial Disclosures (TCFD) framework and adhering to the climate-related disclosure standards of the United Kingdom. This initiative signifies a crucial phase in enhancing environmental accountability and transparency and working within the IFRS framework in the future.

Looking Ahead

We remain an exciting growth company despite the many challenges of 2023. We have a portfolio of assets hosting significant mineralisation and a talented, highly experienced and motivated team. Our extensive portfolio of assets, including Gilar, Zafar, and Xarxar, host significant ore deposits, with total JORC mineral resources (measured, indicated, and inferred) amounting to over 200,000 tonnes of copper and over 328,000 ounces of gold. In addition, Garadag reportedly hosts over 300,000 tonnes of copper. In total, our resource base is over 500,000 tonnes of copper and 400,000 ounces of gold.

We are well positioned to execute our medium-term growth strategy, transitioning the Company into a multi-asset, mid-tier, copper and gold producer. Underpinned by increasingly attractive metal prices and with the foundations for growth firmly in place, we look forward to continuing to deliver meaningful value for all our stakeholders and attractive shareholder returns.

Reza Vaziri
President and chief executive
15 May 2024

Strategic report

"The Group's strategy is to transition into a mid-tier copper-focused producer which will be achieved through developing its significant assets."

Reza Vaziri
President and chief executive

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 explores for, and develops, gold and copper deposits in Azerbaijan.

The Group has a substantial portfolio of greenfield assets that lay the foundation for future growth of the business. Gilar, Zafar, Xarxar and Garadag all host significant ore deposits. The Gilar, Zafar and Xarxar deposits contain total JORC mineral resources (measured, indicated and inferred) of over 200,000 tonnes of copper and 328,000 ounces of gold. A non-JORC Company estimate for the Garadag deposit contains an "indicated" and "inferred" mineral resource of over 324,000 tonnes of copper.

Production Sharing Agreement with the Government of Azerbaijan

The Group's mining concessions ("Contract Areas") in Azerbaijan are held under a Production Sharing Agreement ("PSA") with the Government of Azerbaijan dated 20 August 1997. Amendments to the PSA were passed into law in Azerbaijan on 5 July 2022.

Contract Areas in Azerbaijan

The Group 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 has two new underground mines in development at Gedabek – Zafar and Gilar. The Group's processing facilities are also located at Gedabek.
- **Xarxar.** Located adjacent to Gedabek and Garadag and hosts the Xarxar deposit. It is likely part of the same mineral system.
- **Garadag.** Located to the north of Gedabek and Xarxar and hosts the large Garadag copper deposit.
- **Gosha.** Located approximately 50 kilometres from Gedabek and hosts a narrow vein gold and silver mine.
- **Vejnaly.** Situated in the Zangilan district of Azerbaijan and hosts the Vejnaly deposit.
- **Ordubad.** An early-stage gold and copper exploration area located in Azerbaijan's Nakhchivan exclave.
- **Kyzlbulag.** Situated in Karabakh. It hosts the Kyzlbulag mine.
- **Demirli.** Adjacent to Kyzlbulag and expands the Kyzlbulag Contract Area to the northeast. It hosts a copper and molybdenum mine and a processing plant.

The Gedabek, Xarxar, Garadag and Gosha Contract Areas form a contiguous territory totalling 1,408 square kilometres. The Group currently has no access to its Kyzlbulag and Demirli Contract Areas which are situated in Karabakh. The PSA will only commence in respect of these two latter Contract Areas upon notification by the Government of Azerbaijan to the Group that it is safe to access the district in which the Contract Areas are located.

Overview of 2023

The Group's strategy is to transition into a mid-tier copper-focused producer which will be achieved through developing its considerable assets. The Group made significant progress towards becoming a mid-tier copper producer in the year ended 31 December 2023. However, production in 2023 declined significantly compared to 2022 due to declining ore grades from its existing mines and the partial suspension of processing at Gedabek from August to December 2023.

Strategic growth plan

On 30 March 2023, the Group announced its strategic growth plan. Production is to more than double in the next five years with the Group transitioning to a multi-asset, mid-tier copper and gold producer by 2029. Copper equivalent production is targeted to increase to approximately 36,000 plus tonnes per annum (gold equivalent of 175,000 ounces) from 2028 to 2029. The production growth will be delivered through the sequential opening of four new mines in Azerbaijan.

Production

Total production in 2023 was 31,821 gold equivalent ounces ("GEOs") compared to 57,618 GEOs in 2022. The decrease in production was caused by the suspension of agitation leaching and flotation processing at Gedabek from August to December 2023 and decreasing grades in ore mined from the Gedabek open pit. Agitation leaching and flotation processing were suspended from August till December. Although permission to restart production was given by the Government of Azerbaijan in September 2023, the Group did not restart processing due to the capacity constraint of its tailings dam.

Caterpillar mining fleet at the Gilar mine.

Gilar mineral resources and mine development
The Gilar deposit was extensively drilled throughout 2023 which steadily extended its mineralisation. The maiden JORC mineral resources estimate for the Gilar deposit was published on 11 December 2023 as set out in Table 5.

Development of the Gilar mine commenced in January 2023, with the completion of a portal and the start of the construction of the main production tunnel. A second tunnel for ventilation is also being constructed and infrastructure development around the mine is ongoing. The Group also took delivery of a new underground mining fleet from Caterpillar in December 2023.

Zafar mine development
A mining scoping study was completed for the Zafar underground mine in February 2023. One of the two portals required for the Zafar mine was also constructed.

Xarxar
Extensive geological surface and underground exploration was carried out at Xarxar in 2023. Analysis of the data acquired in 2022 also continued. Subsequent to the year ended 31 December 2023, a maiden JORC mineral resources estimate was published for the Xarxar deposit on 20 February 2024 as set out in Table 6.

Garadag
An initial assessment of data acquired in 2022 relating to the Garadag porphyry copper deposit confirmed the potential of the deposit to produce over 300,000 tonnes of copper.

Vejnaly
Geological exploration continued until August 2023. In early August 2023, the Company was advised by the Government of Azerbaijan to evacuate the area. This was following the Demining Agency of the Government of Azerbaijan finding additional landmines at the location. The Company was not allowed access to the area for the remainder of 2023.

Flotation processing facilities
The capacity of the Group's flotation plant was increased in 2023 from approximately 80 tonnes to 160 tonnes per hour by reconfiguring the plant. New equipment was installed and the plant "de-bottlenecked" However, the installation of an additional seven cells using "Imhoflot" pneumatic flotation technology was postponed to 2024. Extensive maintenance was carried out of the processing facilities during the suspension of processing from August to December 2023.

Micon environmental study
Micon International Co Limited ("Micon") was jointly commissioned in July 2023 by the Group and the Government of Azerbaijan to undertake a health, safety and environmental due diligence review (the "Review") of tailings management at Gedabek. No environmental contamination was found. In December 2023, the Group agreed an action plan with the Government of Azerbaijan to address various operational recommendations contained in Micon's report on the Review.

Libero Copper & Gold Corporation ("Libero")
Two further follow-on investments were made in Libero in January and February 2023 totalling $646,000. The Company did not participate in further share placements and a rights issue carried out by Libero subsequently in 2023.

Strategic report *continued*

Production target for 2024

The Group has not issued production guidance for 2024. It will issue production guidance upon receipt of permission from the Government to raise the wall of the tailings dam.

Mineral resources and ore reserves

Key to the future development of the Group are the mineral resources and ore reserves within its Contract Areas. Mineral resource and ore reserve estimates are produced both in accordance with the JORC (2012) code ("JORC") and as non-JORC compliant internal estimates.

Internal Group estimates have been prepared, in accordance with JORC procedures, of the remaining mineralisation of the Gedabek open pit, the Gedabek underground mine and the Gilar underground mine as at 1 March 2024. These are set out in Tables 1 to 3 respectively.

A final JORC mineral resources estimate for the Zafar deposit at 30 November 2021 is set out in Table 4. A maiden JORC mineral resources estimate for the Gilar deposit was published on 11 December 2023 and is set out in Table 5. A maiden JORC mineral resources estimate for the Xarxar deposit was published on 20 February 2024 and is set out in Table 6.

Table 7 sets out the Soviet C1 and C2 copper resource for the Garadag deposit and Table 8 sets out the Soviet mineral resources estimate for the Vejnaly deposit.

Table 1 – Internal Group estimate of the remaining mineralisation of the Gedabek open pit in accordance with JORC at 1 March 2024

		In-situ grades				Contained metal			
	Tonnage (tonnes)	Gold (g/t)	Copper (%)	Silver (g/t)	Zinc (%)	Gold (koz)	Copper (t)	Silver (koz)	Zinc (t)
Measured and indicated	5,209,556	0.45	0.33	3.5	0.18	76	17,201	710	9,467
Inferred	189,677	0.63	0.22	5.3	0.10	4	423	15	193
Total	**5,399,233**	**0.45**	**0.33**	**3.6**	**0.08**	**80**	**17,624**	**725**	**9,661**

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

Note that all tonnages reported are dry metric tonnes.

Mining development team at Gilar.

Table 2 – Internal Group estimate of the remaining mineralisation of the Gedabek underground mine in accordance with JORC at 1 March 2024

		In-situ grades				Contained metal			
	Tonnage (tonnes)	Gold (g/t)	Copper (%)	Silver (g/t)	Zinc (%)	Gold (koz)	Copper (t)	Silver (koz)	Zinc (t)
Measured and indicated	424,111	1.38	13.93	–	0.31	19	59,058	1	1,311
Inferred	–	–	–	–	–	–	–	–	–
Total	**424,111**	**1.38**	**13.93**	**–**	**0.31**	**19**	**59,058**	**1**	**1,311**

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

Note that all tonnages reported are dry metric tonnes.

Table 3 – Internal Group estimate of the remaining mineralisation of the Gadir underground mine in accordance with JORC at 1 March 2024

		In-situ grades				Contained metal			
	Tonnage (tonnes)	Gold (g/t)	Copper (%)	Silver (g/t)	Zinc (%)	Gold (koz)	Copper (t)	Silver (koz)	Zinc (t)
Measured and indicated	15,483	2.38	0.64	24	0.52	1	99	12	81
Inferred	–	–	–	–	–	–	–	–	–
Total	**15,483**	**2.38**	**0.64**	**24**	**0.52**	**1**	**99**	**12**	**81**

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

Note that all tonnages reported are dry metric tonnes.

Table 4 – Final JORC mineral resources estimate of the Zafar deposit at 30 November 2021

Copper > 0.3 per cent. copper equivalent

		In-situ grades			Contained metal		
	Tonnage (million tonnes)	Copper (%)	Gold (g/t)	Zinc (%)	Copper (kt)	Gold (kozs)	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
Total	**6.8**	**0.5**	**0.4**	**0.6**	**28**	**73**	**36**

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

Note that all tonnages reported are dry metric tonnes.

Table 5 – Maiden JORC mineral resources estimate of the Gilar deposit at 30 November 2023

Reporting cut-off >= 0.5 grammes per tonne of gold equivalent*

		In-situ grades			Contained metal		
	Tonnage (million tonnes)	Gold (g/t)	Copper (%)	Zinc (%)	Gold (koz)	Copper (kt)	Zinc (kt)
Measured	3.88	1.49	1.08	0.91	186.06	42.09	35.43
Indicated	2.02	1.00	0.56	0.48	64.80	11.30	9.77
Measured and indicated	**5.90**	**1.32**	**0.90**	**0.77**	**250.86**	**53.39**	**45.20**
Inferred	0.20	0.70	0.26	0.26	4.38	0.50	0.51
Total	**6.10**	**1.30**	**0.88**	**0.75**	**255.24**	**53.89**	**45.72**

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

Note that all tonnages reported are dry metric tonnes

* *Gold equivalent calculation = Gold g/t plus (copper %*1.49) plus (zinc*0.46). The metal price assumptions used were Gold – $1,675 per ounce; Copper – $8,000 per tonne; Zinc – $2,500 per tonne.*

Strategic report *continued*

Mineral resources and ore reserves continued

Table 6 – Maiden JORC mineral resources estimate of the Xarxar deposit at January 2024

Reporting cut-off >= 0.2 per cent. copper

	Mineral resources estimate for the Xarxar deposit by oxidation domain								
	Indicated			Inferred			Indicated and inferred*		
Domain	Tonnes (mt)	Grade (%)	Metal (kt)	Tonnes (mt)	Grade (%)	Metal (kt)	Tonnes (mt)	Grade (%)	Metal (kt)
Oxide	5.2	0.55	28.5	0.8	0.66	5.2	5.9	0.57	33.7
Sulphide	16.8	0.46	77.9	2.1	0.35	7.6	18.9	0.45	85.5
Total	**22.0**	**0.48**	**106.3**	**2.9**	**0.44**	**12.8**	**24.9**	**0.48**	**119.1**

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

Note that all tonnages reported are dry metric tonnes.

* *Measured resources were nil due to insufficient third-party quality assurance and quality control ("QAQC") drill core assays being carried out. Further QAQC drill core assays will be carried out.*

Table 7 – Soviet copper resources for the Garadag deposit

		Copper content		
Category		C1	C2	Total C1 and C2
Ore	Millions of tonnes	25.35	23.69	49.04
Copper	Thousands of tonnes	168.0	150.7	318.7
Grade	Per cent.	0.65	0.64	0.64

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

Table 8 – Soviet mineral resources estimate of the Vejnaly deposit

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

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

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 and the Group's processing facilities. The new Zafar and Gilar underground mines are both being developed at Gedabek.

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 now form one continuous underground system of tunnels.

Initial gold production was by heap leaching, with copper production beginning in 2010 with the Sulphidisation, Acidification, Recycling and Thickening ("SART") plant. The Group's agitation leaching plant commenced production in 2013 and its flotation plant in 2015. From the start of production to 31 December 2023, approximately 810 thousand ounces of gold and 21 thousand tonnes of copper have been produced at Gedabek.

Environmental study and Micon report

Micon International Co Limited ("Micon") was jointly commissioned in July 2023 by the Group and the Government of Azerbaijan to undertake a health, safety and environmental due diligence review (the "Micon Review") of tailings management at Gedabek. The Micon Review was commissioned following protests in July 2023 by local residents against the proposed construction of a second tailings dam close to the location of the existing tailings dam. The Micon Review also included soil and water sampling and the testing of air quality in the vicinity of Gedabek. A summary of the results of the Micon Review (the "Micon Report") was published in September 2023. No significant environmental contamination was found. The Micon Report contained various recommendations to improve some operational, social and safety aspects of the Gedabek operations. In December 2023, the Group agreed an action plan with the Government of Azerbaijan to address these recommendations. The recommendations of the Action Plan included improving our emergency response capabilities, strengthening our environmental monitoring and documentation and how we engage and communicate with local communities. None of the recommendations affect the safe operation of Gedabek. These recommendations are being implemented with the Government of Azerbaijan receiving frequent updates on their status.

Gedabek open pit and Gedabek and Gadir underground mines

The principal mining operation at Gedabek 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. These two 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.

Ore mined during 2023 compared to 2022 was markedly reduced as mining was suspended during August to December 2023 whilst the Micon Review was carried out. Table 9 sets out all the ore mined by the Group in the year ended 31 December 2023.

Table 9 – Ore mined at Gedabek for the year ended 31 December 2023

	Total ore mined for the year ended 31 December 2023	
Mine	Ore mined (tonnes)	Average gold grade (g/t)
Gedabek open pit	1,180,695	0.38
Gadir – underground	109,320	1.64
Total for the year	**1,290,015**	**0.49**

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 a cyanide solution. 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. In this plant, a synthetic resin is used to selectively absorb the gold and silver from the slurry. The metal-loaded resin is then “stripped” of its gold and silver by desorption into another solution, from which the metals are recovered by electrolysis, followed by smelting to produce the doré metal, which comprises an alloy of 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.** Finely-ground ore is mixed with water to produce a slurry called “pulp” and 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.

During 2023, the capacity of the flotation plant was increased from approximately 80 to 160 tonnes per hour. This was achieved by installing new pumps and other equipment and “debottlenecking” the plant. An additional seven cells for the flotation plant have also been acquired together with a new thickener and filter press at a total cost of approximately $3 million. The seven new cells use “Imhoflot” pneumatic flotation technology, which require less energy and offers better recoveries than traditional stirred tank cells and flotation columns. These new flotation cells and ancillary equipment will increase the versatility of the flotation plant and enable the production of a zinc concentrate. The installation of the new flotation cells has been postponed until 2024.

Table 10 summarises the ore processed by leaching at Gedabek for the year ended 31 December 2023.

Strategic report *continued*

Gedabek continued

Processing operations continued

Table 10 – Ore processed by leaching at Gedabek for the year ended 31 December 2023

	Ore processed (tonnes)			Gold grade of ore processed (g/t)		
Quarter ended	Heap leach pad crushed ore	Heap leach pad ROM ore	Agitation leaching plant	Heap leach pad crushed ore	Heap leach pad ROM ore	Agitation leaching plant
31 March 2023	94,518	196,595	62,006	0.74	0.49	1.30
30 June 2023	56,522	202,788	105,213	0.75	0.46	1.40
30 September 2023	25,690	34,621	–	0.83	0.45	–
31 December 2023	–	–	–	–	–	–
Total for the year	**176,730**	**434,004**	**167,219**	**0.76**	**0.48**	**1.40**

Table 11 summarises the ore processed by flotation for at Gedabek for the year ended 31 December 2023.

Table 11 – Ore processed by flotation at Gedabek for the year ended 31 December 2023

Quarter ended	Ore processed (tonnes)	Gold content (ounces)	Silver content (ounces)	Copper content (tonnes)
31 March 2023	192,516	1,487	19,787	1,133
30 June 2023	190,593	1,033	10,380	1,191
30 September 2023	62,369	478	4,358	363
31 December 2023	–	–	–	–
Total for the year	**445,478**	**2,998**	**34,525**	**2,687**

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 12 sets out the amount of previously heap leached ore processed for the year ended 31 December 2023.

Table 12 – Amount of previously heap leached ore processed for the year ended 31 December 2023

	In-situ material (tonnes)	Average gold grade (g/t)
1 January 2023	1,390,624	1.39
Processed in the year	(262,825)	0.72
31 December 2023	**1,127,799**	**1.55**

Production and sales

Gold doré was produced by agitation and heap leaching and copper concentrate by flotation and SART processing until the end of July 2023. Agitation leaching, flotation processing and mining were suspended from August 2023 whilst the Micon Review was carried out. However, production of gold doré and copper concentrate continued until the end of December by heap leaching and SART processing, although no new fresh ore was placed on the heaps. Production during 2023 therefore decreased significantly compared to 2022 due to declining ore grades from the Gedabek open pit and the partial suspension of mining and processing from August to December 2023.

For the year ended 31 December 2023, gold production totalled 21,758 ounces, which was a decrease of 21,356 ounces in comparison to the production of 43,114 ounces for the year ended 31 December 2022.

Table 13 summarises the gold and silver bullion produced from doré bars and sales of gold bullion for the year ended 31 December 2023.

Table 13 – Gold and silver bullion produced from doré bars and sales of gold bullion for the year ended 31 December 2023

Quarter ended	Gold produced* (ounces)	Silver produced* (ounces)	Gold sales** (ounces)	Gold sales price ($/ounce)
31 March 2023	5,965	2,841	5,719	1,895
30 June 2023	7,375	3,593	4,787	1,992
30 September 2023	4,001	1,488	2,900	1,949
31 December 2023	2,975	1,610	2,416	2,004
Total for the year	**20,316**	**9,532**	**15,822**	**1,951**

* *Including Government of Azerbaijan's share.*

** *Excluding Government of Azerbaijan's share.*

Table 14 summarises the total copper, gold and silver produced as concentrate by both SART and flotation processing for the year ended 31 December 2023.

Table 14 – Total copper, gold and silver produced as concentrate by both SART and flotation processing for the year ended 31 December 2023

	Copper (tonnes)			Gold (ounces)			Silver (ounces)		
Quarter ended	SART	Flotation	Total	SART	Flotation	Total	SART	Flotation	Total
31 March 2023	191	665	856	26	762	788	8,750	11,095	19,845
30 June 2023	145	869	1,014	16	479	495	10,316	8,101	18,417
30 September 2023	43	207	250	4	151	155	2,194	1,974	4,168
31 December 2023	18	–	18	4	–	4	1,264	–	1,264
Total for the year	**397**	**1,741**	**2,138**	**50**	**1,392**	**1,442**	**22,524**	**21,170**	**43,694**

Table 15 summarises the total copper concentrate (including gold and silver) production and sales from both SART and flotation processing for the year ended 31 December 2023.

Table 15 – Total copper concentrate (including gold and silver) production and sales from both SART and flotation processing for the year ended 31 December 2023

Quarter ended	Concentrate production* (dmt)	Copper content* (tonnes)	Gold content* (ounces)	Silver content* (ounces)	Concentrate sales (dmt)	Concentrate sales** ($000)
31 March 2023	4,908	856	788	19,845	1,147	2,743
30 June 2023	5,885	1,014	495	18,417	5,501	7,678
30 Sept 2023	1,401	250	155	4,168	2,358	3,066
31 December 2023	29	18	4	1,264	2,186	2,306
Total for the year	**12,223**	**2,138**	**1,442**	**43,694**	**11,192**	**15,793**

* *Including the Government of Azerbaijan's share.*

** *These are invoiced sales of the Group's share of production before any accounting adjustments in respect of IFRS 15. The total for the year does not therefore agree to the revenue disclosed in note 6 – "Revenue" to the Group financial statements.*

Infrastructure

The Gedabek Contract Area benefits from excellent infrastructure and access. The site is located at the town of Gedabek, which is connected by a good tarmacadam road to the regional capital of Ganja. Baku, the capital of Azerbaijan 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.

Strategic report *continued*

Gedabek continued

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 current tailings dam has the capacity for approximately three months of production once production restarts.

Knight Piésold, a leading firm of geotechnical and consulting engineers, has determined that the wall of the existing tailings dam has a maximum height of 90 metres. This means the current wall can be raised by an average of approximately 7.5 metres to give enough capacity for production for the next two to three years. The Company is proposing to do this wall raise in two stages of 2.5 metres followed by 5.0 metres. It is anticipated that it will take approximately three months to raise the wall by 2.5 metres. The Group submitted an application to the Government on 14 March 2024 to raise the wall of the tailings dam. This included a third party report by Knight Piésold confirming the stability of the wall of the dam. The Group has satisfactorily clarified all technical aspects of the application requested by the Government of Azerbaijan. The Company and the Government of Azerbaijan are now working through the administrative steps required by the Government of Azerbaijan to grant the permission.

A site has been identified for a new tailings dam in the close vicinity of the existing dam and permission for land use has been obtained. However, following protests against its proposed location by local communities, the suitability of the site is being reevaluated in conjunction with the Government of Azerbaijan. Alternative sites for the location of a second tailings dam will also be considered.

The construction of an auxiliary tailings dam close to the Zafar mine commenced in 2022. However, following a re-evaluation of the site, it was decided not to complete its construction. The storage space already constructed at the location will be used for alternative purposes.

Zafar mine development

The Zafar deposit was discovered in 2021 and is located 1.5 kilometres northwest of the existing Gedabek processing plant. Its final mineral resources estimate was published in March 2022 and is set out in Table 4.

A mining scoping study for the Zafar mine was completed in February 2023 and development commenced. Two tunnels are planned, one for haulage and a parallel ventilation tunnel. One of the two portals required for the tunnel has been constructed close to the existing Gedabek processing facilities and about one kilometre from the mineralisation. Five metres of haulage tunnel and 6.6 metres of ventilation tunnel were completed in 2023.

Development of the Zafar mine was suspended in mid-2023 and resources diverted to development of the Gilar mine, following exceptional drill results from Gilar.

Gilar mine development

Gilar is a mineral occurrence located approximately seven kilometres from the Company's processing facilities and close to the northern boundary of the Gedabek Contract Area. The Group commenced developing the Gilar underground mine in late 2022 following exceptional drilling results in the south of the area.

A maiden JORC mineral resources estimate was published on 11 December 2023 and is set out in Table 5.

A portal has been constructed and construction of the main production tunnel has started. A second tunnel for ventilation is also being constructed. At 29 February 2024, 723 metres of the production tunnel and 254 metres of the ventilation tunnel had been completed. The planned length of the production and ventilation tunnels are 1,461 metres and 777 metres respectively. The walls of the tunnels are supported by steel arches and shotcrete where necessary due to soft rock.

Infrastructure development is ongoing with the construction of a heavy earthworks equipment workshop, mine office facilities and technical support and services offices. Security and safety fencing, a mine entrance area and power generator set foundations have also been constructed.

In December 2023, the Company took delivery of a new underground mining fleet supplied by Caterpillar for the mine. The fleet comprised three R1700 and two 980UMA underground loaders. This is the first time this type of underground equipment has been deployed in Azerbaijan.

Xarxar

The 464 square kilometre Contract Area is located immediately north of the Gedabek Contract Area, which it borders. The Xarxar Contract Area was acquired in 2022 together with historical geological and other data owned by AzerGold CJSC, its previous owner.

The Xarxar Contract Area hosts the Xarxar copper deposit. The mineralisation of the deposit is copper-dominant and comprises mainly oxides and secondary sulphides, with minerals such as malachite, azurite, pyrite, chalcocite and bornite, together with some primary chalcopyrite, as common minerals in the deposit, and minor barite and magnetite minerals are also recorded. The main copper mineralisation lenses are located in the central part of the Xarxar deposit, with approximate eastwest orientations.

An extensive geological exploration programme continued during 2023 at Xarxar. Surface core and reverse circulation drilling were carried out. A portal and a 500 metre long exploration tunnel have been constructed and underground core drilling also completed. The drill holes intercepted significant high-grade and continuous grades of copper mineralisation. Analysis of the historical data acquired from AzerGold CJSC also continued. On 20 February 2024, a Maiden JORC mineral resources estimate was published for the Xarxar deposit and is set out in Table 6.

Gilar is situated close to the northern boundary of the Gedabek Contract Area. Geological exploration indicates that this deposit trends to the north. The Xarxar Contract Area extends the Gedabek Contract Area to the north and will therefore enable Gilar to be fully mined.

Garadag

The 340 square kilometre Garadag Contract Area is situated four kilometres north of Gedabek alongside the road from Gedabek to Shamkir. Garadag was explored during the Soviet era and a Soviet resource estimate for the deposit is set out in Table 7. Garadag has been extensively explored since the end of the Soviet era, most recently by AzerGold CJSC, its previous owner. The roads built for drill access are still accessible and serviceable on Garadag.

In 2022, the Group acquired historical geological and other data and associated reports (the "Data") in respect of Garadag from by AzerGold CJSC for $3.3 million. The Data includes geochemical and geophysical data including maps and interpretative reports. Substantial core drilling and data interpretations were carried out by Azergold CJSC and the Data includes 9,645 chemical assays taken from 23,454 metres of drill core which have been transferred to the Group. The Data also includes an initial mining scoping study based on a preliminary mineral resource estimate with various options for mine development including open pit designs, initial mining schedules and an outline metallurgical flow sheet. An environmental and socio-economic baseline assessment has also been carried out and is included in the Data.

No drilling or other geological fieldwork was carried out at Garadag in 2023. However, the Company continued to analyse and log the data and a database is being developed for the deposit. The database needs to be validated and check drilling and confirmation of the data will be carried out.

The Company announced a non-JORC mineral resources estimate during 2023 based on geostatistical techniques and three-dimensional modelling of the Data. This shows an "indicated" plus "inferred" mineral resource of over 66.3 million tonnes of ore at 0.49 per cent. copper, containing some 324,688 tonnes of copper.

Gosha

The Gosha Contract Area is 300 square kilometres in size and is situated in western Azerbaijan, 50 kilometres northwest of Gedabek. Gosha is regarded as under explored. 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 year ended 31 December 2023.

Geological fieldwork has resulted in the recent discovery of additional mineralisation adjacent to the existing underground mine. This includes "Hasan", a new sub-vertical high gold grade mineralised vein, immediately south of the existing Gosha mine. Hasan can be accessed via a short tunnel from the existing tunnelling at Gosha. A further vein close to Hasan called "Akir" is also showing promising mineralisation.

The Group is also carrying out geological fieldwork at Asrikchay, a copper and gold target situated within the Gosha Contract Area. Asrikchay is located in the northeast corner of the Contract Area, about 7 kilometres from the Gosha mine, within the Asrikchay valley.

Vejnaly

Vejnaly is a 300 square kilometre Contract Area located in the Zangilan district in southwest Azerbaijan. It borders Iran to the south and Armenia to the west and hosts the Vejnaly deposit.

A camp is now established at Vejnaly for Group employees. A thorough survey of the site has been carried out, which has found that the main ore body was extensively mined during the Armenian occupation. There are both open pit and underground workings at the location. There is also an existing crusher and flotation processing plant at the mine, which will need extensive renovation to recommence operations.

Approximately 30 full-time employees are based at the site, who are mainly geologists exploring in the vicinity of the existing mine. During 2023, development of a ventilation tunnel commenced. Minor amounts of ore are being extracted from the underground mine as the geologists clean out and rehabilitate the tunnels as part of their exploration. No ore was transported during 2023 to Gedabek for processing.

From 3 August to 31 December 2023, staff were not allowed to be present at Vejnay on the instructions of the Government of Azerbaijan.

Ordubad

The 462 square kilometre Ordubad Contract Area is located in the Nakhchivan exclave, southwest Azerbaijan, and contains numerous targets. Very limited geological fieldwork was carried out in 2021 and 2022, as access was restricted due to the COVID-19 pandemic. However, drilling resumed in 2023 targeting potential copper porphyry deposits.

Kyzlbulag and Demirli

The Kyzlbulag Contract Area is 462 square kilometres and is located in Karabakh. It contains several mines and has excellent potential for exploration, as indicated by the presence of many mineral deposits and known targets in the region. The Demirli Contract Area is 74 square kilometres that extends to the northeast by about 10 kilometres from the Kyzlbulag Contract Area and contains the Demirli mining property. 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 presence of a gold mineralising system.

The Government of Azerbaijan restored full sovereignty over Karabakh in 2023 and will use all reasonable endeavours to ensure that the Company has physical access to the region to undertake mineral exploration and production. No work was carried out at Kyzlbulag and Demirli in 2023 as the Group had no access to the Contract Areas.

Strategic report *continued*

Libero Copper & Gold Corporation ("Libero")

Two further follow-on investments were made in Libero in January and February 2023 totalling $646,000. The Company did not participate in further share placements and a rights issue carried out by Libero later in 2023. As a result, the percentage ownership of Libero reduced to 13.1 per cent. at 31 December 2023.

Libero suffered from a shortage of funding and lack of drilling permission for its Mocoa property in Colombia. As a result, it disposed of its option to its Big Bulk property in Canada and terminated its option to the Esperanza property in Argentina as it was unable to meet its payment obligations.

The Company's shareholding in Libero reduced to approximately 5 per cent. in February 2024 following a refinancing in which the Company did not participate. Michael Sununu also resigned from the Libero board in February 2024.

Further information about Libero can be found at https://www.liberocopper.com/.

Geological exploration

Summary

- Surface core and reverse circulation drilling continued to define the Gedabek open pit ore zone
  - Four surface core drill holes completed with a total length of 600 metres
  - 35 reverse circulation drill holes completed with a total length of 2,939 metres
  - Additional resource of approximately two million tonnes of ore defined
- Mineralisation significantly extended at Gilar and a maiden JORC mineral resources estimate published
  - 21 surface core drill holes completed with a total length of 8,650 metres
  - Maiden JORC mineral resources estimate published on 11 December 2023 containing 255,000 ounces of gold, 54,000 tonnes of copper and 46,000 tonnes of zinc
- Significant copper deposit at Xarxar
  - 24 surface core drill holes completed with a total length of 10,795 metres
  - Six underground core drill holes completed with a total length of 1,149 metres
  - Maiden JORC mineral resources estimate published on 20 February 2024 containing approximately 25 million tonnes of copper ore
- Over 300,000 tonnes of copper identified at Garadag
  - Comprehensive assessment of historical geological data continued
  - Initial non-JORC assessment showed potential of deposit to produce over 300,000 tonnes of copper
- Drilling recommenced at Ordubad
  - Five core drill holes were completed for a total length of 2,684 metres
  - Trenching continued at the Dirnis-Dastabashi area

Gedabek

Gedabek open pit mine

Four surface core drill holes were completed with a total length of 600 metres and 35 reverse circulation drill holes completed with a total length of 2,939 metres to further define the ore zone. The drilling was mostly located in Pits 6, 8, 9, 10 and 11. Based on the reverse circulation drilling, a new mineral resource of about two million tonnes was defined as a northernly continuation of pits 10 and 11. This is currently being explored.

Gedabek underground mine

177 metres of underground development below pit 4 was completed. No underground drilling was carried out.

Gadir underground mine

53 metres of exploration tunnelling was completed. No underground drilling was carried out.

Gilar

The area hosts two styles of mineralisation, gold in quartz veins and hydrothermal gold-copper. Three mineralisation bodies have been discovered at the occurrence.

Extensive geological exploration was carried out at Gilar in 2023. This significantly extended the mineralisation. 21 surface core drill holes were completed with a total length of 8,560 metres. A magnetometry geophysical programme was completed and a surface Induction Polarisation ("IP") survey was carried out which was in its completion stage by the end of 2023. This survey will be used to define the mineralisation footprint of the deposit and any extensions.

A maiden JORC mineral resources estimate was published on 11 December 2023 which contained 255,000 ounces of gold, 54,000 tonnes of copper and 46,000 tonnes of zinc. This mineral resources estimate is set out in Table 5.

Zafar deposit

The geology of the area is structurally complex, comprising mainly of Upper Bajocian-aged volcanics. The mineralisation seems to be associated with a main northwest to southeast trending structure, which is interpreted as post-dating smaller northeast to southwest structures. In the southwest area, outcrops with tourmaline have been mapped, which can be indicative of the potential for porphyry-style mineral formation.

There was no geological exploration carried out at Zafar in 2023.

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. However, the recent discovery, the Hasan vein, 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.

Four underground core drill holes totalling 551 metres were drilled in the Gosha mine in 2023. A detailed underground sampling programme was also completed in the "Akir" high gold grade zone. 37 metres of channel samples were taken from "vein 3" from underground which shows high gold grades. 95 field samples were collected and 8.4 metres of trenching completed in the vicinity of the Gosha mine and the Shamliq exploration area.

Surface magnetometry geophysical exploration work was carried out at Asrikchay in 2023, a highly prospective area separate in the Gosha Contract Area. A second stage magnetometry programme was completed and a data interpretation was received from Reid Geophysics Limited. The advice from Reid was to carry out an Induction Polarisation ("IP") geophysical programme to try and identify massive sulphide bodies for future exploration.

Xarxar

Xarxar deposit

Tunnelling from the new portal continued during the year with a total of 465 metres developed. 24 surface core drill holes were completed for a total length of 10,795 metres. These drill holes targeted the central copper mineralisation zone and intercepted significantly high and continuous grades of copper with intercepts of continuous copper for up to 380 metres. These drill holes defined high and low grade zones within the copper mineralisation zone. Six underground core drill holes were completed for a total length of 1,149 metres.

Analysis of the historical geological data acquired in 2022 continued throughout 2023. From these data, together with Company exploration data, an initial geological block model and open pit optimisation study were completed during the year.

A maiden JORC mineral resources estimate was published on 20 February 2024 and is set out in Table 6. This shows the deposit contains approximately 25 million tonnes of copper ore.

Uluxanli

This is a new exploration area where a high-grade quartz gold vein has been discovered. Field exploration of the area took place in the second half of 2023. A magnetometry survey was carried out using 68 profiles. The total length of the profiles was 235 kilometres and covered an area of 24 square kilometres.

Garadag

No geological field work was carried out at Garadag in 2023. However, assessment of the acquired historical geological data continued throughout the year. Geological re-logging of six core drill holes was completed which will assist in understanding the porphyry copper potential of the deposit. A photographic unit was established to photograph all 23,000 metres of drill core acquired as part of the historic data.

A mineral resource estimation based on geostatistical techniques and three-dimensional modelling of data received from AzerGold CJSC was completed in 2023. This showed an "Indicated" plus "Inferred" mineral resource of over 66.3 million tonnes of ore at 0.49 per cent. copper, containing some 324,688 tonnes of copper, which further confirmed the copper potential of the Garadag deposit.

Vejnaly

The Vejnaly deposit is located within the volcanic-plutonic structure of the Kafan structure formation and incorporates 25 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 geological exploration team and fire assay laboratory was established at Vejnaly in 2023. Underground sampling in Zone 2 and logging of historic drill holes was carried out during the year. Some assays of historic core samples show high grade gold. Vein sampling assays of the deposits also show significant high-grade gold.

"World View 3" satellite image data for the entire Vejnaly Contract Area was obtained in 2023. A geological map of the Vejnaly deposit and Contract Area was completed in 2023. These data are currently being analysed to identify potential exploration targets.

Strategic report *continued*

Geological exploration continued

Ordubad

The COVID-19 restrictions, which had prevented access to Ordubad, were lifted during 2023 and the Company recommenced its drilling programme. Five core drill holes were completed for a total length of 2,684 metres on the flank of the Kalaky mineral occurrence targeting porphyry copper potential. The drill holes mainly intercepted weak altered intrusive rocks within a silica halo. One of the drill holes at intercepted high gold grades at three intervals of 7.2, 11.3 and 13.8 grammes per tonne at depth. These will be further explored. Trenching was also conducted in the Dirnis-Dastabashi area. A high potential copper vein was detected.

Based on our latest understanding of porphyry mineralisation, a reassessment of the Shakardara deposit commenced in 2023. 2,908 metres of previously drilled core were relogged and some intervals were resampled.

Dr. Robin N. Armstrong, mining sector leader of the Natural History Museum, London, visited Ordubad during 2023. During his visit, geological logging of the last phase of the core drill holes was carried out. Samples were also selected for a pathfinder geochemistry study, which will assist in identifying possible copper porphyry mineral targets.

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.

Expansion of laboratory facilities at Gedabek

An extensive geological laboratory has been established at Gedabek. This enables samples to be analysed by various techniques including X-Ray diffraction. The laboratory has a capacity to analyse 200 to 220 samples per day and identify 81 different chemical elements.

Sale of the Group's products

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

In 2023, the Group shipped all its gold doré to Switzerland for refining by MKS Finance SA. 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 Group shipped all its gold doré to Switzerland in 2023 by scheduled airflights.

The Gedabek mine site has good road transportation links, and the Group's 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 6 to the Group financial statements. The contracts with each metal trader are periodically renewed and each new contract requires the approval of the Government of Azerbaijan.

Section 172(1) statement

The Company's Section 172(1) statement is on pages 26 and 27.

Non-financial and sustainability information statement

The Group's climate change and task force on climate-related financial disclosures ("TCFD") are set out on pages 33 to 41 of this annual report.

Principal risks and uncertainties

Country risk in Azerbaijan

The Group's wholly owned operations are solely in Azerbaijan and are therefore naturally 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 Group 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 Group 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 production on a daily basis and has robust procedures in place to effectively manage these risks.

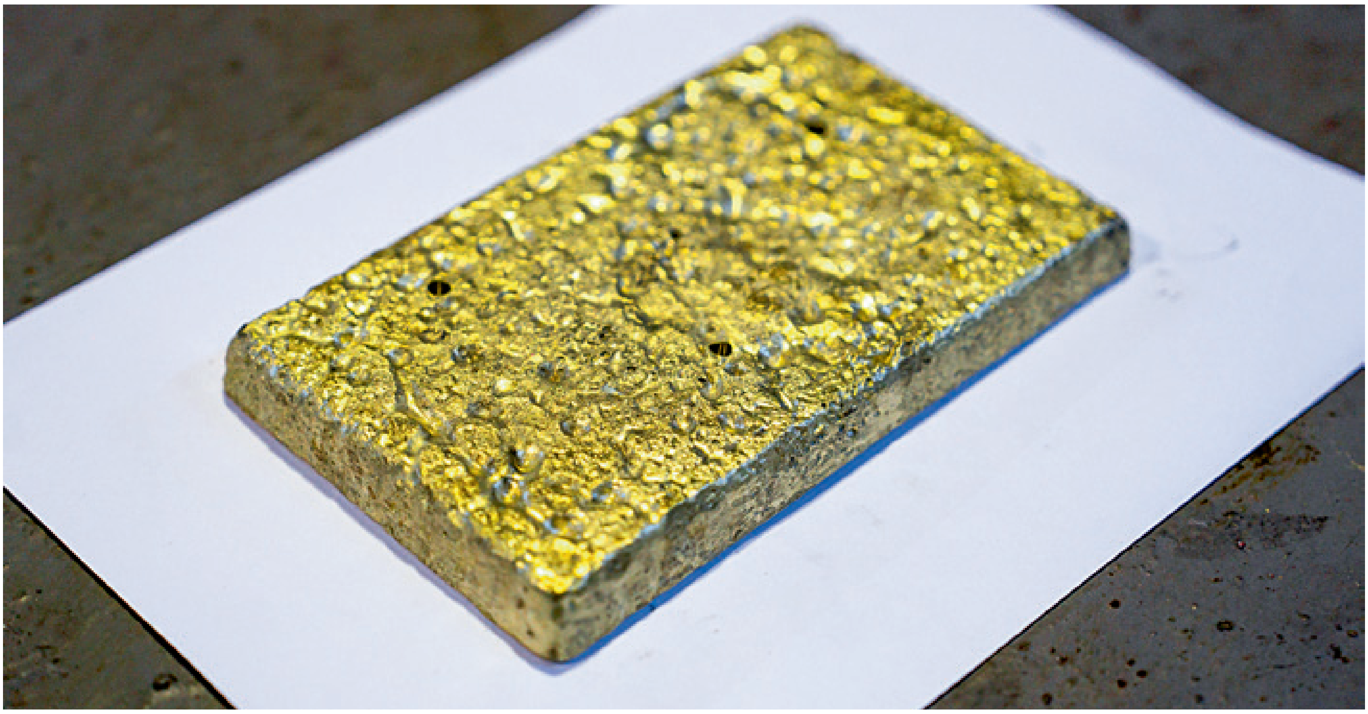
Commodity price risk

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 the business. The directors keep under review the potential benefit of hedging which it carries out from time to time. During 2023, the Group established a hedging programme for the forward sales of gold bullion of a proportion of its production. Further details of the hedging programme are set out on page 42 of the financial review.

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 will review this periodically if the volume of non-United States Dollar transactions increases significantly. Information on the carrying value of monetary assets and liabilities denominated in foreign currency and the sensitivity analysis of foreign currency is disclosed in note 25 – "Financial Instruments" to the Group financial statements.



Gold doré produced at Gedebak.

Liquidity and interest rate risk

The Group had no bank debt at 1 January 2023 but during 2023 utilised various credit lines from several banks in Azerbaijan. This was primarily to provide working capital from August to December 2023 during the partial suspension of the Group's operations and to finance the purchase of the underground mining fleet for the new Gilar mine. The banks loans were all at a fixed rate of interest and therefore the Group had no interest rate risk during 2023.

The Group maintained cash deposits during 2023. 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.

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
15 May 2024

Section 172(1) statement and stakeholder engagement

Section 172(1) statement*

The commentary and table below sets out the Company's Section 172(1) statement.

Introduction

The board of directors of Anglo Asian Mining PLC (the "Board") considers that it has adhered to the requirements of Section 172 of the Companies Act 2006 (the "Act") and, in good faith, acted in a way that it considers would be most likely to promote the success of the Company for the benefit of its shareholders as a whole. In acting this way, the Board has recognised the importance of considering all stakeholders and other matters as set out in section 172(1) (a to f) of the Act in its decision making.

The Board members are directors of Anglo Asian Mining PLC, a holding company for the Group. The Group carries out its business of mineral exploration and mining in Azerbaijan and elsewhere through its wholly owned subsidiaries and other investments. Given the nature and size of the Group, the Board considers it reasonable that executive decision making for the entire Group, including its subsidiaries in Azerbaijan, is the responsibility of the Board. The section 172(1) statement has accordingly been prepared for the entire Group.

The commentary and table on page 27 sets out the Company's section 172(1) statement. This statement provides details of key stakeholder engagement undertaken by the Board during the year and how this helps the Board to factor in potential impacts on stakeholders in the decision making process.

General

The Group promotes the highest standards of governance as set out in Corporate Governance on pages 50 to 53. The principles of Corporate Governance underpin how the Board conducts itself. The Board is very conscious of the impact that the Group's business and decisions has on its direct stakeholders as well as its societal impact. The Company operates to the highest ethical standards as discussed in the Corporate Governance Section on pages 50 to 53.

Principal decisions and other key factors in maintaining shareholder value

For the year ended 31 December 2023, the Board considers that the following are examples of the principal decisions that it made in the year:

- consideration and agreement of the Group's budget together with the associated production guidance for the year ended 31 December 2023;
- consideration of the final dividend payable for the year ended 31 December 2022 and the interim dividend payable for the year ended 31 December 2023;
- agreeing to two follow-on investments in Libero Copper & Gold Corporation ("Libero") and deciding not to make further investments in the second half of 2023;
- undertaking a gold hedging programme by making forward sales of gold;
- entering into a AZN 55 million credit line with the International Bank of Azerbaijan;
- commencing the development of the Gilar underground mine and publication of its JORC mineral resources estimate;
- purchase of a Caterpillar underground mining fleet for the new Gilar mine and its financing by vendor financing;
- continuing extensive geological exploration at Xarxar and the publication of a JORC mineral resources estimate in early 2024;
- the establishment of a long-term strategy and business plan to become a mid-tier producer of copper;
- agreeing to a request by the Government of Azerbaijan for a third-party environmental audit to be conducted at Gedabek; and
- agreeing to partially suspend processing operations between August and December 2023 whilst a third-party environmental audit was carried out and the results agreed.

The Group, like all companies operating in the extractive industries, is required to continually replace and increase its mineral reserves to maintain and improve the sustainability of its business. This concern is a high priority of the Board. To address this priority, the Company has an active geological exploration campaign at its Contract Areas to which it has access. The Board monitors the campaign through regular reports and site visits by directors whenever possible. The Company has also recently acquired additional Contract Areas in Azerbaijan to increase its mineral reserves.

The Board, together with their immediate families, and senior managers of the Company hold in total approximately 44 per cent of the shares of the Company with the remainder held by a wide range of individual and institutional shareholders. The Board are extremely mindful that all shareholders must be treated equally. This is reflected in the Board's behaviour to ensure decisions do not disadvantage external shareholders compared to the interests of the directors and senior management and that external shareholders are fully informed of all Company developments in a timely manner.

Engagement with key stakeholders

The table on page 27 sets out the Board's key stakeholders and provides examples of how the Board engaged with them in the year as well as demonstrating stakeholder consideration in the decision-making process. However, the Board recognises that, depending on the nature of an issue, the interests of each stakeholder group may differ. The Board seeks to understand the relative interests and priorities of each stakeholder and to have regard to these, as appropriate, in its decision making. However, the Board acknowledges that not every decision it makes will necessarily result in a positive outcome for all stakeholders.

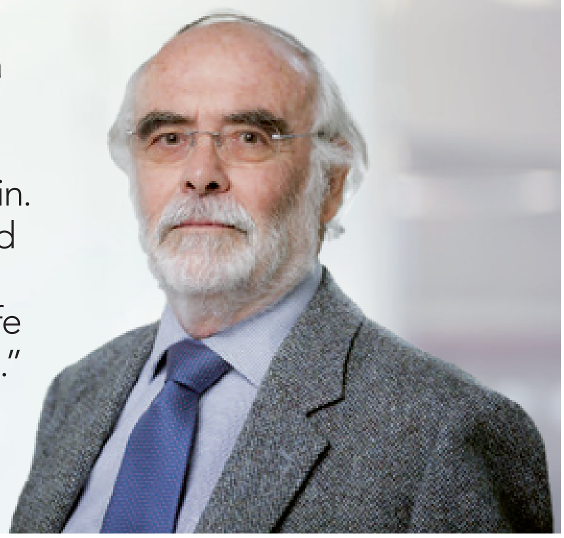
* *This Section 172(1) statement forms part of the Group's Strategic Report and is incorporated by reference.*

Stakeholder	How the Board has approached their engagement	How the Board has taken their interests into account
Shareholders	The Board aims to provide clear and timely information to its shareholders which gives an honest and transparent view of the performance of the business.	The Board maintains a dialogue with external shareholders and keeps them informed in a variety of ways as set out in section 10 of Corporate Governance on pages 52 and 53.
Customers	The Board aims to maintain a mutually beneficial relationship based on trust through a continuous dialogue with each of its customers.	Visits to its customers by senior staff are undertaken and visits are made by customers to the Company in Azerbaijan to show them the Group's production facilities. The Company maintains a continuous dialogue with its customers regarding the technical specifications of its products to ensure the most beneficial sales terms are obtained for both parties.
Suppliers	The Board has ensured an appropriately qualified and professional procurement department is in place which maintains close contact with all suppliers. All procurement is carried out via a transparent tender process. For specialised goods and services, senior management will maintain a dialogue with the supplier and report their engagement to the Board.	All significant purchases are discussed with suppliers and prices and delivery terms agreed which are mutually beneficial to both parties. Technical staff work in close collaboration with suppliers of specialist services to ensure the supplier provides the highest quality service to the Company within the commercial terms of the contract.
Employees	The Board has mandated a mainly informal approach to engage with employees in light of their number and to ensure appropriate upward communication channels exist for employees. Directors and senior management regularly visit Gedabek where the majority of the employees are located. There are also two formal mechanisms for engaging with employees: • An employee survey is carried out once a year and the results are circulated to directors. • The health and safety committee meet twice a year at Gedabek and the meetings are attended by directors.	The results of the employee survey have been reviewed and action taken to implement suggestions where appropriate. The health and safety committee considered all reportable safety incidents during the year in consultation with employee representatives and all appropriate actions were taken to prevent further occurrences in the future.
Community and environment	The Board aims to build trust and conduct its operations in partnership with the communities at all locations where the Group operates whilst minimising any adverse effect on the environment. Board members regularly visit Gedabek and other locations and meet with the local administration and other community leaders to hear their views on community relations.	The Group has carried out significant community and social development in the region. The Company together with officials of the Government of Azerbaijan held a "town hall" meeting with local residents at Gedabek to discuss the environmental audit at Gedabek and future plans for tailings management. A community relations department was established in 2023 and a dedicated Government affairs and community relations officer was recruited to head the department.
Government of Azerbaijan	The Board has set up a formal mechanism for engaging with the Government of Azerbaijan as set out in Corporate Governance on pages 50 to 53. Directors also meet with high level Government officials on a regular basis.	The Company has promptly complied with all requests from the Government of Azerbaijan for information about the Company's business. An open relationship based on trust has been formed with the Government. Agreeing to a Government of Azerbaijan request for a third party environmental audit at Gedabek and agreeing to partially shut down processing between August and December 2023 whilst it was carried out.

Sustainability and health and safety

"With a current copper resource of approximately half a million tonnes, we anticipate Anglo Asian Mining's significant contribution to global decarbonisation initiatives by ensuring the steady supply of this essential metal. Nonetheless, we acknowledge a twofold responsibility concerning ethical usage of natural resources and ensuring wellbeing of people we work with and communities we work in. Our sustainable development approach, detailed in this report, underscores our conscientious commitment to ethical business conduct and safe operations, in line with stakeholder expectations."

Professor John Monhemius
Non-executive director,
chairman of the HSET board committee



Our approach to sustainable development

Sustainability remains integral to every stage of our operations, from asset development to responsible mining practices and eventual mine closure and rehabilitation. We prioritise the welfare of our personnel, show respect for the environment, actively engage with stakeholders, foster local community support, and uphold transparency in all our business endeavours.

Sustainable development is strategically important for the long-term success of Anglo Asian Mining and is under the direct oversight the board of directors and the dedicated Health, Safety, Environmental and Technical ("HSET") Committee. The Group's senior management team is responsible for sustainable development issues on an operational level, setting and monitoring Key Performance Indicators ("KPIs").

The HSET committee is chaired by non-executive director Professor John Monhemius, who has worked in the mining industry for several decades. The committee meets every six months and addresses all the Company's activities relating to Environmental, Social and Governance ("ESG"), including environmental issues, health and safety, operational processes, social projects, and waste management.

Every sustainability-related matter is reported to the management team and analysed comprehensively. The management team diligently oversees critical sustainability aspects, including personnel, environmental concerns, health and safety, and the supply chain both at Gedabek and across other Company assets.

Sustainability governance system structure

Strategic level

Board of directors
↓
HSET Committee

Management level

Management team
↓
Vice president technical services | Chief financial officer | Vice president

Operational level

HSE department | HR department | Procurement department | Financial department

Site managers

Environment, Social and Governance ("ESG") at a glance

Environmental

Material topic	Why is it important for Anglo Asian?	What are we doing?
Environmental management	We understand that mining activities can have a negative impact on the environment. We are committed to measuring, monitoring, and reducing this wherever possible.	We strictly adhere to all local policies and regulations, as well as aspiring to follow global best practice and international standards. Our HSET Committee oversees all the Company's environmental activities, and we have a team of highly qualified environmental specialists at our sites.
Emissions	Climate change presents one of the biggest challenges faced globally. We aim to respond to it by reducing our own GHG emissions and strengthening our climate-related reporting.	We conduct all the necessary monitoring and reporting of emissions in accordance with local regulatory requirements. Additionally, we are launching a process of calculating our carbon footprint and consequently developing targets to reduce our footprint.
Waste	Our activities generate several types of waste. It is our responsibility to, where possible, ensure it is treated and stored safely, reduce the total volume of waste generated, and increase its recycling/reusage.	We closely monitor the processes around our tailings storage facilities. Our operational plants currently use substantial amounts of recycled materials. We also partner with suppliers for safe management of recycled and non-recycled waste.
Water	We are committed to responsible and efficient uses of water resources and minimising effluents even though we do not operate in high water risk regions.	Where possible, we have implemented solutions for using recycled water, and we endeavour to release minimal effluents that go through our purification systems. We record our freshwater usage daily with the aim of minimising it.
Energy efficiency	Electricity consumption from traditional energy sources results in additional GHG emissions. Therefore, our energy usage is being closely monitored, optimised where possible, and we are committed to decreasing our consumption of fuel.	We strive to increase the energy efficiency of our operations. We have piloted an initiative to reduce our fuel consumption by 10%. We are also investigating the potential for transitioning to renewable energy sources.

Social

Material topic	Why is it important for Anglo Asian?	What are we doing?
People	Our highly professional and talented people are paramount to our success as a Company. Therefore, we ensure all our employees can enjoy fair working conditions, social benefits, and development opportunities.	We offer highly competitive remuneration/compensation packages that exceed local averages. We treat our employees fairly and with respect, providing support when needed, including financial, accommodation where eligible and transportation options. We assess the working schedules according to the environment and conditions of each site. We cover medical insurance and provide well-equipped physical/rehabilitation training and sports facilities onsite.
Health and safety	We are absolutely committed to guaranteeing a safe working environment for all our people, both employees and contractors, and strive to foster a culture of safety and responsible behaviour.	We regularly train our employees on HSE policies and potential hazards at all sites. All site workers also undergo regular medical checks.
Local communities	We are committed to maintaining close and mutually beneficial relationships with our local communities. In addition to providing employment opportunities in our local communities, we support local infrastructure development projects and strive to create long-lasting benefits to lives of local people.	Our local communities are a constant priority, and we always strive to meaningfully contribute where we can. We have built one school and one kindergarten for the local community, as well as other infrastructure, such as bridges, housing, and sports facilities. Our human resources team engages directly with the local community. We also take care of people in difficult financial situations by distributing food and necessities and providing accommodation.

Governance

Material topic	Why is it important for Anglo Asian?	What are we doing?
Corporate governance system	We want to create sustainable, long-term value all our stakeholders, as well as honouring our responsibilities to them.	We operate according to internationally recognised practices and well-established codes of corporate governance. Our Nomination Committee is responsible for the selection and nomination of directors.
Supply chain	We endeavour to operate with integrity in all our procurement processes and ensure our supply chains are free from corruption.	We have a centralised department for all business procurement and communicate regularly with all our suppliers. We maximise purchasing locally as much as possible. Our supply chains are regulated by internal policies to avoid favouritism.
Anti-corruption framework and business ethics	We aim to conduct our business with fairness, integrity, and transparency.	We comply with UK anti-corruption legislation, the QCA corporate governance code and all financial auditing requirements.

Sustainability and health and safety *continued*

Materiality matrix

In response to the growing ESG focus from global investors, we are refining our sustainability strategy and reporting practices. In 2022, we conducted an extensive materiality assessment to identify stakeholder ESG priorities and inform our future programs and disclosures. This included peer benchmarking, analysis of ESG standards, risk assessment, stakeholder surveys, and topic prioritisation. The results will guide our setting of future ESG KPIs and the development of our inaugural standalone sustainability report aligned with GRI Standards. Additionally, we conducted a comprehensive audit of existing ESG policies, with plans for updates and renewed public commitments on priority topics.

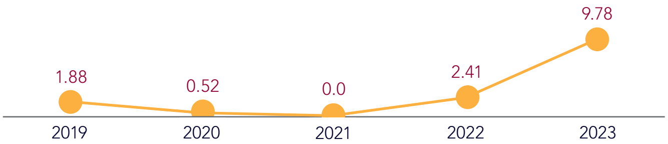
Health and Safety

To ensure a safe work environment for all employees and contractors, recognising the high risk nature of mining, we strive to continually enhance safety performance across the Group. Our goal is zero harm at all our operations.

In 2023, the Group recorded a total of 15 Lost Time Incident ("LTI") among its employees. Consequently, the Lost Time Injury Frequency Rate ("LTIFR") has risen to 9.78, compared to the previous year's figure of 2.41. These reported LTIs result from a combination of occupational and personal factors. Factors contributing to the increased number of LTIs compared to 2022 include changes and enhancements in the reporting system, expanded work areas encompassing underground operations, and periods of intensified repair and maintenance activities.

The HSE department diligently investigated all accidents and near-misses that occurred in 2023, as part of its HSE management system. Action plans are being implemented to prevent the recurrence of similar incidents in the future period.

Lost-time injury frequency rate

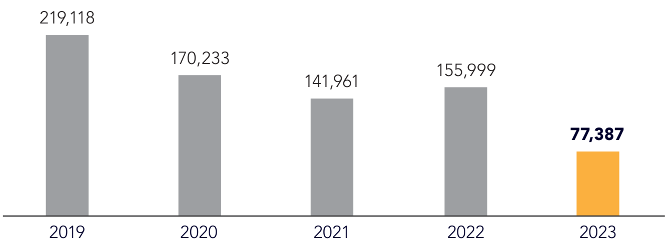


The LTIFR for 2022 was changed from 2.18 to 2.41, and the LTIFR for 2020 was changed from 0.89 to 0.52 due to changes and enhancements in the reporting system for HSE management.

Environmental stewardship

In our continued efforts to reduce the impact of our operations on the environment, we are starting to measure our carbon footprint and aim to provide greater detail on these metrics in our inaugural sustainability report. In 2021, we implemented a pilot initiative to reduce our fuel consumption by 10 per cent. and are progressing with this initiative, in addition to assessing the potential usage of renewable energy sources. The 'Climate change and task force on climate-related financial disclosures ("TCFD")' report on pages 33 to 41 sets out the Company's approach to climate change.

Water intake (m³)



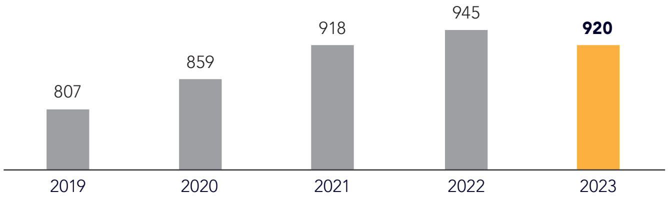
Since August 2023, there has been a partial suspension of processing at Gedabek and mining was temporarily halted resulting in a corresponding decrease in water intake.

Our people

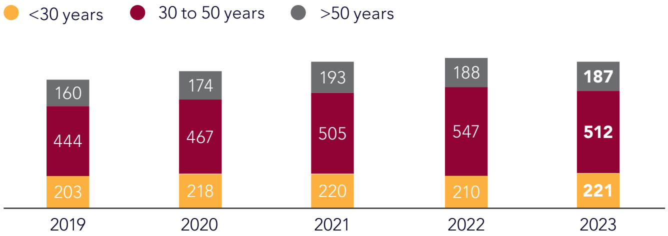
We are currently directly employing more than 900 people in our operations at Gedabek.

We regularly benchmark standards of remuneration and quality of life among our colleagues to ensure we are providing our employees with fair and equitable earnings. We aim to provide opportunities and training for all to enhance career development. We support our colleagues to complete further education qualifications and participate in relevant conferences.

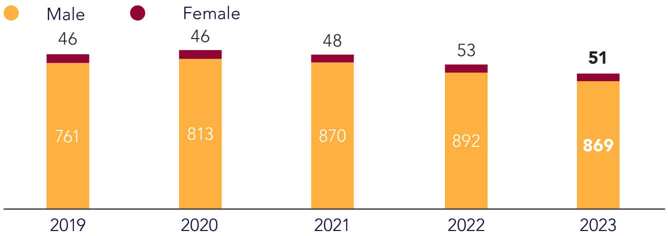
Number of employees



Employees by age



Employees by gender



Sustainability and health and safety *continued*

Local communities

As Azerbaijan's largest exporter outside the oil & gas sector, we have always taken our social responsibility towards the communities we operate in seriously. We believe it is vital to be a good corporate citizen in the regions that host us and grant us the opportunity to conduct our business.

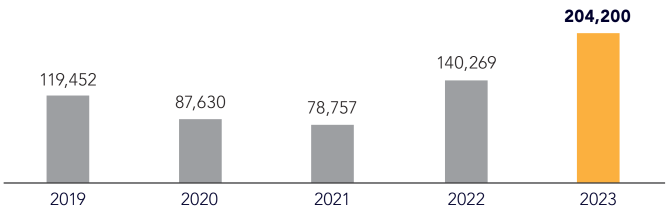
The Company actively supports road maintenance and water supply projects in villages, which are crucial for community development. Providing heavy equipment for road maintenance, such as excavators and bulldozers, ensures efficient grading and levelling, while incorporating waste rock as road material promotes circular economy principles.

Water supply projects involve constructing or improving infrastructure like wells and distribution systems, with the company supplying necessary equipment and materials. These initiatives reflect our commitment to social responsibility, fostering economic development and enhancing accessibility for residents.

We are extremely active in social work and community development in our areas of presence. We have constructed schools, a bridge, a road, and an internet café for local people to ensure digital inclusion. In addition, we encourage a healthy lifestyle among local communities, and are a sponsor of local sports teams including football and taekwondo, a martial arts group, and a weightlifting club.

Social investments

$



In 2023, our social investments expanded, particularly in supporting education initiatives and providing medical assistance, compared to 2022. The Group's community team received numerous requests for medical aid, underscoring the pressing need for healthcare support in local villages, including covering transportation costs, providing medicines, and assisting with surgical procedures. Furthermore, the Company partnered with the National Hematology and Transfusion Center of the Ministry of Health to organize a voluntary blood donation drive. This initiative aims to support individuals suffering from conditions such as haemophilia, thalassemia, and other blood disorders.

Professor John Monhemius
Non-executive director
15 May 2024

Case study: Supporting education in the region

We invest in our communities and have built a school in the village of Arikhdam and a kindergarten in Gumlu to enhance education opportunities for young people in the region.

In 2023, the Group's representatives visited villages in Gadabek, in collaboration with the Gadabay District Executive Authority. We celebrated the start of the new school year with 1st graders, extending our best wishes for their academic journey.

As part of our commitment to education and community support, we donated school uniforms to 120 students in the region.

Additionally, we supported students pursuing studies in mining and geology through scholarships, contributing to the development of skilled professionals in these sectors. We have relationships with a number of higher education institutions, including Azerbaijan State Oil Industry University ("ASOIU"), the University of France & Azerbaijan ("UFAZ") and Baku State University ("BSU"). We also improve learning opportunities at a local level by sponsoring English language and computing courses.

Climate change and task force on climate-related financial disclosures ("TCFD")

Governance and strategy

Governance

Anglo Asian Mining has developed a climate governance framework to integrate climate-related risks and opportunities into its business and investment decisions. This framework is overseen directly by the Board of Directors (the "Board") and permeates through senior management down to the operating sites.

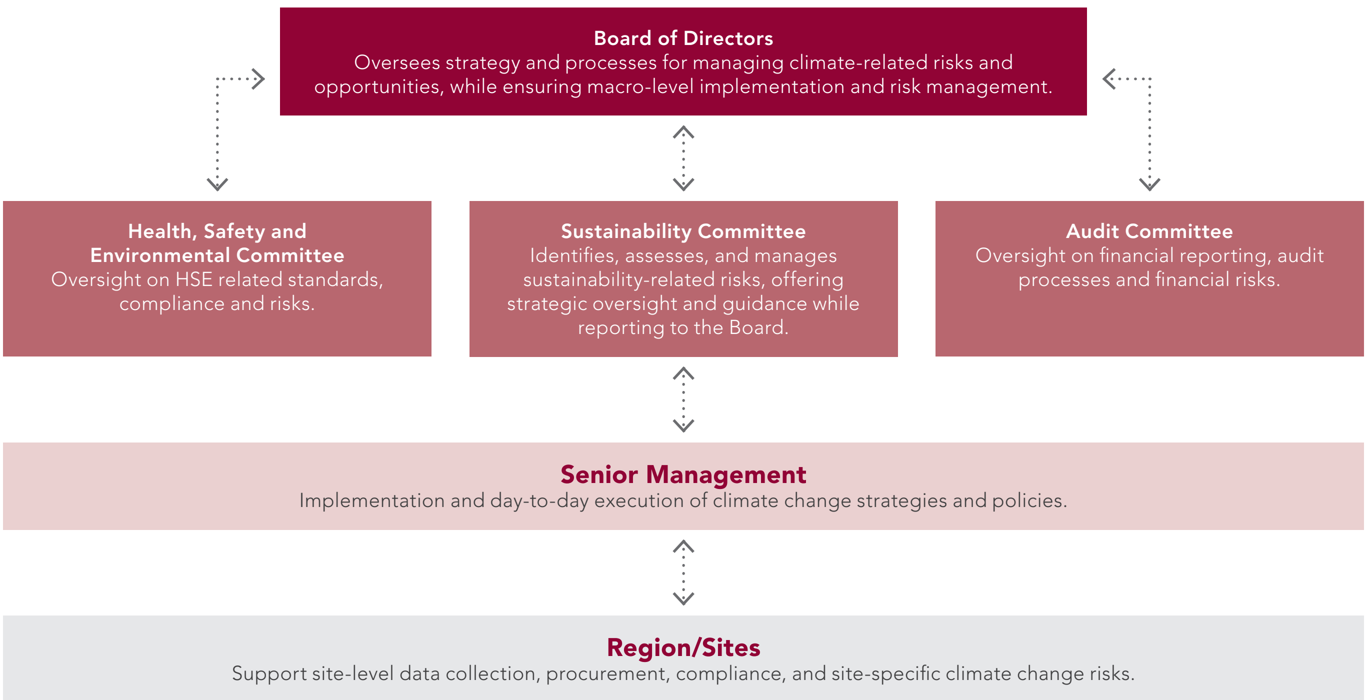
In the first quarter of 2024, the Group established a governance structure dedicated to overseeing climate risks. This involves integrating climate considerations into the Group's strategy and risk management, along with developing specific climate-related metrics to track performance. The climate governance strategy of Anglo Asian Mining is designed to be adaptable, evolving alongside the Group's strategies and plans to manage climate-related risks and opportunities and to encompass broader sustainability-related risks and opportunities. This aligns with the global trend towards more rigorous and transparent standards for climate-related disclosures and centres around a clearly defined governance model, incorporating climate considerations at all organisational levels.

The Board delegates climate oversight responsibilities to the Sustainability Committee, which is responsible for developing the strategic vision for sustainability and climate issues, and guiding its implementation once approved by the Board. The responsibilities of the sustainability committee include review and approval of decarbonisation strategies, ensuring appropriate management of climate-related risks and opportunities and direction and approval regarding mitigation and adaptation measures. It also supports training and awareness programmes related to climate change for both corporate and site teams and provides strategic direction on broader sustainability topics. This governance is implemented across three levels:

Board level - Focus is on ensuring appropriate oversight and management of climate risks. The Board reviews policies pertaining to climate change and evaluates their effectiveness in integrating climate considerations into the business strategy. The Board also provides approvals for significant strategic or financial initiatives recommended by management to address climate-related risks and opportunities.

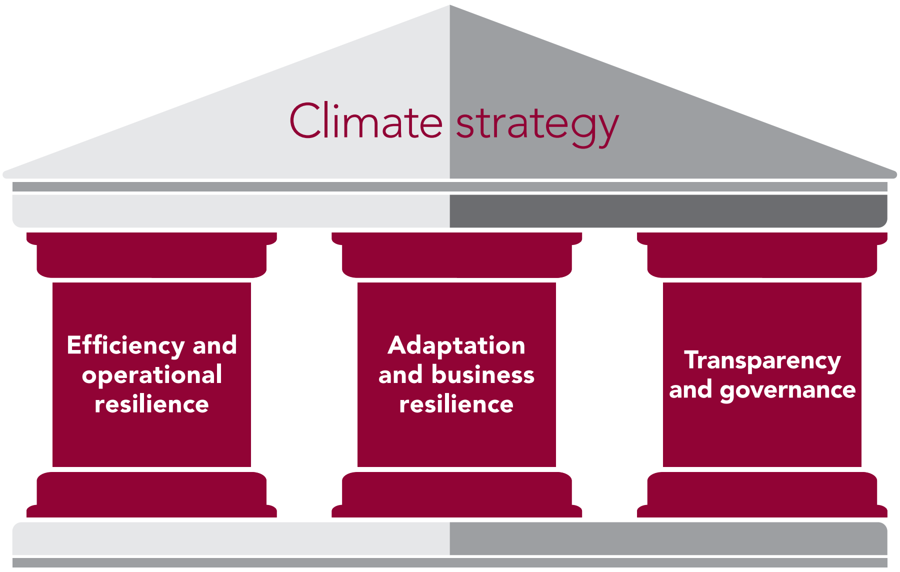
Management level - Responsible for the identification, assessment, and management of climate risks as well as execution of strategies formulated by the Board and ensuring adherence to policies approved by the Board. This includes managing the day-to-day implementation of climate change initiatives, ensuring the effectiveness of emission reduction measures and making recommendations for ensuring a climate-resilient business through adaptation and mitigation. Whilst the Board delineates the Group's stance on climate change, risks, and opportunities, the management team is charged with their actual implementation.

Site operations level - Responsibilities revolve around managing performance, compliance, and mitigation of climate change risks. This includes pinpointing and addressing site-specific risks and opportunities, executing relevant policies, reducing greenhouse gas emissions, complying with environmental standards, and managing local risks, including the formulation of emergency response plans. Precise data collection and reporting on emissions and impacts are vital for effective management oversight. Moreover, engaging with local communities to address climate concerns, support regional climate resilience, and fostering sustainability initiatives are key aspects of site-level operations.



Governance framework: dark red for board oversight, Light Red for management, grey for site operations.

Climate change and task force on climate-related financial disclosures ("TCFD") *continued*



Climate strategy

To effectively address climate change challenges, Anglo Asian Mining is initiating the development of a climate strategy. This strategy, aligned with the Group's climate change policy, concentrates on three fundamental objectives: managing climate risks, seizing opportunities, and boosting resilience. It is organised around three central pillars, each essential to the strategy's overall effectiveness and alignment with the company's goals and values.

Efficiency and operational resilience: In 2024, the Group identified and included physical and transition risks associated with climate change in a corporate climate risk register, which is reviewed biannually. This register not only identifies risks but also evaluates their financial implications. Based on this, Anglo Asian Mining has developed mitigation strategies to improve operational resilience, focusing on securing a stable power supply, optimising emission performance, and prioritising strategic projects. This approach is essential for enhancing energy efficiency and reducing the carbon footprint. The Group is developing monitoring capabilities and emission tracking to establish practical decarbonisation targets. Key initiatives already undertaken like connecting the Gedabek site to the national power grid and installing a reverse osmosis water purification plant demonstrate the Group's dedication to reducing environmental impact and promoting sustainability.

Adaptation and business resilience: Anglo Asian Mining's strategy for adaptation involves a comprehensive understanding of climate change's dual impact on operations and finance, as well as guiding strategic growth plans. The Group is a producer of gold, silver, and copper and recognises the increasing demand for copper, especially in clean technology applications. In response, the Group has developed plans to expand copper production, acknowledging its vital role in the low-carbon transition and aligning with global trends towards sustainable resources.

Transparency and governance: Emphasising the need for clear and transparent reporting, Anglo Asian Mining is working towards alignment with the TCFD recommendations, aiming for full compliance in the near future. The responsibilities of the TCFD have now been transferred to the International Sustainability Standards Board within the IFRS foundation. However, TCFD provides the base platform parameters to develop sustainability platforms. This commitment to transparency is a key aspect of the Group's governance processes and forms a crucial part of the overall climate strategy.

This strategy serves as a framework for Anglo Asian Mining to understand and manage the various aspects of climate change, emphasising efficient energy management and acknowledging the need to reducing the carbon footprint of the business. It also focuses on preparing the Group and its communities for the long-term impacts of climate change, ensuring that these considerations are integral to strategic decision-making.

Risk management

Physical climate risks

Anglo Asian Mining conducted a detailed climate hazard analysis with the support of an external consultancy, initially covering 14 infrastructure elements in the supply chain. The hazard analysis is a provisional risk assessment using district-scale climate data. A more detailed assessment, taking account of local variations in climate due to topographical differences and other geographical effects is being undertaken. This may result in changes to the physical climate risk assessment in future years. This study was refined to concentrate on five key areas, with the Gedabek site as the central focus. The study assessed 10 physical climate hazards, including temperature and precipitation changes, water stress, river and coastal flooding, wildfires, extreme weather events, heat and cold stress, erosion, and drought risks. Out of these, six relevant risks were identified and evaluated more closely: heat stress, cold stress, wildfire, water stress, drought, and erosion.

The analysis employed advanced tools and models, incorporating data from sources like the World Bank, and was aligned with the Representative Concentration Pathway ('RCP') 8.5 scenario. It covered a long-term period from 2011 to 2100 and categorised the hazards into four distinct timeframes: historical baseline, short-term (2011 to 2040), mid-term (2041 to 2070), and long-term (2071 to 2100).

Each risk identified in the analysis was given a score from low to extremely high. Scores that were either based on insufficient data or considered insignificant were not included in the summary below. This evaluation considered the direct physical risks and their possible effects on the mining industry, with a particular focus on the supply chain.

The assessment of temperature and precipitation changes involved examining average shifts over the various time periods. It was found that the monthly average temperature in the Ganja-Gazakh province shows a steady increase throughout the year as it moved into future time periods. Conversely, monthly precipitation displays fluctuating trends throughout the year, with summer months showing a trend towards even lower precipitation in future periods.

The summarised results focus on depicting the acute physical hazards in the different time periods:

Risks and impacts	Sites	Short time period	Medium time period	Long time period	Mitigation measures	Potential financial impacts
Heat Stress	Gedabek Main Site	Med High	Med High	Med High	Implementing measures to ensure worker and machinery well-being, such as providing frequent rest breaks, establishing adequate hydration stations, and investing in climate-controlled workspaces or shelters for prolonged exposure.	Potential for increased costs due to heat-related illnesses among workers, ensuring availability of facilities for wellbeing, and reduction in operational efficiencies.
	Exploration Sites	Med High	Med High	Med High		
	Ganja Airport	High	High	High		
	Baku Airport	Medium High	High	High		
	Gedabek Road	Med High	High	High		
	Baku Road	Med High	High	High		
Cold Stress	Gedabek Main Site	Med Low	Med Low	Med Low	Establish a comprehensive cold stress management plan, including ongoing weather monitoring, provision of cold-weather gear and worker training.	Cold weather conditions pose a risk to transportation infrastructure, potentially causing delays or interruptions in operations. These disruptions can have financial implications on production.
	Exploration Sites	Med Low	Med Low	Med Low		
	Ganja Airport	Med Low	Med Low	Low		
	Baku Airport	Med Low	Med Low	Med Low		
	Gedabek Road	Med Low	Med Low	Low		
	Baku Road	Med Low	Med Low	Low		
Wildfire	Gedabek Main Site	Med High	Med High	Med High	The Group understands the importance of actively preventing wildfires. This involves conducting regular inspections, managing vegetation, and providing fire safety training for employees.	Increased wildfire risk leads to direct costs like firefighting and property damage, as well as indirect costs including business disruptions, production loss, and potential liability claims.
	Exploration Sites	Med High	Med High	Med High		
	Ganja Airport	Med High	Med High	Med High		
	Baku Airport	Med Low	Med Low	Med Low		
	Gedabek Road	Med High	Med High	Med High		
	Baku Road	Med High	Med High	Med High		
Water Stress	Gedabek Main Site	Med Low	Med Low	Med Low	Focus on water conservation at the main mine site, especially in summer. This includes fixing leaks, optimizing water use in processes, enhancing water recycling, and developing infrastructure and technologies to meet peak demand.	Higher costs in obtaining water for mining operations, and risks of regulatory fines or shutdowns due to inadequate water management.
	Exploration Sites	Med Low	Med Low	Med Low		
	Ganja Airport	Medium Low	Med Low	Med Low		
	Baku Airport	Extremely High	Extremely High	Extremely High		
	Gedabek Road	Med Low	Med Low	Med Low		
	Baku Road	High	High	High		

Climate change and task force on climate-related financial disclosures ("TCFD") *continued*

Risk management continued

Physical climate risks continued

Risks and impacts	Sites	Short time period	Medium time period	Long time period	Mitigation measures	Potential financial impacts
Drought	Gedabek Main Site	Low	Low	Medium Low	Focus on water conservation at the main mine site, especially in summer. This includes fixing leaks, optimizing water use in processes, enhancing water recycling, and developing infrastructure and technologies to meet peak demand.	Significant impacts on water availability leading to increased costs for water acquisition and treatment. Potential production disruptions and revenue losses due to water shortages affecting operations.
	Exploration Sites	Low	Low	Medium Low		
	Ganja Airport	Low	Low	Medium Low		
	Baku Airport	Medium Low	Medium Low	High		
	Gedabek Road	Low	Low	Medium Low		
	Baku Road	Low	Low	Low		
Erosion	Gedabek Main Site	Low	Low	Low	Establish an erosion control program to monitor erosion-prone areas and integrate sustainable land management practices in mining operations to maintain soil stability and natural vegetation where possible.	The financial impact of erosion includes infrastructure damages leading to operational disruptions and increased maintenance expenses.
	Exploration Sites	Low	Low	Low		
	Ganja Airport	Low	Low	Low		
	Baku Airport	Low	Low	Low		
	Gedabek Road	Low	Low	Low		
	Baku Road	Low	Low	Low		

Transition climate risks

Alongside the physical risk analysis, Anglo Asian Mining undertook a transition risk assessment with the support of an external consultant. The goal of this assessment was to identify material transition-driven risks, as well as opportunities. The transition risk assessment at Anglo Asian Mining was focused on evaluating the risks associated with the broader economic shift towards a low carbon economy. This involved considering the potential impacts on the mining sector, particularly in terms of economic, social, and environmental factors, as well as considering potential impacts specific to Anglo Asian Mining.

The analysis covered all three categories of transition risk across short (1 to 3 years), medium (3 to 5 years) and long (greater than 5 years) time periods and sought to identify those risks that should be monitored or may require mitigative action. The following summarizes the results for transition risks in the two different time periods:

Risk category	Risk drivers	Short term	Medium term	Long term	Mitigation measures	Potential financial impacts
Policy and Regulatory	Carbon pricing	Med High	Extremely High	Extremely High	Mitigating policy and regulatory risk involves not only staying up to date with evolving climate regulations and enhancing transparency in disclosures but also strategically transitioning towards renewable energy sources, like solar or wind power. This move aims to reduce dependence on fossil fuels, helping to minimize the risks associated with volatile fuel prices. Moreover, this approach positions the company advantageously for potential changes in regulations and energy strategies that jurisdictions may adopt to meet their NDC commitments.	The potential introduction of a carbon pricing regime in Azerbaijan could affect the Group's financial performance. Furthermore, there's a risk of disruption to current downstream customers in regions subject to the EU CBAM. These customers might prefer products with lower carbon intensity to comply with their local regulations, potentially impacting our market share and revenue.
	Increased cost of fuel	Med High	Extremely High	Extremely High		
	European Union Carbon Border Adjustment Mechanism ("EU CBAM")	Med Low	High	High		

Risk category	Risk drivers	Short term	Medium term	Long term	Mitigation measures	Potential financial impacts
Market	Shift in investment preferences and consumer behaviours	Med Low	Med High	Med High	Mitigation measures could involve exploring opportunities in critical minerals, ensuring project pipeline includes low-intensity projects that are more suitable for a low-carbon economy, and leveraging existing commodities such as copper. Reducing the company's overall carbon intensity can create low-carbon products that attract environmentally conscious customers, helping to stabilize the company's market position against shifts in investment trends.	Market volatility and shifting investment trends, potentially resulting in decreased revenue and profitability. Maintaining a high carbon intensity could limit the company's ability to attract environmentally conscious customers and may lead to market erosion, impacting the Group's long term market stability and competitiveness.
Technology	Slow integration of clean technology compared to peers	Low	Med Low	Med Low	Mitigation would require a dual approach: firstly, optimising existing infrastructure to make it more efficient and less reliant on fossil fuels, thereby reducing operational costs. Secondly, implementing innovative technologies in the planning stages of new mining projects can further enhance efficiency and reduce environmental impact, ensuring the company stays competitive in an industry increasingly focused on sustainability.	In an economy where carbon pricing is implemented, the Group could face higher operational costs and decreased efficiency if it doesn't adopt innovative technology. This situation might result in reduced profitability and impair the Group's competitiveness in an industry where sustainability is increasingly valued.

Climate change and task force on climate-related financial disclosures ("TCFD") *continued*

Risk management continued

Transition climate risks continued

Risk category	Risk drivers	Short term	Medium term	Long term	Mitigation measures	Potential financial impacts
Reputation	Industry stigmatisation	Med High	High	High	A proactive approach to stakeholder engagement. This includes establishing open, transparent dialogue with local communities and government bodies, and involving them in various aspects of the Group's operations. Educational programs and community partnership initiatives can also play a pivotal role, helping to build trust and enhance the Group's reputation as a socially and environmentally responsible entity.	Neglecting proactive stakeholder engagement could lead to operational disruptions and regulatory challenges for a mining company like Anglo Asian Mining, resulting in increased costs and potential revenue losses. Additionally, damaged relationships with local communities and government bodies may impair the company's reputation and market position, affecting its long-term financial stability and growth prospects.
	Pressure from stakeholders for climate disclosures	Med Low	Med High	High	To address stakeholder pressure for climate disclosures, the Group should adopt recognized reporting frameworks and engage in regular, transparent communication about its environmental efforts and climate strategies.	

Transition opportunities

The transition to a low-carbon economy by 2050 offers numerous opportunities for Anglo Asian Mining in addition to the risks. These opportunities are indicative of the potential benefits and positive shifts that can arise from adapting to a more sustainable, environmentally conscious operational model, and leveraging new or growing opportunities created by a global transition. The table below provides an overview of these general transition opportunities:

Opportunities	Time frame	Description
Clean technology case studies & peer benchmarking	Medium Term (3 to 5 years)	Exploring real-world examples of clean technology integration and comparing their progress with industry peers will enable the company to pinpoint effective strategies and understand potential challenges in adopting renewable energy. This initiative prepares the company for future regulatory changes in Azerbaijan and helps reduce the financial impact associated with the volatility of carbon pricing.
Commodity premium for low carbon intensity products	Short Term (1 to 3 Years)	In a similar theme with a globally transitioning economy with an emerging price on carbon, opportunities arise for price premiums on products with low carbon intensity. This serves a dual purpose: it incentivizes companies to reduce the carbon intensity of their operations and simultaneously creates a premium market for these low carbon intensity products that has the potential to increase revenue for the Group.
Increased demand for copper	Medium Term (3 to 5 Years)	The significance of copper in the low carbon economy is on the rise, fueled by its critical role in renewable energy, electric vehicles, and energy-efficient technologies. This expanding scope of applications is expected to drive a higher demand for copper and potentially increasing revenue for the company.
Investing in local communities	Short Term (1 to 3 Years)	Investing in climate resilience within local communities is crucial for the Group, as it helps reduce environmental risks heightened by climate change. This not only ensures the stability of local procurement and workforce but also strengthens the relationships with these communities, a key aspect for maintaining Gedabek's social license to operate and workforce stability. This opportunity may reduce the financial impact from future proofing potential operational barriers as climate challenges rise.

Performance metrics and targets

Our Progress

In the mining industry, energy consumption is a crucial factor in the extraction, transportation, and processing of ores and waste rock, as well as in maintaining infrastructure. The emissions profile of a mining operation is largely determined by the energy source utilised and the specific methods employed in mining and processing activities. These methods are often dictated by the unique geology and geometry of the mineral deposits. In this context, Anglo Asian Mining's approach to energy use and emissions management provides a clear example of how the industry navigates these challenges.

The primary energy sources at Anglo Asian Mining's sites typically include diesel fuel for heavy equipment and, in certain cases, electrical power generation in remote locations. Additionally, the Group secures electricity from regional or national power supply transmission grids. With an increasing focus on environmental sustainability, the grids from which Anglo Asian Mining procures electricity are expected to become more efficient and potentially cleaner in the coming years. This shift aligns with the commitments of the jurisdictions in which the company operates, especially their Nationally Determined Contributions ('NDCs') commits to a 40 per cent. reduction in emissions by 2050. Notably, grid electricity offers the advantage of a lower carbon footprint compared to onsite electricity generation.

Key Highlights:

- Starting in 2024, Anglo Asian Mining initiated tracking and reporting of scope 1 and location-based scope 2 emissions for its operations in the Gedabek district. This effort includes backtracking data to 2020 to establish a baseline year.
- In 2017, the Gedabek site implemented an advanced reverse osmosis water treatment plant, enhancing the site's water management efficiency. This installation notably reduced the mine's dependence on fresh water sources.
- In 2016, the Gedabek site, containing the Group's only significantly producing mines, was connected to the national power grid. This transition significantly reduced the site's dependence on diesel fuel for onsite power generation, saving an estimated 11,000,000 liters of diesel fuel annually, which is equivalent to a reduction of approximately 30,000 tonnes of CO_2e per annum.

Next steps:

Anglo Asian Mining has been actively progressing in its climate journey since 2016, starting with a significant step of shifting their main operating site from diesel generators to grid electricity, cutting carbon dioxide emissions by 30,000 tonnes annually. In response to evolving regulatory and climate disclosure requirements, 2024 marked a pivotal year for the Group. It established a climate governance structure and policy, developed a comprehensive climate strategy, initiated climate risk assessments on its operations and supply chain, integrated formal climate risk management processes, and enhanced its emissions performance by calculating Scope 1 and 2 emissions and energy consumption. This highlights the group's commitment to expanding its climate capacity and aligning with TCFD standards.

Looking ahead, over the next 12 months, Anglo Asian Mining aims to deepen its climate risk assessments, extending from a corporate perspective to site-specific analyses. The company plans to evaluate its entire value chain, conduct scenario analyses, perform an IFRS S2 gap analysis, and improve emission accounting to include Scope 3 emissions. These initiatives are designed to ensure the company's full alignment with TCFD requirements and position it strongly for compliance with IFRS S2.

Measuring our performance

As Anglo Asian Mining advances toward full alignment with the TCFD recommendations, the company will integrate several metrics to effectively measure and monitor its impact on climate. Although Anglo Asian Mining has not set a specific carbon reduction target yet, it is cognisant of the global initiatives outlined in the Paris Agreement, as well as the commitment of the jurisdiction in which it operates to achieve a 40 per cent. emission reduction by 2050. As the Group deepens its engagement in its climate journey, gaining knowledge and capacity, the establishment of an emission target will become a focus area. This collected data will play a crucial role in supporting the Group's strategic and business planning processes, enabling effective monitoring of the business environment from a risk management viewpoint.

The metrics employed includes:

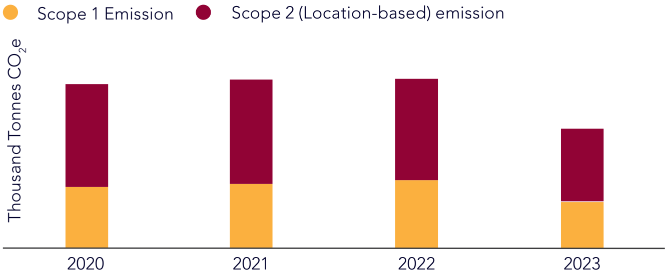
- Scope 1 and 2 greenhouse gas ('GHG') emissions.
- GHG emission intensity.
- direct and indirect energy consumption.
- Percentage of assets impacted by physical and transition risks.

In 2023, Anglo Asian Mining reported a total of 40,819 metric tonnes of CO_2 equivalent (tCO_2e) in Scope 1 and Scope 2 emissions, achieving a 27 per cent. reduction from the 2020 baseline. This reduction, however, was preceded by a slight increase in emissions in the earlier years; emissions rose by 3 per cent. above the baseline from 2021 to 2022 and maintained a consistent level thereafter. Note that these amounts are not directly comparable due to the temporary shutdown of processing in 2023. Looking ahead, as normal operations resume, emissions are expected to revert to the previously observed levels, with ongoing monitoring of emissions, which will guide the initiative for exploration of decarbonisation opportunities.

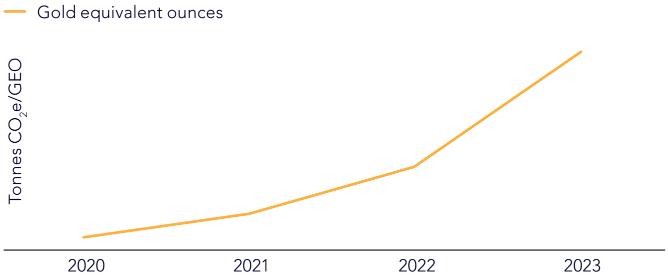
The GHG intensity for gold equivalent ounces in 2022 was 1.00 tCO_2e per ounce, representing a 19 per cent. increase from the 2020 baseline. This increase primarily arose from the steadily decreasing gold production in recent years as the Group's legacy open pit mine has neared depletion. A closer look at energy consumption sources reveals a reliance on diesel (42 per cent.) and grid electricity (53 per cent.). Further breakdown shows that diesel is responsible for 36 per cent. of the total Scope 1 and Scope 2 emissions, while grid electricity accounts for 61 per cent. Details about our energy use and GHG emissions performance by site and over the past four years are in section 4 – Performance Data.

Climate change and task force on climate-related financial disclosures ("TCFD") *continued*

Group total emissions breakdown by year

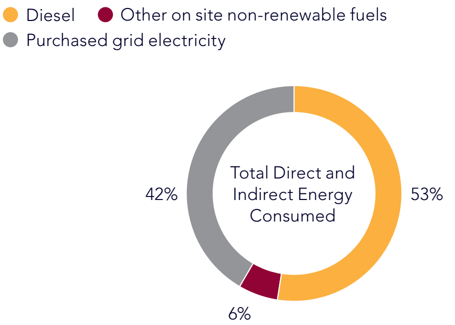


GHG intensity breakdown by gold equivalent ounces

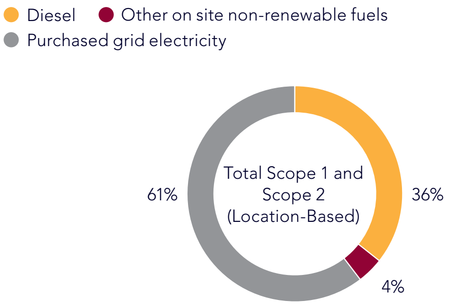


Group's scope 1 and 2 emissions breakdown and carbon intensity compared to GEO over the last 4 years

2023 Energy consumed by source



2023 GHG emissions by source



The group's energy and emission breakdown by source for 2023

Performance data

Direct and indirect energy consumed by source: Trailing four-year data (Gigajoules).

Direct non-renewable energy	2020	2021	2022	2023
Diesel	283,482	292,799	315,898	**211,152**
Gasoline	6,435	7,207	7,786	**7,311**
Heavy fuel oil	10,577	11,057	11,462	**9,444**
Light fuel oil	599	507	678	**610**
Propane	86	89	84	**77**
Lubricating oil and greases	6,684	6,294	6,499	**4,726**
Indirect non-renewable energy				
Grid electricity from non-renewable sources	237,064	242,087	232,042	**167,481**

Direct non-renewable energy consumed by source: Trailing four-year data (percentage).

Direct non-renewable energy	2020	2021	2022	2023
Diesel	92%	92%	92%	**90%**
Gasoline	2%	2%	2%	**3%**
Heavy fuel oil	3%	3%	3%	**4%**
Light fuel oil	0%	0%	0%	**0%**
Propane	0%	0%	0%	**0%**
Lubricating oil and greases	2%	2%	2%	**2%**

Scope 1 and 2 GHG emissions: Trailing four-year data (tCO_2e).

	2020	2021	2022	2023
Diesel	19,494	20,136	21,726	**14,523**
Gasoline	382	428	463	**434**
Heavy fuel oil	797	833	864	**712**
Light fuel oil	42	36	48	**43**
Propane	5	5	5	**5**
Lubricating oil and greases	382	360	372	**270**
Total scope 1 (Direct) GHG emissions	21,103	21,799	23,477	**15,988**
Total scope 2 (Indirect) GHG emissions - Location based	35,148	35,892	34,403	**24,831**

Scope 1 and 2 (location based) GHG emissions intensity: Trailing four-year data (tCO_2e per GEO):

Country	District	2020	2021	2022	2023
Azerbaijan	Gedabek	0.84	0.89	1.00	**1.28**

Financial review

Currency of financial review

References to "$" and "cents" are to United States dollars and cents. References to "CAN$" and "CAN cents" are to Canadian dollars and cents. References to "£" and "p" are to United Kingdom Sterling pounds and pence. References to AZN are to the Azerbaijan New Manat.

Group statement of income

The Group generated revenues in 2023 of $45.9m (2022: $84.7m) from the sales of gold and silver bullion and copper and precious metal concentrate.

The revenues in 2023 included $31.0m (2022: $62.8m) generated from the sales of gold and silver bullion from the Group's share of the production of doré bars. Bullion sales in 2023 were 15,822 (2022: 34,918) ounces of gold and 7,080 (2022: 23,763) ounces of silver at an average price of $1,951 (2022: $1,783) per ounce and $23 (2022: $22) per ounce respectively. In addition, the Group generated revenue in 2023 of $14.8m (2022: $21.9m) from the sale of 11,192 (2022: 12,443) dry metric tonnes of copper and precious metal concentrate. The Group's revenue benefited in the year from a higher average price of gold at $1,943 (2022: $1,801) per ounce but the average price of copper was lower at $8,523 (2022: $8,797) per metric tonne.

A gold sales hedging programme was established in 2023. Monthly forward sales of gold bullion were made equivalent to approximately 25 to 30 per cent. of the Group's share of budgeted gold bullion production for the months of June to December 2023. The contracts matured at the end of each respective month and a total of 4,600 ounces of gold bullion was forward sold. The forward sales were made at prices between $1,949.75 to $1,979.25 per ounce of gold. The spot price of gold at the time of contracting the forward sales was $1,947.50. 3,000 ounces of gold were sold in 2023 under the hedging programme for an average price of $1,969.97 per ounce with the remaining 1,600 ounces rolled forward to 2024. The Group generated additional revenue of $75,000 from the hedging programme calculated by comparing the hedged sale price with the spot price at each date of sale. The Group did not hedge gold sales in 2022.

The Group incurred cost of sales in 2023 of $50.3m (2022: $69.0m) as follows:

	2023 $m	2022 $m	B/(W) $m
Cash cost of sales	**40.0**	57.1	17.1
Depreciation	**9.8**	16.4	6.6
Cash costs and depreciation	**49.8**	73.5	23.7
Capitalised costs	**(1.2)**	(3.0)	(1.8)
Cost of sales before inventory movement	**48.6**	70.5	21.9
Inventory movement	**1.7**	(1.5)	3.2
Total cost of sales	**50.3**	69.0	18.7

The cost of sales in 2023 of $50.3m were $18.7m lower than the $69.0m in 2022. This was because agitation leaching and flotation processing and mining were suspended from August to December 2023. Reagent costs, materials and consumables including spare parts and fuel oil, and haulage and excavation services were $7.0m, $3.2m and $4.7m respectively lower in 2023 compared to 2022.

Depreciation in 2023 was lower at $9.8m compared to $16.4m in 2022. 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 or by the straight-line method. The depreciation and amortisation were lower in 2023 due to the lower production in the year.

Other operating income was $0.4m (2022: $0.4m) which was primarily the cancellation of an amount payable to a contractor. Administration expenses in 2023 were $7.0m (2022: $5.9m). Administration expenses comprise the cost of the administrative staff and associated costs at the Gedabek mine site, the Baku office and maintaining the Group's listing on AIM. The majority of the administration costs are incurred in either Azerbaijan New Manats, the United States dollar or United Kingdom pounds sterling. The Azerbaijan New Manat was stable against the US dollar in 2023 compared to 2022 at an exchange rate of $1 = AZN1.7. The United States dollar to the United Kingdom pounds Sterling exchange rate was volatile in 2023 with a high of £1 =

↑ Gadir underground mine.

$1.31 to a low of £1 = $1.18. Administration costs in 2023 were higher than 2022 primarily due to higher legal costs and higher audit fees.

Finance costs in 2023 were $1.8m (2022: $0.8m). Finance costs comprise interest on borrowings and lease liabilities, interest on the unwinding of the discount of provisions and interest on the long term AzerGold CJSC creditor. Finance costs increased in 2023 compared to 2022 due to the Group's increase in borrowings in 2023, a higher discount rate used to unwind the discount on provisions and a full year's interest charge in respect of the long-term trade creditor for the purchase of historical geological data from AzerGold CJSC.

The Group incurred an impairment charge of $5.0m (2022: $nil) in respect of its investment in Libero Copper & Gold Corporation ("Libero"). Libero was an associate company at 31 December 2023 but in 2024 will be reclassified as a financial asset as the Group's interest has reduced to 5.7 per cent. in January 2024 and Michael Sununu resigned from the board of Libero. The fair value of the Group's investment in Libero at 31 December 2023 is therefore estimated as the value of Libero as a financial asset at 31 December 2023. The market value of the Group's shares in Libero at 31 December 2023 were $242,000 and the investment was accordingly written down to reflect this value.

The Group recorded a total impairment charge in respect of historical geological exploration expense of $13.0 million. This was $5.0m, $3.0m and $5.0m for Gedabek, Gosha and Ordubad respectively. The impairment charges are specifically against secondary and smaller prospects in these Contract Areas. Following the discovery and development of the Zafar and Gilar mines and the acquisition of Xarxar and Garadag, the Group's focus has moved away significantly from Ordubad and our other smaller exploration prospects. It is unlikely that the Group will expend significant resources into bringing any of these areas into production in the next five years.

The Group recorded a loss before taxation in 2023 of $32.0m compared to a profit in 2022 of $7.5m. The loss was due to the gross loss of $4.5m (before impairment of geological expenditure of $13.0m) resulting from the partial shut-down of Gedabek processing from August 2023, the provision against geological exploration cost of $13.0m and the impairment charge for Libero of $5.0m.

The Group had a taxation benefit in 2023 of $7.7m (2022: charge of $3.8m). This comprised a current income tax charge of $nil (2022: $0.6m) and a deferred tax benefit of $7.7m (2022: charge of $3.2m). $4.2m of the deferred tax credit arose from a reversal of the deferred tax creditor in respect of the impairment of the capitalised geological exploration expenditure. The geological exploration expenditure had already been deducted for taxation. R.V. Investment Group Services ("RVIG") in Azerbaijan generated taxable losses in 2023 of $17.3m (2022: profits of $1.7m). RVIG's taxable profits are taxed at 32 per cent. (the corporation tax rate stipulated in the Group's production sharing agreement). RVIG had tax losses available for carry forward of $17.3m at 31 December 2023 (2022: $nil).

All-in sustaining cost of gold production

All-in sustaining cost ("AISC") of gold production 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 AISC" per ounce of $1,510 in 2023 compared to $1,064 in 2022. The reason for the increase in 2023 compared to 2022 was due to the much lower production as the majority of the Group's production costs are fixed or semi-fixed.

Financial review *continued*

Group statement of financial position

Assets and liabilities

Non-current assets decreased from $102.2m at the end of 2022 to $95.2m at the end of 2023. Intangible assets decreased from $38.6m at the end of 2022 to $27.1m at the end of 2023 due to additions to geological exploration and evaluation of $5.9m (2022: $9.4m) offset by transfer to assets under construction of $3.8m (2022: $nil), amortisation of $0.6m (2022: $1.1m) and impairment of $13.0m (2022: $nil) in the year. Property, plant and equipment were higher by $8.7m due to additions of $22.5m partially offset by depreciation of $9.7m and a decrease in the provision for rehabilitation of $4.0m. Leased assets were $0.2m lower due to modifications to leased assets of $0.3m and depreciation of $0.6m offset by $0.7m of additions.

Net current assets were $36.1m at the end of 2023 compared to $60.5m at the end of 2022. The main reasons for the decrease in net current assets were a reduction in cash equivalents and restricted cash of $9.9m and an increase in current liabilities of $5.0m which in 2023 include $13.6m (2022: $nil) of bank debt due within 12 months. The Group's cash balances at 31 December 2023 were $4.5m (2022: $20.4m) and there is restricted cash of $6.0m (2022: $nil) which is not available for use by the Company as it is security for a loan. Surplus cash is maintained in US dollars and was placed on fixed deposit with banks in Azerbaijan at tenors of between one to three months at interest rates of around 1.5 to 4.0 per cent.

Non-current liabilities included trade and other payables of $4.2m (2022: $2.9m). This includes $3.1m (2022: $2.9m) in respect of the purchase of historical exploration data of Xarxar and Garadag. The total cost of the purchase was $4.0m of which $1.0m was paid in 2022. The remaining creditor of $3.0m was discounted over 2.5 years using an interest rate of 8 per cent. and includes attributable VAT of $0.6m.

The Group commenced borrowing in 2023 to finance the capital expenditure of developing its assets and the partial shutdown of processing operations from August 2023. Total bank borrowings (including accrued interest) at 31 December were $20.7m (2022: $nil). The Group borrowed from two banks in Azerbaijan during 2023, International Bank of Azerbaijan and Access Bank. The principal amounts outstanding were $15.0m and $5.6m respectively at interest rates of between 5.5 and 6.5 per cent per annum. The loan from Access Bank was secured against a $6.0m cash deposit.

Net assets of the Group at the end of 2023 were $84.8m (2022: $113.5m). The net assets were lower due to a decrease in retained earnings as a result of the loss and the dividend payment in 2023. There were no shares issued or bought back in 2023.

Equity

The Group was financed entirely by equity and had no bank debt or other borrowings other than lease liabilities throughout 2022. In 2023, the Group commenced borrowing from banks and the Group's gearing ratio at 31 December 2023 was 24.4 per cent.

There were no movements of the Group's share capital, merger reserve and share premium account in 2023. The Group's holding company did not buy back any ordinary shares in 2023. 150,000 ordinary shares were bought back in 2022 which have not been cancelled and are held in treasury.

Group cash flow statement

Operating cash outflow before movements in working capital for 2023 was $1.0m (2022: inflow of $27.2m). Operating cash was severely reduced in the year due to the lower production arising from the suspension of processing. Operating profit before the non-cash charges of depreciation, amortisation and impairment in 2023 was an outflow $3.0m (2022: inflow of $24.6m).

Working capital movements generated cash of $2.0m (2022: absorbed cash of $10.1m) due to trade receivables which were lower by $4.6m (2022: higher by $5.9m). Inventory was $0.1m higher (2022: $3.4m) and trade and other receivables were lower by $2.4m (2022: $0.8m).

Cash from operations in 2023 was $1.0m compared to $17.0m in 2022 due to the operating cash outflow in 2023.

The Company paid corporation tax in 2023 of $0.1m (2022: $3.6m) in Azerbaijan in accordance with local requirements. This payment was the final payment of its liability for the year ended 31 December 2022.

Expenditure on property, plant and equipment and mine development were $18.0m (2022: $10.1m). The main additions in 2023 were capitalised stripping costs of $0.7m, mine development costs of $8.3m, a Caterpillar underground mining fleet and associated equipment of $5.2m and an underground drilling machine of $1.6m.

Expenditure on intangible assets in 2023 was $7.2m (2022: $7.2m) which was expenditure on exploration and evaluation. The main expenditure on exploration and evaluation expenditure was $2.1m (2022: $3.6m), $1.9m (2022: $1.6m) and $1.0m (2022: $0.5m) at Gedabek, Xarxar and Vejnaly respectively.

The Group spent $0.7m (2022: $3.5m) on acquiring shares in Libero during 2023.

Dividends

In respect of the year ended 31 December 2023, the Group did not pay an interim dividend and no final dividend is proposed. A total dividend of 8 US cents per share was paid in respect of the year ended 31 December 2022. Dividends are declared in United States dollars but paid in United Kingdom pounds sterling. The total cash cost of dividends paid in respect of 2022 was $4.6m.

Production Sharing Agreement

Under the terms of the Production Sharing Agreement (the "PSA") with the Government of Azerbaijan (the "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 carried forward 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 from the total production and total costs for each Contract Area. Costs incurred in one Contract Area cannot be offset against production of a different Contract Area. Unrecovered costs can only be recovered against future production from their respective contract area.

Profit Production for the Group has been subject to the minimum 25 per cent. for all years since commencement of production including 2023 for the Gedabek Contract Area. The Government's share of production in 2023 (as in all previous years) 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 2023 of 12.75 per cent. (2022: 12.75 per cent.) of the value of its production at Gedabek.

The Group produced gold and silver for the first time in 2021 from its Vejnaly Contract Area and the metal produced was sold for a total of $1.6m in 2023. The Government's share of this production was 32.0 per cent. This is because the mine and other facilities were acquired at no cost and the only costs available to offset the production were the administration costs of the site, minor refurbishment capital expenditure, the cost of geological exploration and Gedabek transport and processing costs. Mining costs were not available for offset as the metal was produced from ore stockpiled at Vejnaly by the previous owner.

The Group can recover the following costs in accordance with the PSA for each Contract Area as follows:

- 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 31 December 2023 were $64.6m, $34.8m and $1.9m respectively (2022: $37.5m, $31.4m and $0.8 respectively).

The unrecovered costs at 31 December 2023 for the Garadag and Xarxar contract areas were $1.2m and $3.4m respectively (2022: $0.9m and $1.0m respectively). The unrecovered costs include cash payments in 2022 for historical geological data of $0.8m and $0.2m in respect of Garadag and Xarxar 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 year ended 31 December 2023. 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.

Calculation of non-IFRS financial indicators

Net debt / cash

Calculated as the cash and cash equivalents minus current and non-current interest-bearing loans and borrowings.

Free cash flow

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.

All-in sustaining cost ("AISC") per ounce.

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.

Going concern

Main business of the Group

The Group produces primarily gold and copper at its Gedabek mining concession in northwestern Azerbaijan. Ore mined at Gedabek produces gold doré by heap and agitation leaching and copper concentrate (which also contains gold and silver) from SART and flotation processing. When processing operations are fully operational, production is cash generative at current and forecast metal prices. Historically, the Group has funded all its operational costs (including Azerbaijan and London overheads) from cash generated from the sale of precious metal and copper concentrates produced at Gedabek.

Suspension of agitation leaching and flotation processing and interim results to 30 June 2023

The Group suspended agitation leaching and flotation processing from the beginning of August 2023 whilst an environmental audit of its Gedabek site was carried out.

The Group published its six months interim results to 30 June 2023 ("Interim Results") on 26 September 2023. The Group reported in its Interim Results the following material uncertainties regarding its going concern:

1 The Group will be able to fully restart agitation leaching and flotation processing.

2 IBA will agree to restart lending to the Group under its revolving credit facility.

3 The Government will not impose any conditions or fines etc. on the Group which will be so onerous as to make it impossible for the Group to continue in commercial operation.

4 Permission will be obtained to further raise the wall of the tailings dam and this wall raise will be completed by April 2024.

The results of the environmental audit were satisfactory and, subsequent to the release of the Interim Results, the Group was given permission by the Government of Azerbaijan (the "Government") on 26 September 2023 to fully restart operations and did not impose any conditions or fines etc. on the Group which were so onerous as to make it impossible for the Group to continue in commercial operation. This removed material uncertainties (1) and (3) above. Material uncertainties (2) and (4) are discussed further below.

Financial review *continued*

Going concern continued

One recommendation arising from the environmental audit was that Government permission is required for any further raises of the wall of the Group's tailings dam.

Permission to raise wall of the tailings dam

The Group's agitation leaching and flotation processing produce waste as a slurry called tailings. These tailings are stored in a dam approximately seven kilometres from the Group's processing plants. The tailings dam only has sufficient capacity for another 2 to 3 months of agitation leaching and flotation production. The Group has therefore applied to the Government to increase the height of the wall by an average of 7.5 metres to its final design height, which will give the tailings dam sufficient capacity for an additional two to three years of production. This raise of the dam wall will be carried out in two stages with the first stage being a raise of approximately 2.5 metres.

The Group submitted to the Government an application to raise the wall of the tailings dam on 14 March 2024. The application included a third-party report by the geotechnical consultants, Knight Piésold, which confirmed the stability of the tailings dam. The Group subsequently clarified certain aspects of the Knight Piésold report and other documentation submitted with the Government. The Government is now in the process of reviewing the Company's application.

The Group will not restart agitation leaching and flotation until permission is obtained from the Government to raise the wall of its tailing dam. The tailings dam has sufficient capacity for agitation leaching and flotation processing to begin whilst the raise of the wall is carried out. This will avoid the need to restart and then stop agitation and flotation processing, due to the tailings dam reaching full capacity. To commence production and then stop within a three month period is not operationally desirable.

Financial condition and credit facilities available to the Group

The Group had cash reserves of $9.8 million (including $6.0 million restricted cash) and debt of $20.7 million at 31 March 2024. The current cost of maintaining the Group's operations, including mining, Gilar development, heap leaching, SART processing and administrative overheads in Azerbaijan and London, is estimated at $3.5 million to $4.0 million per month. The Group is currently generating revenue of approximately $2.0 million per month from precious metal and concentrate sales.

The Group has in place an AZN 55 million ($32.3 million) General credit agreement ("GCA") with the International Bank of Azerbaijan ("IBA"). The Group has borrowed $15 million under this facility to date, of which $10 million is repayable between May 2024 to 2026, and $5 million was repayable in May 2024. The $5 million loan repayable in May 2024 was recently extended for one year and is now repayable in May 2025. The Group is currently negotiating a further $10 million loan under the GCA which the directors believe is subject to receiving permission to raise the wall of the tailings dam.

The Group recently signed a vendor refinancing of part of the purchase price of its Caterpillar mining fleet of $3.7 million and is completing the conditions precedent in the loan agreement to enable the proceeds to be disbursed. It is anticipated these proceeds will be received by 31 May 2024.

12 Month cash flow forecast

The Group has prepared a 12 month cash flow forecast until 30 June 2025. It has been prepared under the following major assumptions:

- The permission for raising the wall of the tailings dam will be obtained by 31 May 2024.
- The Group will close the $10 million loan and receive the proceeds from IBA by 31 May 2024.
- The Group will borrow a further $3 million from IBA under the GCA in September 2024, discussions for which have not yet commenced.

This cash flow uses gold prices of $1,900 to $2,300 per ounce and copper prices of $8,500 to $8,900 per tonne. This cash flow shows that the Group is able to finance its operations till the end of the going concern period being 30 June 2025.

The Group has also prepared a 12 month cash flow forecast until 30 June 2025 ("Sensitivity Case") using the following major assumptions:

- The permission for raising the wall of the tailings dam will be obtained by 30 June 2024.
- The Gilar mine will commence production in the first quarter of 2025.
- The Group will close the $10 million loan from IBA by 30 June 2024.
- The Group will borrow a further $7m from IBA under the GCA in August 2024, discussions for which have not yet commenced.

This Sensitivity Case cash flow shows that the Group is able to finance its operations till the end of the going concern period being 30 June 2025.

Material uncertainties over going concern

At the time of approving the issuance of the financial statements, there exist the following material uncertainties which are outside of management's control:

1. Whether the Group will receive permission from the Government to raise the wall of the tailings dam.
2. Once permission is received, whether the Group will close the loan of $10 million from IBA which remains subject to their approval, and the further loans forecast to be taken with IBA in the going concern period, for which discussion have not yet commenced, ($3 million in the base case and $7m in the Sensitivity Case) from IBA.

Should the permission not be obtained and the additional loans not be advanced, the Group and Company is forecast to exhaust its available liquidity during the going concern period.

These material uncertainties may cast significant doubt on the Group's and Company's ability to continue as a going concern. It may therefore be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors are confident that the permission to raise the wall of the tailings dam will be received. The application is technically competent and is currently being progressed by the appropriate ministries and departments of the Government. The Group has a successful record of obtaining all necessary approvals from the Government, which has provided the Directors with confidence that permission will be granted. The Board considers that the Government is also very desirous that the Group undertakes other business opportunities in Azerbaijan. These are dependent on restarting full production at Gedabek.

The cash flow contains certain discretionary expenditure on capital expenditure and geological exploration totalling $7.2 million. Should the permission to raise the wall of the tailings dam be delayed beyond 31 May 2024, this expenditure can be deferred. This will enable the Group to have sufficient working capital to continue producing from only heap leaching and SART till the end of 2024.

The directors are confident that it will be granted a further loan of $10 million because of the strong existing relationship with IBA, the history of completing loans and the advanced stage of the current approvals process. However, the required IBA approvals for the $10 million loan are not yet completed and are contingent on the tailings dam approval. The Group is also negotiating with other banks in Azerbaijan. If the $10 million loan from IBA is not completed, the Board will seek alternative sources of bank financing from a Bank with which it currently has other borrowings. The directors believe that the banks in Azerbaijan are likely to require that the Group has the permission from the Government to raise the tailings dam wall before advancing any further funds. Following the loan of $10 million, there will be $7.3 million remaining of the GCA from which the $3 million loan can be made ($7 million in the Sensitivity Case). The directors are confident that it will be granted the additional loan forecast in the base case and Sensitivity Case because of the strong existing relationship with IBA and the history of completing loans with IBA. The Group is also actively exploring other sources of non-equity financing.

Accordingly, the directors believe it is appropriate to prepare these financial statements on a going concern basis.

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 on pages 7 and 8, the Chief Executive Officer's review on pages 9 to 11, and the strategic report on pages 12 to 27. The financial position of the Group, its cash flow, liquidity position and borrowing facilities are discussed within this financial review.

W R Morgan

William Morgan
Chief financial officer
15 May 2024

Board of directors

Our experienced board

Khosrow Zamani*

Non-executive chairman

Age: 81 A R N

Former director Southern Europe and Central Asia of the International Finance Corporation ("IFC") from 2000 – 2005. Oversaw the IFC portfolio of more than $2 billion, diversified across the financial, oil and gas and mining industries.

Over 30 years' experience in investment and project finance and banking in emerging markets.

Formerly non-executive board member and chairman of the corporate governance committee of Sekerbank A.S. and non-executive director of the compensation committee of Komercijalna Bank, Serbia.

Reza Vaziri

President and chief executive

Age: 71 H

Head of the foreign relations office at the ministry of the Imperial Court of Iran before moving to the US in 1980.

Prominent businessman in Azerbaijan.

Holds a law degree from the national university of Iran.

Governor John H Sununu

Non-executive director

Age: 84 A R N

Two terms Governor of New Hampshire, USA. Former chief of staff to President George H.W. Bush 1989-1992.

Former partner in Trinity International Partners and currently serves as President of JHS Associates, Ltd.

Professor John Monhemius*

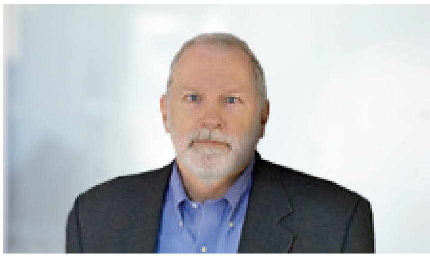
Non-executive director

Age: 81 H

Over 40 years' experience in hydrometallurgy and environmental control in mining and metallurgical processes.

Co-founder and director of Consort Research Ltd, a consultancy to large mining and chemical companies specialising in gold and base metal ore processing.

Former director of Obtala Resources plc.



Michael Sununu

Non-executive director

Age: 56

Wealth of financial and directorial experience and former board member of Optima Bank & Trust.

Founder and Manager of Sununu Enterprises LLC and Sununu Holdings LLC and consultant to energy, materials and infrastructure industries.

Holds a BSc from the Massachusetts Institute of Technology and an MBA from the Kellogg School at Northwestern University majoring in finance and accounting.

Member of the board of Purpose Energy Inc. and member of the Investment Committee for the New Hampshire Historical Society.

A Audit committee

H Health, safety, environment and technology committee

R Remuneration committee

N Nomination committee

* *Independent non-executive director*

Senior management

Our leadership team

Farhang Hedjazi

Vice president, technical services

Worked in the industry since 1985 and has constructed process plants including zinc smelters, CIL plants, gold heap leach facilities and managed underground mines. Oversees all mining and exploration activities.

Previously worked for the national Iranian lead and zinc company as chief process engineer, before founding Kahanroba engineering company.

Member of the technical committee of Libero Copper & Gold Corporation.

Holds an MSc in non-ferrous extractive metallurgy.

William Morgan

Chief financial officer
Company secretary

UK chartered accountant with over 45 years accountancy and financial management experience in the UK, Far East, Africa, Kazakhstan and Russia.

Previously regional CFO for Kinross – Russia Region, CFO Hambledon Mining plc and Bakyrchik Gold plc.

20 plus years of experience in the gold mining industry in Russia/FSU.

Stephen Westhead

Vice president, Azerbaijan International Mining Company

UK chartered geologist with over 30 years of experience in India, CIS, Eastern Europe and Russia.

Previously technical advisor to the managing director of Polyus Gold's main business unit. Project management expertise from exploration, construction and production.

PhD in structural controls on mineralisation, a MSc in mineral exploration and mining geology and a BSc in applied geology.

Amirreza Vaziri

Director, business development

Previous roles ranging from co-founder and CEO of a tech start-up to director of business development at an international technology company.

Strong focus on partnerships and M&A, in line with the Company's strategic vision for growth.

Holds a BA in international business from the University of Maryland's Smith School of Business, MSc in international management from Kings College London.

Corporate governance

Introduction

The board of directors (the "Board") applied throughout 2023 the principles of the 2018 Quoted Companies Alliance Corporate Governance Code (the "QCA Code") to support the Company's corporate governance framework. The directors acknowledge the importance of the ten principles set out in the QCA Code. The QCA Code is a code of best practice for AIM companies.

Set out below are the ten principles of corporate governance in the QCA Code, the Company's compliance with each of the ten principles and the required annual report and accounts disclosure. A table of the ten principles is also available on the Company website (https://www.angloasianmining.com/wp-content/uploads/2019/09/CORPORATE_GOVERNANCE_12_September_update.pdf) which also sets out the Company's compliance, or an explanation for any non-compliance, with the QCA Code.

Compliance with the principles of the QCA Code

1 **Establish a strategy and business model which promote long term value for shareholders**

The Company has a portfolio of gold, copper and silver exploration and production assets in Azerbaijan. The Company has a clear strategy of growing a sustainable mining business in Azerbaijan which is fully set out in the chairman's statement, the president and chief executive's review, the strategic report, the sustainability and environment report and other sections of this annual report. As with any other company in the extractive industries, a key challenge is to replace the mineral resources mined. The Company maintains an active geological exploration programme which continued throughout 2023 to identify new mineral resources. The Company also obtained three new mining concessions in Azerbaijan in 2022.

The Company also seeks to grow shareholder value by investing in mining properties outside of Azerbaijan. The Company made two further investments in Libero Copper & Gold Corporation ("Libero") in January and February 2023. Libero was subject to a high level of monitoring by the Board throughout 2023. Following drill licencing issues at its Mocoa property in Colombia and the inability of Libero to obtain adequate capital to support its business, the Company made no further investments in Libero in 2023.

A further key challenge is the safe working of its operations and this annual report sets out measures adopted by the Company in 2023 to address this challenge.

2 **Seek to understand and meet shareholders' needs and expectations**

The Board maintains an extensive two-way dialogue with its shareholders. The Board meets shareholders at its annual general meeting each year. Directors and senior management regularly meet shareholders at investor events and other forums. Individual meetings are held with larger shareholders who occasionally visit the Company's operations in Azerbaijan.

The Company also regularly updates shareholders on its activities through press releases via the LSE RNS and RNS Reach systems. Podcasts and video interviews by senior management are also disseminated via well-known investor websites such as Proactive and Vox. The Company has an active and effective investor relations programme that includes institutional roadshows and presentations. The Company website is monitored and regularly updated to be a current and comprehensive source of information to stakeholders. The Company also uses social media to communicate with shareholders and has a dedicated LinkedIn account at https://www.linkedin.com/company/anglo-asian-mining-plc/.

3 **Take into account wider stakeholder and social responsibilities and their implications for long term success**

The Company takes its wider responsibilities for corporate and social responsibilities very seriously and has contributed to the economic and social development of the local communities in which it operates. This includes refurbishing schools and building infrastructure in the region and assisting local agriculture. The Company regularly meets with community leaders in the areas in which it operates. The Company also established a community relations department at Gedabek in 2023 to liaise with the local community. A full time, dedicated Government Affairs and community relations manager was appointed to head the department.

A health, safety and environmental review was carried out by a third party at the Gedabek mine site in July 2023 following concerns by local residents that there was contamination of the local environment. No material environmental contamination was found. In December, 2023, the Company agreed an action plan with the Government of Azerbaijan to address associated recommendations contained in the final report of the environmental review.

Senior management of the Company together with officials of the Government of Azerbaijan held a "town hall" meeting with local residents at Gedabek to discuss the results of the environmental audit at Gedabek and its future plans for tailings management.

In addition, the Company uses the annual report and financial statements, the interim statements and its website (www.angloasianmining.com) to provide further information to shareholders and wider stakeholders.

4 **Embed effective risk management, considering both opportunities and threats, throughout the organisation**

The Company and its directors have identified and keep under consideration the risks facing the Company. It has an established framework of internal financial controls including an audit committee to address financial risks. The Company does not have a formal corporate risk management programme for non-financial risks although the Board regularly discuss and review exposure and management of all risks. The requirement for a formal risk management programme is kept under review and the Company may reassess the need to establish such a programme in the future.

The Group maintains appropriate insurance cover in respect of legal actions against the directors as well as against material loss or claims against the Group and the Group and the Board review the adequacy of the cover regularly.

The principal risks and uncertainties section of this annual report details a number of other risks which the Company is subject to and how these are addressed. In particular:

a. country risk;

b. operational risk;

c. commodity price risk;

d. foreign currency risk; and

e. liquidity and interest rate risk.

One of the main corporate risks is the safe operation of its mines and processing operations. To address this specific risk, the Company has a well-developed and adequately staffed health, safety and environment ("HSE") department to ensure safe and clean working at its mines and processing sites. The Company also has a health, safety, environment and technology ("HSET") committee comprising John Monhemius and Reza Vaziri. The committee's primary function is to assist the Board in fulfilling its HSE oversight responsibilities. Its oversight responsibilities are set out in section 9 below.

The HSET committee, chaired by John Monhemius, convened twice during 2023 at the Gedabek mining site. The committee discussed all aspects of the safe operation of its mines and processing plants and any reportable safety incidents together with recommendations and follow-up actions from previous meetings.

The Company has established a sustainability committee in 2024. The Company has also reported for the first time in its 2023 annual report climate related disclosures in accordance with Task Force on Climate Related Financial Disclosures ('TCFD').

5 Maintain the Board as a well-functioning, balanced team led by the chair

The Board is a well-balanced team including specialists of the major technical disciplines required in the mining industry. Their names and biographies are set out in this annual report on page 48. Two of the five directors, being Khosrow Zamani and Professor John Monhemius, are independent. The Company's board composition complies with the QCA Code and each independent director has been assessed and is considered to be independent by the Board. The biographies of Board members of the Company are also available on the Company website at http://www.angloasianmining.com/about-us/board-of-directors/.

The number of board meetings held during 2023 and the attendance of the directors are as follows:

	Number of board meetings each director attended				
Number of board meetings in 2023	**John Monhemius**	**Michael Sununu**	**John Sununu**	**Reza Vaziri**	**Khosrow Zamani**
14	13	14	13	14	14

All directors are expected to devote the necessary time commitments required by their position and are expected to attend at least six board meetings each year.

The role and duties of the audit, nomination and remuneration committees are set out in the respective reports of the committees in section 10 below. The respective reports also set out the number of times the committees met in the year and the attendance of the directors.

The meetings of the health, safety, environment and technological committee are set out in section 4 above.

6 Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The directors are all highly experienced with a total over 200 years of experience in all areas of business, particularly the natural resource industries. All directors are able to seek outside advice wherever necessary. The Company's chief financial officer acted as Company Secretary throughout 2023. He was supported by an employee of the Company who is highly experienced in company secretarial and related legal matters. The Board has a nomination committee which reviews and considers the Board structure and composition. The nomination committee meets as required to consider and make recommendations on the appointment of directors to the Board and senior management as well as recommendations in relation to professional training and development. The biographies of the directors can be found on page 48 of this annual report and on the Company website at http://www.angloasianmining.com/about-us/board-of-directors.

There is no formal process to keep directors' skill sets up-to-date given their wealth of experience.

The Company's broker and NOMAD (S P Angel Corporate Finance LLP) advised the Board on various regulatory and commercial matters during 2023.

The external auditor provided tax compliance services which comprised preparing and submitting the UK tax computations for the two England and Wales incorporated companies for the year ended 31 December 2022.

7 Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Board believes its clear objective is the financial performance of the business whilst closely ensuring the interests of all other stakeholders are properly upheld. The financial performance of the business is closely monitored. The Company reviews board, committee and individual director performance on an ongoing basis in the context of their contribution to the Company's financial performance. The chairperson will normally take leadership of the performance assessment process and allows for feedback from other board members about their performance.

8 Promote a corporate culture that is based on ethical values and behaviours

The Company operates to the highest ethical standards. The Board is very mindful that it operates in the extractive industries in an emerging market economy. Accordingly, the Board takes every opportunity, including the induction process of senior management, to reinforce its high ethical standards. A large part of the Company's activities is centred upon what needs to be an open and respectful dialogue with employees, clients and other stakeholders. Therefore, the importance of sound ethical values and behaviour is crucial to the ability of the Company to successfully achieve its corporate objectives. The Company is also aware that the safe operation of its mines and processing plants is determined in large part by a culture which is highly "safety conscious". The Board has taken actions during the year to promote this culture of safe working such as strengthening its HSE department and regular safety reviews.

Corporate governance *continued*

Compliance with the principles of the QCA Code continued

8 Promote a corporate culture that is based on ethical values and behaviours continued

There is no formal mechanism to monitor the Company's corporate culture which the Board believes is appropriate given the size of the business. However, the Board investigates very thoroughly any instance of serious malpractice etc. which is brought to its attention. There were no instances during 2023 of any failing of the Company due to poor culture brought to the attention of the Board.

The effectiveness of the "safety conscious" culture is monitored directly by the HSET committee and indirectly through the number of reported safety incidents etc.

The Company has adopted, with effect from the date on which its shares were admitted to AIM, a code for directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and is in accordance with AIM Rule 21 of the requirements of the Market Abuse Regulation which came into effect in 2016.

9 Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The Company's governance structures are appropriate for a company of its size and all necessary committees such as audit and remuneration regularly meet. The Board also meets regularly and the directors continuously maintain an informal dialogue between themselves.

The Board has audit, nomination and remuneration committees. The role and duties of the audit, nomination and remuneration committees are set out in the respective reports of the committees in section 10 below.

The Board has a health, safety, environment and technology committee which comprises John Monhemius and Reza Vaziri and meets as required. The committee's primary function is to assist the Board in fulfilling its oversight responsibilities in the following areas:

- health, safety, environmental and technological issues relating to the Company;
- the Company's compliance with corporate policies that provide processes, procedures and standards to follow in accomplishing the Company's goals and objectives relating to health, safety and environmental issues, to ensure that the Company's operations and work practices comply as far as is practicable with the best international standards; and
- the management of risk related to health, safety, environmental and technological issues.

10 Communicate how the Company is governed by maintaining a dialogue with shareholders and other relevant stakeholders

The Company maintains an adequate dialogue with its shareholders as set out in section 2 above. The Company is committed to providing full and transparent disclosure of its activities, via the RNS and RNS Reach systems of the London Stock Exchange. Furthermore the historical annual reports and interim accounts are available on the Company website at http://www.angloasianmining.com.

Details of all shareholder communications are provided on the Company website. The Board holds meetings with larger shareholders and regards the annual general meeting as a good opportunity to communicate directly with all shareholders, including presentations on current business that are subsequently made available on the website.

The outcome of each vote in the annual general meeting is always reported to shareholders and released as an RNS on the market announcements platform. It can also be obtained on the Company website.

There is a formal process of maintaining the relationship between the Company and the Government of Azerbaijan.

10.1 Report of the audit committee

Members of the audit committee

The members of the audit committee comprise John Sununu and Khosrow Zamani. The chief financial officer is invited to all meetings of the audit committee. A highly experienced accountant is also employed by the Company to provide technical advice to the audit committee.

Role of the audit committee

The main duties of the audit committee are as follows:

- provide formal and transparent arrangements for considering the application of all applicable financial reporting standards;
- ensure the interim and full year financial statements are properly prepared in accordance with all applicable accounting standards, legal and all other requirements and reflect best practice;
- review the findings of any management letter or other communication from the external auditor regarding internal controls;
- ensure the full year financial statements are audited by the external auditor in accordance with all applicable audit standards, legal and other requirements;
- assessment of the need for an internal audit function; and
- ensure the independence and objectivity of the external auditor and approve all non-audit work by the external auditor.

Meetings of the audit committee held in 2023
The audit committee met twice in 2023, to approve the financial statements for the year ended 31 December 2022 and to approve the financial statements for the six months ended 30 June 2023. John Sununu, Khosrow Zamani and William Morgan attended the meeting to approve the financial statements for the year ended 31 December 2022. Khosrow Zamani and William Morgan attended the meeting to approve the financial statements for the six months ended 30 June 2023. The external auditor attended the meeting approving the financial statements for the year ended 31 December 2022.

Non-audit work
The external auditor performed certain tax compliance work as set out in section 6 above and note 8 to the Group financial statements. This work was approved by the audit committee as it did not affect the independence or objectivity of the external auditor.

Internal audit
The Group does not currently have an internal audit function due to the small size of the Group and limited resources available. The requirement for an internal audit function is kept under review.

Whistleblowing
The Group does not currently have a formal whistleblowing policy due to the small size of the Group. The Group maintains a very open dialogue with all its employees which gives every opportunity for employees to raise concerns about possible improprieties in financial reporting or other matters.

10.2 Report of the remuneration committee
The remuneration committee comprises Khosrow Zamani and John Sununu and meets as required. It is the remuneration committee's role to establish a formal and transparent policy on executive remuneration and to set remuneration packages for individual directors. The committee did not meet in 2023 as there were no changes proposed to the remuneration of the directors in the year.

The remuneration paid to the directors is disclosed in the report on directors' remuneration on page 60.

10.3 Report of the nomination committee
The nomination committee comprises Khosrow Zamani and John Sununu and meets as required. It is the role of the nomination committee to review and consider the Board structure and composition and to consider and make recommendations on the appointment of directors to the Board. The committee did not meet in 2023.

Directors' report

for the year ended 31 December 2023

Annual report and financial statements

The directors present their annual report together with the audited Group financial statements on pages 69 to110.

Principal activities

The Group's principal activity during the year was the production of gold and silver doré and copper and precious metal concentrate from the Gedabek contract area in western Azerbaijan.

Business review and future prospects

A review of the activities of the business throughout the year and up to 15 May 2024 is set out in the chairman's statement on pages 7 and 8, the president and chief executive's review on pages 9 to 11, and the strategic report on pages 12 to 27 which includes information on the Group's risks, uncertainties and key performance indicators. These sections are incorporated in this directors' report by reference.

Dividends

Full details of the Company's dividend policy is set out in the chairman's statement on pages 8 and 9, the financial review on pages 42 to 47 and note 30 – "Dividends paid", to the Group financial statements.

Capital structure

Details of the Company's authorised and issued share capital, together with the movements for the years ended 31 December 2022 and 2023 are disclosed in note 26 – 'Share capital and merger reserve' to the Group financial statements. The Company has one class of ordinary share and they carry no right to fixed income. Each ordinary share carries the right to one vote at general meetings of the Company. All issued ordinary shares are fully paid.

There are no specific restrictions on the size of a holding or on the transfer of the ordinary shares, which are both governed by the general provisions of the articles of association and prevailing legislation. The directors are not aware of any agreements between holders of the Company's ordinary shares that may result in restrictions on the transfer of securities or on voting rights.

Certain directors own ordinary shares in the Company and certain parties own 3 per cent. or more of the ordinary shares in the Company. These holdings are set out in the 'Directors' interests' and 'Substantial shareholders' sections of this directors' report. No person has any special rights of control over the Company's share capital.

The Company was granted power at its annual general meeting for 2023 to buy back up to 10 per cent. of its issued ordinary shares. Details of ordinary shares acquired in 2023 are given in this directors' report and in note 28 – 'Treasury shares' to the Group financial statements.

The Company has a scheme to grant directors and employees options to acquire ordinary shares. The share options granted and details of the scheme are disclosed in note 29 – 'Share-based payment' to the Group financial statements.

With regard to the appointment and replacement of directors, the Company is governed by its articles of association, the Companies Act 2006 and related legislation. It also complies with the Quoted Companies Alliance Corporate Governance Code. The articles of association themselves may be amended by special resolution of the shareholders. The powers of the directors are described in the corporate governance report on pages 50 to 53 of this annual report.

Under its articles of association, the Company has authority to issue 600 million ordinary shares.

There are no agreements to which the Company is a party that take effect, alter or terminate upon a change of control of the Company following a takeover bid. There are also no agreements to which the Company is a party which provide for compensation for loss of office or employment that occurs because of a takeover bid.

Directors

The directors who served during the year and up to 15 May 2024 are as follows and further details are set out on page 48 of this annual report:

Professor John Monhemius

Governor John Sununu

Mr Michael Sununu

Mr Reza Vaziri

Mr Khosrow Zamani

Reza Vaziri retires by rotation at the next annual general meeting and, being eligible, offers himself for re-election.

Company secretary

William Morgan
33 St James's Square
London SW1Y 4JS
United Kingdom

Registered office
33 St James's Square
London SW1Y 4JS
United Kingdom

Registration of the Company
The Company is registered in England and Wales.
Its registered number is 5227012.

Directors' interests
The beneficial interests of the directors who held office at 31 December 2023 and their connected parties in the share capital of the Company at 31 December were as follows:

	2023 Number of ordinary shares	2022 Number of ordinary shares
John Monhemius	**366,890**	366,890
Michael Sununu	**—**	—
John Sununu	**10,734,540**	10,734,540
Reza Vaziri	**32,796,830**	32,796,830
Khosrow Zamani	**1,457,982**	1,457,982

All directors' interests are beneficially held.

Purchase of shares for treasury
The Company did not buy back any of its ordinary shares in the year ended 31 December 2023.

Directors' insurance
The Company has made qualifying third-party provision for the benefit of its directors during the year which remains in force at the date of this report.

Substantial shareholders
The Company has been notified of the following interests of 3 per cent. or more in its issued share capital as at 15 May 2024:

	Number of ordinary shares	Per cent.
Reza Vaziri	32,796,830	28.7
John Sununu	10,734,540	9.4
Limelight Industrial Developments	4,038,600	3.5

Going concern
Main business of the Group
The Group produces primarily gold and copper at its Gedabek mining concession in northwestern Azerbaijan. Ore mined at Gedabek produces gold doré by heap and agitation leaching and copper concentrate (which also contains gold and silver) from SART and flotation processing. When processing operations are fully operational, production is cash generative at current and forecast metal prices. Historically, the Group has funded all its operational costs (including Azerbaijan and London overheads) from cash generated from the sale of precious metal and copper concentrates produced at Gedabek.

Suspension of agitation leaching and flotation processing and interim results to 30 June 2023
The Group suspended agitation leaching and flotation processing from the beginning of August 2023 whilst an environmental audit of its Gedabek site was carried out.

The Group published its six months interim results to 30 June 2023 ("Interim Results") on 26 September 2023. The Group reported in its Interim Results the following material uncertainties regarding its going concern:

1 The Group will be able to fully restart agitation leaching and flotation processing.

2 IBA will agree to restart lending to the Group under its revolving credit facility.

3 The Government will not impose any conditions or fines etc. on the Group which will be so onerous as to make it impossible for the Group to continue in commercial operation.

4 Permission will be obtained to further raise the wall of the tailings dam and this wall raise will be completed by April 2024.

Directors' report *continued*

year ended 31 December 2023

Going concern continued

Suspension of agitation leaching and flotation processing and interim results to 30 June 2023 continued

The results of the environmental audit were satisfactory and, subsequent to the release of the Interim Results, the Group was given permission by the Government of Azerbaijan (the "Government") on 26 September 2023 to fully restart operations and did not impose any conditions or fines etc. on the Group which were so onerous as to make it impossible for the Group to continue in commercial operation. This removed material uncertainties (1) and (3) above. Material uncertainties (2) and (4) are discussed further below.

One recommendation arising from the environmental audit was that Government permission is required for any further raises of the wall of the Group's tailings dam.

Permission to raise wall of the tailings dam

The Group's agitation leaching and flotation processing produce waste as a slurry called tailings. These tailings are stored in a dam approximately seven kilometres from the Group's processing plants. The tailings dam only has sufficient capacity for another 2 to 3 months of agitation leaching and flotation production. The Group has therefore applied to the Government to increase the height of the wall by an average of 7.5 metres to its final design height, which will give the tailings dam sufficient capacity for an additional two to three years of production. This raise of the dam wall will be carried out in two stages with the first stage being a raise of approximately 2.5 metres.

The Group submitted to the Government an application to raise the wall of the tailings dam on 14 March 2024. The application included a third-party report by the geotechnical consultants, Knight Piésold, which confirmed the stability of the tailings dam. The Group subsequently clarified certain aspects of the Knight Piésold report and other documentation submitted with the Government. The Government is now in the process of reviewing the Company's application.

The Group will not restart agitation leaching and flotation until permission is obtained from the Government to raise the wall of its tailing dam. The tailings dam has sufficient capacity for agitation leaching and flotation processing to begin whilst the raise of the wall is carried out. This will avoid the need to restart and then stop agitation and flotation processing, due to the tailings dam reaching full capacity. To commence production and then stop within a three month period is not operationally desirable.

Financial condition and credit facilities available to the Group

The Group had cash reserves of $9.8 million (including $6.0 million restricted cash) and debt of $20.7 million at 31 March 2024. The current cost of maintaining the Group's operations, including mining, Gilar development, heap leaching, SART processing and administrative overheads in Azerbaijan and London, is estimated at $3.5 million to $4.0 million per month. The Group is currently generating revenue of approximately $2.0 million per month from precious metal and concentrate sales.

The Group has in place an AZN 55 million ($32.3 million) General credit agreement ("GCA") with the International Bank of Azerbaijan ("IBA"). The Group has borrowed $15 million under this facility to date, of which $10 million is repayable between May 2024 to 2026, and $5 million was repayable in May 2024. The $5 million loan repayable in May 2024 was recently extended for one year and is now repayable in May 2025. The Group is currently negotiating a further $10 million loan under the GCA which the directors believe is subject to receiving permission to raise the wall of the tailings dam.

The Group recently signed a vendor refinancing of part of the purchase price of its Caterpillar mining fleet of $3.7 million and is completing the conditions precedent in the loan agreement to enable the proceeds to be disbursed. It is anticipated these proceeds will be received by 31 May 2024.

12 Month cash flow forecast

The Group has prepared a 12 month cash flow forecast until 30 June 2025. It has been prepared under the following major assumptions:

- The permission for raising the wall of the tailings dam will be obtained by 31 May 2024.
- The Group will close the $10 million loan and receive the proceeds from IBA by 31 May 2024.
- The Group will borrow a further $3 million from IBA under the GCA in September 2024, discussions for which have not yet commenced.

This cash flow uses gold prices of $1,900 to $2,300 per ounce and copper prices of $8,500 to $8,900 per tonne. This cash flow shows that the Group is able to finance its operations till the end of the going concern period being 30 June 2025.

The Group has also prepared a 12 month cash flow forecast until 30 June 2025 ("Sensitivity Case") using the following major assumptions:

- The permission for raising the wall of the tailings dam will be obtained by 30 June 2024.
- The Gilar mine will commence production in the first quarter of 2025.
- The Group will close the $10 million loan from IBA by 30 June 2024.
- The Group will borrow a further $7m from IBA under the GCA in August 2024, discussions for which have not yet commenced.

This Sensitivity Case cash flow shows that the Group is able to finance its operations till the end of the going concern period being 30 June 2025.

Material uncertainties over going concern

At the time of approving the issuance of the financial statements, there exist the following material uncertainties which are outside of management's control:

1 Whether the Group will receive permission from the Government to raise the wall of the tailings dam.

2 Once permission is received, whether the Group will close the loan of $10 million from IBA which remains subject to their approval, and the further loans forecast to be taken with IBA in the going concern period, for which discussion have not yet commenced, ($3 million in the base case and $7m in the Sensitivity Case) from IBA.

Should the permission not be obtained and the additional loans not be advanced, the Group and Company is forecast to exhaust its available liquidity during the going concern period.

These material uncertainties may cast significant doubt on the Group's and Company's ability to continue as a going concern. It may therefore be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors are confident that the permission to raise the wall of the tailings dam will be received. The application is technically competent and is currently being progressed by the appropriate ministries and departments of the Government. The Group has a successful record of obtaining all necessary approvals from the Government, which has provided the Directors with confidence that permission will be granted. The Board considers that the Government is also very desirous that the Group undertakes other business opportunities in Azerbaijan. These are dependent on restarting full production at Gedabek.

The cash flow contains certain discretionary expenditure on capital expenditure and geological exploration totalling $7.2 million. Should the permission to raise the wall of the tailings dam be delayed beyond 31 May 2024, this expenditure can be deferred. This will enable the Group to have sufficient working capital to continue producing from only heap leaching and SART till the end of 2024.

The directors are confident that it will be granted a further loan of $10 million because of the strong existing relationship with IBA, the history of completing loans and the advanced stage of the current approvals process. However, the required IBA approvals for the $10 million loan are not yet completed and are contingent on the tailings dam approval. The Group is also negotiating with other banks in Azerbaijan. If the $10 million loan from IBA is not completed, the Board will seek alternative sources of bank financing from a Bank with which it currently has other borrowings. The directors believe that the banks in Azerbaijan are likely to require that the Group has the permission from the Government to raise the tailings dam wall before advancing any further funds. Following the loan of $10 million, there will be $7.3 million remaining of the GCA from which the $3 million loan can be made ($7 million in the Sensitivity Case). The directors are confident that it will be granted the additional loan forecast in the base case and Sensitivity Case because of the strong existing relationship with IBA and the history of completing loans with IBA. The Group is also actively exploring other sources of non-equity financing.

Accordingly, the directors believe it is appropriate to prepare these financial statements on a going concern basis.

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 on pages 7 and 8, the Chief Executive Officer's review on pages 9 to 11, and the strategic report on pages 12 to 27. The financial position of the Group, its cash flow, liquidity position and borrowing facilities are discussed within the financial review on pages 42 to 47.

Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

1 so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

2 the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418(2) of the Companies Act 2006.

Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming annual general meeting.

Corporate governance

A report on corporate governance is set out on pages 50 to 53 of this annual report.

Annual general meeting

The Company will hold its annual general meeting for 2024 on 20 June 2024. Notification of the meeting has been included on pages 121 and 122 of this annual report.

Listing

The Company's ordinary shares have been traded on London's AIM since 29 July 2005. SP Angel Corporate Finance LLP is the Company's nominated adviser and broker. The closing mid-market share price at 29 December 2023 was 58 pence (30 December 2022: 97.5 pence).

Relations with shareholders

Communications with shareholders are considered important by the directors. The directors regularly speak to investors and analysts during the year. Press releases have been issued throughout the year and since the balance sheet date in relation to the progress of the Group. The Company website, www.angloasianmining.com, is regularly updated and contains a wide range of information about the Group. The Company also uses social media to communicate with shareholders and has a dedicated LinkedIn account at https://www.linkedin.com/company/anglo-asian-mining-plc/.

Directors' report *continued*

year ended 31 December 2023

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the relevant matters affecting the performance of the Group. This is mainly achieved through informal meetings which the directors believe is the most appropriate method given the current number of Group employees.

Internal controls

The board of directors acknowledges that it is responsible for establishing and maintaining the Group's system of internal controls and for reviewing its effectiveness. The procedures which include, inter alia, financial, operational and compliance matters and risk management are reviewed on an ongoing basis. The internal control system can only provide reasonable and not absolute assurance against material misstatement or loss. The directors do not believe an internal audit function is practicable in a company of this size.

Donations

The Group made charitable donations during the year of $5,000 (2022: $5,000). Political donations of $nil (2022: $nil) were made.

Research and development

The Group incurred research and development costs in 2023 of $271,000 (2022: $303,000). The research was on improving the metal recoveries of its processing plants and adding a zinc line to its flotation plant.

Related party transactions

Related party transactions are disclosed in note 33 – 'Related party transactions' to the Group financial statements.

Streamlined Energy and Carbon Reporting ("SECR")

The Group has no operations and does not maintain any offices for staff in the United Kingdom. The Group does not therefore directly consume any electricity in the United Kingdom. No disclosure is therefore required in relation to SECR as the Company consumed less than 40,000 kWh of energy in the United Kingdom during the period in respect of which the directors' report is prepared. The Company qualifies as a low energy user and is exempt from reporting under these regulations.

The Group has reported in accordance with the Task Force on Climate Related Financial Disclosures ("TCFD") for the first time in its 2023 annual report. The "Climate change and task force on climate-related financial disclosures ("TCFD") report is set out on pages 33 to 41 of this annual report. The TCFD disclosures contain certain information regarding energy use and emissions.

Financial risk management

The main risks arising from the Group's financial instruments are liquidity risk, credit risk, foreign currency risk, market risk and interest rate risk. Further details are disclosed in note 25 – 'Financial instruments' to the Group financial statements. The Group does not enter into any derivative transactions in the ordinary course of business, except for forward sales of gold bullion. Forward sales of gold bullion undertaken in 2023 are set out in this annual report on page 42 of the financial review. There were no forward sales of gold undertaken in 2022. It is the Group's policy that no trading in such financial instruments shall be undertaken. The Group owns share warrants in Libero Copper & Gold Corporation. This is a derivative transaction and further details are disclosed in note 17 –"Financial assets" to the Group financial statements.

By order of the board of directors

W R Morgan

William Morgan

Company secretary

15 May 2024

Event to mark the arrival of the new Caterpillar underground mining fleet at the Gilar Mine

↑ Stephen Westhead, Vice-president of Azerbaijan International Mining Company giving an address at the event.

↑ Guests arrive for the event.

↑ Caterpillar underground loader.

↑ Reza Vaziri, President and Chief Executive of Anglo Asian Mining giving an interview to local television channels.

Report on directors' remuneration

year ended 31 December 2023

Policy on the executive director's remuneration

The Company operates within a competitive environment and its performance depends on the individual contributions of the directors and employees.

The executive director's remuneration package may include:

i) basic annual salary; and

ii) payment for accommodation and other subsistence expenses.

The Group does not make any contribution to any pension plan of any of the directors.

The director's remuneration is reviewed once per year. In deciding upon appropriate levels of remuneration the remuneration committee has regard to rates of pay for similar jobs in comparable companies as well as internal factors such as performance. There were no changes to the directors' remuneration in 2023 as set out in corporate governance section 10.2 – "Report of the remuneration committee".

Directors' contracts

The executive director currently has an employment contract which may be terminated by the Company with up to 12 months' notice. No other payments are made for compensation for loss of office.

The remuneration of the non-executive directors is determined by the board of directors within the limits set out in the articles of association. Non-executive directors currently have contracts which may be terminated by the director or the Company with three months' notice. No other payments are made for compensation for loss of office.

Directors' emoluments

Amounts paid by the Group in respect of directors' services are as follows:

Year ended 31 December 2023	**Consultancy $**	**Fees $**	**Benefits $**	**Total $**
John Monhemius	**9,817**	**56,898**	**—**	**66,715**
John Sununu	**—**	**74,400**	**—**	**74,400**
Michael Sununu	**—**	**54,000**	**—**	**54,000**
Reza Vaziri	**576,096**	**54,000**	**33,106**	**663,202**
Khosrow Zamani	**—**	**123,600**	**—**	**123,600**
	585,913	**362,898**	**33,106**	**981,917**

Year ended 31 December 2022	Consultancy $	Fees $	Benefits $	Total $
John Monhemius	5,362	51,436	—	56,798
John Sununu	—	74,211	—	74,211
Michael Sununu	—	51,613	—	51,613
Reza Vaziri	578,483	51,613	33,166	663,262
Khosrow Zamani	—	123,888	—	123,888
	583,845	352,761	33,166	969,772

Directors' fees and consultancy fees for 2022 and 2023 were paid in cash.

Share option scheme

The Group has a share option scheme for its directors and employees. This was set up in order to reward employees for the performance of the Company on a long term basis and to enable the Company to continue to attract a high calibre of management and operational personnel. Details of share options issued under the scheme are disclosed in note 29 – 'Share-based payment' to the Group financial statements.

No director held or exercised any share options during the year ended 31 December 2023.

The Company's share price has ranged from 97.5 pence at 30 December 2022 to a high of 121 pence and a low of 42 pence during the year ended 31 December 2023 with a closing mid-market price of 58 pence at 29 December 2023.

By order of the board of directors

W R Morgan

William Morgan
Company secretary
15 May 2024

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have, as required by the rules of AIM of the London Stock Exchange, elected to prepare the Group financial statements in accordance with UK adopted International Accounting Standards. The directors have also elected to prepare the financial statements of the parent company (the "Company") in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. The directors are also responsible for preparing the directors' report in accordance with the Companies Act 2006 and applicable regulations. Under company law the directors must not approve the Group financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period.

In the case of the Group's IFRS financial statements, the directors are required to prepare Group financial statements for each financial year which present fairly the financial position of the Group and the financial performance and cash flows of the Group for that period. In preparing the Group financial statements the directors are required to:

- select suitable accounting policies in accordance with International Accounting Standard ("IAS") 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
- state whether they have been prepared in accordance with UK adopted IFRSs;
- prepare the accounts on a going concern basis unless, having assessed the ability of the Group to continue as a going concern, management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so; and
- make judgements and estimates that are reasonable and prudent.

In the case of the Company's UK GAAP financial statements, the directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable accounting frameworks, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the management report, which is incorporated into the strategic report and the directors' report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the board of directors

Khosrow Zamani

Non-executive chairman

15 May 2024

Independent auditor's report

to the members of Anglo Asian Mining PLC

Opinion

In our opinion:

- Anglo Asian Mining PLC's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Anglo Asian Mining PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise:

Group	Parent company
Group Statement of Income for the year then ended	Company Statement of Financial Position as at 31 December 2023
Group Statement of Comprehensive Income for the year then ended	Company Statement of Changes in Equity for the year then ended
Group Statement of Financial Position as at 31 December 2023	Related notes 1 to 17 to the financial statements including material accounting policy information
Group Statement of Cash Flows for the year then ended	
Group Statement of Changes in Equity for the year then ended	
Related notes 1 to 34 to the financial statements, including material accounting policy information	

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainties relating to going concern

We draw attention to note 2 in the financial statements, which indicates that the Group and Company will exhaust the available liquidity during the going concern review period to 30 June 2025 unless:

- permission is obtained from the Government of Azerbaijan to raise the wall of the tailings dam at its Gedabek facility; and
- the International Bank of Azerbaijan approves the additional loans assumed within its Base and Sensitivity Case, the approval of which the Board believes to be contingent on Government approval for the tailings dam.

As stated in note 2, these events or conditions, along with the other matters as set forth in note 2, indicate that material uncertainties exist that may cast significant doubt on the group and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included the following:

- we obtained and audited management's going concern analysis including the supporting cash flow forecasts included in their going concern model for the period to 30 June 2025;
- we performed inquiries of management and inspected correspondence to confirm the current status of the approval from the Government of Azerbaijan to raise the height of the Group's tailing dam at its Gedabek processing facility;
- we inspected the group's debt agreements to confirm there are no financial covenants affecting the group and challenged management's conclusion that existing clauses, relating to a significant deterioration in the group's financial performance, were not substantive in nature by reviewing the third-party legal opinion received by management in conjunction with our internal legal specialists in Azerbaijan;

Material uncertainties relating to going concern continued

- we inspected correspondence with the International Bank of Azerbaijan to confirm the intention to approve the Group's proposed US$ 10m debt facility;
- we evaluated the key assumptions used in the model, including gold and copper prices, cash flow forecasts and exchange rates, comparing these to available market data and ensured they were consistent with other information presented during the audit, for example as part of our impairment testing of mining assets;
- we tested the integrity and arithmetical accuracy of the cash flow forecasts prepared by management;
- we performed sensitivity analysis to determine the extent to which a delay in the approval from the Government of Azerbaijan to raise the height of the Group's tailing dam and a delay in the commencement of production from Gilar would materially impact the group's liquidity position; and
- we assessed the adequacy of the going concern disclosure included in note 2 to the consolidated financial statements.

Going concern has also been determined to be a key audit matter.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of two components. • The components where we performed full or specific audit procedures accounted for 100% of Profit before tax, 100% of Revenue and 100% of Total assets.
Key audit matters	• Impairment of mining assets – Management override risk • Going concern.
Materiality	• Overall group materiality of £0.9m which represents 0.5% of Total assets.

An overview of the scope of the parent company and group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group-wide controls, the potential impact of climate change, changes in the business environment and other factors such as recent Internal audit results when assessing the level of work to be performed at each company.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the six reporting components of the Group, we selected two components covering entities within the United Kingdom and Azerbaijan, which represent the principal business units within the Group.

Of the two components selected, we performed an audit of the complete financial information of two components ("full scope components") which were selected based on their size or risk characteristics.

The reporting components where we performed audit procedures accounted for 100% (2022: 100%) of the Group's Loss before tax, 100% (2022: 100%) of the Group's Revenue and 100% (2022: 100%) of the Group's Total assets. For the current year, the full scope components contributed 100% (2022: 100%) of the Group's Loss before tax, 100% (2022: 100%) of the Group's Revenue and 100% (2022: 100%) of the Group's Total assets.

Of the remaining four components that together represent less than 1% of the Group's Loss before Tax, none are individually greater than 1% of the Group's Total assets. For these components, we performed other procedures, including analytical reviews, testing of consolidation journals and intercompany eliminations and enquiries with Management about unusual transactions in these components, to respond to any potential risks of material misstatement to the Group financial statements.

Changes from the prior year

The scoping is consistent with the prior year audit.

Independent auditor's report *continued*

to the members of Anglo Asian Mining PLC

An overview of the scope of the parent company and group audits continued

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the two full scope components, audit procedures were performed on one of these directly by the primary audit team.

The primary audit team continued to follow a programme of planned visits that has been designed to ensure that the Senior Statutory Auditor visits Baku to meet with key finance personnel and with members of the Azerbaijan component team. During the current year's audit cycle, visits were undertaken by the primary audit team to the component team in Baku in September 2023 and April 2024. These visits involved discussing the audit approach with the component team and any issues arising from their work, meeting with local management, attending a closing meeting, and reviewing relevant audit working papers on risk areas. The primary team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Climate change

Stakeholders are increasingly interested in how climate change will impact Anglo Asian Mining PLC. The Group has determined that the most significant future impacts from climate change on their operations will be from weather related events, potential climate change legislation, changes in investor sentiment and increased prices for sales of its principal commodity (gold). These are explained on pages 33-41 in the required Task Force On Climate Related Financial Disclosures. They have also explained their climate commitments on page 29. All of these disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

There are no significant judgements or estimates relating to climate change in the notes to the financial statements as the Group have not determined climate change risk to have a material effect on any amounts recognised.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments, the effects of material climate risks disclosed on pages 33-41 and the significant judgements and estimates disclosed in note 4. Specifically, we considered the impact of climate change on commodity price assumption forecasts and how this affects the economic limit of the reserves over the forecast production period.

As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists, to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit. We also challenged the Directors' considerations of climate change risks in their assessment of going concern and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work, whilst we have not identified the impact of climate change on the financial statements to be a standalone key audit matter, we have considered the impact on the following key audit matters: 1) Going Concern; and 2) Impairment of mining assets (management override of controls risk). Details of the impact, our procedures and findings are included in our explanation of the key audit matter below and the going concern section above.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the material uncertainties related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Risk

Impairment of mining assets – management override of controls risk

Refer to the Accounting policies (page 73 to 74); and Notes 14 and 15 of the Consolidated Financial Statements (page 90 to 94)

At 31 December 2023 the carrying values of the Group's mining assets were:

- Producing mines: US$41.5m (2022: US$49.5m).
- Exploration assets: US$23.8m (2022: US$34.7m).

IFRS requires impairment testing to be undertaken when there are indicators that an impairment may exist. There is a risk that management will not identify impairment indicators when they exist, and/or use assumptions, as part of their impairment assessment, that are not appropriate.

Consistent with prior year, the Group has one operating CGU. This is the Group's producing mines in the Gedabek area together with their associated common processing facilities.

This risk has not changed as compared to the prior year.

Our response to the risk

Initially, our approach focused on the following procedures:

- We obtained an understanding of management's process and key controls over the impairment evaluation for mining assets;
- We verified, through discussions with management and review of supporting evidence, the appropriateness of management's determination of CGUs;
- We evaluated management's assessment of whether there were any indicators of impairment for producing mines and exploration assets as at 31 December 2023, following the requirements of IAS 36 and IFRS 6;
- We examined macro-economic factors, including market interest rates and both spot and future gold, silver and copper prices, to identify potential impairment indicators;
- For the operating mines, we evaluated the performance of the CGU during 2023 by comparing it against management's budget and prior year actuals, and evaluated the existence of any significant changes to the expected performance through studying the updated mine plans;
- For the exploration assets, we assessed the projects for impairment indicators through inquiries of management and obtained any relevant supporting evidence for management's plans to develop the assets in future periods; and
- We ensured sufficient and appropriate disclosures are included in the financial statements.

Since an impairment indicator was identified for the producing CGU, we extended our audit procedures to audit management's impairment model and underlying assumptions. This included the following procedures:

- We obtained the Group's impairment assessment model which included the Gedabak, Gosha, Zafar and Gilar contract areas;
- We agreed the forecasts to the budget submitted to the Ministry of Ecology and Natural Resources;
- We reconciled reserves volumes in the model to the independent JORC reserves and resources reports prepared by Mining Plus (for Gilar a maiden JORC report was published in December 2023). We assessed the competence, capabilities and objectivity of Mining Plus as a specialist engaged by management to audit the Group's reserves and resources;
- We interviewed both operating and financial management in order to understand the assumptions used in the estimation of production profiles and movements in reserves and resources in the year;
- Working with our EY's valuation specialists, we assessed management's assumptions relating to future metals prices and discount rates, comparing these to market data and also, for consistency, with other estimates used in the financial statements;
- We assessed operating and capital costs included in the cash flow forecasts for consistency with current operating costs and forecast mine production and other forecast information;
- We performed sensitivity analysis on management's calculated recoverable values for alternative assumptions for metals prices, discount rate and production; and
- We assessed the appropriateness of sensitivity disclosures included in the financial statements in light of our other audit procedures; and
- We considered the impact of climate change and the energy transition on the assumptions used in the impairment assessment, including the impact on commodity price assumption forecasts and how this affects the economic limit of the reserves over the forecast production period.

Key observations communicated to the Audit Committee

Based on the procedures performed, we are satisfied that the impairment assessment performed by Management, and the assumptions used therein are reasonable and supportable.

For operating mines, we concluded that, as at 31 December 2023, we concur with management that an impairment charge should not be recognised against the carrying value of the mining assets.

For exploration assets, we concluded that, as at 31 December 2023, a total impairment charge of $13.0m should be recognised against the carrying values of the Gedabek, Gosha and Ordubad assets.

We also concluded that sufficient and appropriate disclosures are included in the financial statements.

Independent auditor's report *continued*

to the members of Anglo Asian Mining PLC

Key audit matters continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Impairment of mining assets – management override of controls risk continued	Since indicators were identified for a number of the group's exploration assets we extended our procedures to audit management's calculated impairment charge as at 31 December 2023 as follows: • We obtained management's impairment assessment of E&E assets and assessed this in line with the requirements of IFRS 6: *Exploration for and Evaluation of Mineral Resources;* • We performed inquiries of management to determine the budgeted and planned exploration work for each target area with reference to the board approved budget; • We ensured assets in the development stage had been appropriately reclassified to PP&E as required by IFRS; and • We recalculated the impairment charge determined by management. The audit procedures over this risk area were performed by a combination of the primary and component teams, covering 100% of the risk amounts.	

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be US$ 0.9 million (2022: US$ 0.3 million), which is 0.5% of Total assets (2022: 5% of Profit before tax). We believe that Total assets provides us with a reliable measure that is significant to users and is the measure which is aligned best with the expectations of the Audit Committee and other stakeholders. Materiality has increased in 2023 following a change of the measurement basis from profit before tax to total assets as the group was loss making in the period. The change in the measurement basis also reflects the shift in focus of the Group following the new strategic growth plan announced in the period.

We determined materiality for the Parent Company to be US$ 0.1 million (2022 US$ 0.1 million), which is 1% (2022: 1%) of Total assets.

During the course of our audit, we reassessed initial materiality for the group and the Parent Company. No update to the initial assessment was required.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2022: 50%) of our planning materiality, namely US$ 0.5 million (2022: US$ 0.2 million). We have set performance materiality at this percentage due to our assessment of the likelihood of misstatements following our review of prior year audit adjustments.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was US$ 0.1 million to US$ 0.5 million (2022: US$ 0.1 million to US$ 0.3 million).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of US$ 45k (2022: US$ 17k), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 61, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 61, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Independent auditor's report *continued*

to the members of Anglo Asian Mining PLC

Auditor's responsibilities for the audit of the financial statements continued

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud continued

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those that relate to the reporting framework (IFRS, Companies Act 2006, FRS 101 "Reduced Disclosure Framework", 2018 Quoted Companies Alliance Corporate Governance Code, AIM Listing Rules) and the relevant tax compliance regulations in the United Kingdom and Azerbaijan, where Anglo Asian Mining PLC operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements, together with those laws and regulations relating to health and safety, employee matters, environmental and bribery and corruption practices.
- We understood how Anglo Asian Mining plc is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through the review of the following documentation:
  - all minutes of board meetings held during the year;
  - the group's code of conduct setting out the key principles and requirements for all staff in relation to compliance with laws and regulations;
  - any relevant correspondence with local tax authorities; and
  - any relevant correspondence received from regulatory bodies.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by considering the controls that the Company established to address risks identified by the entity or that otherwise seek to prevent, deter or detect fraud. We gained an understanding of the entity level controls and policies that the Company applies being part of the group. We considered the risk of management override of controls in relation to the impairment of mining assets and revenue recognition to be fraud risks for the audit. Procedures were designed to address these fraud risks accordingly as outlined within the 'Key audit matters' section.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on journals meeting our defined risk criteria based on our understanding of the business, enquiries of legal counsel and group management.
- If any instances of non-compliance with laws and regulations were identified, these were communicated to the relevant local EY teams who performed sufficient and appropriate audit procedures, supplemented by audit procedures performed at the group level..

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst + Young LLP

Paul Wallek (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

15 May 2024

Group statement of income

year ended 31 December 2023

Continuing operations	Notes	2023 $000	2022 $000
Revenue	6	**45,855**	84,719
Cost of sales		**(50,317)**	(68,958)
Gross (loss)/profit		**(4,462)**	15,761
Other operating income	7	**407**	420
Administrative expenses		**(7,008)**	(5,930)
Other operating expenses	7	**(696)**	(971)
Impairment of geological exploration	14	**(13,031)**	—
Operating (loss)/profit	8	**(24,790)**	9,280
Finance costs	10	**(1,831)**	(814)
Finance income		**266**	84
Other expense	7	**(39)**	(570)
Share of loss of an associate company	11	**(541)**	(476)
Impairment of an associate company	11	**(5,035)**	—
(Loss)/profit before tax		**(31,970)**	7,504
Income tax benefit/(expense)	12	**7,728**	(3,844)
(Loss)/profit attributable to the equity holders of the parent		**(24,242)**	3,660
(Loss)/profit per share attributable to the equity holders of the parent			
Basic (US cents per share)	13	**(21.00)**	3.20
Diluted (US cents per share)	13	**(21.00)**	3.20

Group statement of comprehensive income

year ended 31 December 2023

	Notes	2023 $000	2022 $000
(Loss)/profit for the year		**(24,242)**	3,660
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent years*:			
Exchange differences on translation of foreign associate company	11	**—**	(233)
Share of comprehensive (loss)/profit of an associate company	11	**(1)**	8
Net other comprehensive loss that may be reclassified to profit or loss in subsequent year		**(1)**	(225)
Total comprehensive (loss)/income for the year*		**(24,243)**	3,435

* These are gross amounts and the tax effect is $nil.

Group statement of financial position

31 December 2023

	Notes	2023 $000	2022 $000
Non-current assets			
Intangible assets	14	**27,126**	38,616
Property, plant and equipment	15	**64,775**	56,045
Leased assets	16	**2,053**	2,363
Investment in an associate company	11	**242**	5,172
Non-current financial assets	17	**—**	39
Non-current trade and other receivables	18	**975**	—
		95,171	102,235
Current assets			
Inventory	19	**40,342**	40,202
Trade and other receivables	18	**8,654**	18,331
Restricted cash	20	**6,000**	—
Cash and cash equivalents	20	**4,477**	20,410
		59,473	78,943
Total assets		**154,644**	181,178
Current liabilities			
Trade and other payables	21	**(9,200)**	(18,022)
Income tax payable		**—**	(46)
Interest-bearing loans and borrowings	22	**(13,629)**	—
Lease liabilities	16	**(555)**	(419)
		(23,384)	(18,487)
Net current assets		**36,089**	60,456
Non-current liabilities			
Trade and other payables	21	**(4,219)**	(2,897)
Provision for rehabilitation	24	**(12,948)**	(16,006)
Interest-bearing loans and borrowings	22	**(7,105)**	—
Lease liabilities	16	**(1,916)**	(2,289)
Deferred tax liability	12	**(20,264)**	(27,992)
		(46,452)	(49,184)
Total liabilities		**(69,836)**	(67,671)
Net assets		**84,808**	113,507
Equity			
Share capital	26	**2,016**	2,016
Share premium	27	**33**	33
Treasury shares	28	**(145)**	(145)
Share-based payment reserve	29	**571**	424
Merger reserve	26	**46,206**	46,206
Foreign currency translation reserve		**(233)**	(233)
Retained earnings		**36,360**	65,206
Total equity		**84,808**	113,507

The Group financial statements were approved by the board of directors and authorised for issue on 15 May 2024. They were signed on its behalf by:

Reza Vaziri
President and chief executive

Group statement of cash flows

year ended 31 December 2023

	Notes	2023 $000	2022 $000
Cash flows from operating activities			
(Loss)/profit before tax		**(31,970)**	7,504
Adjustments to reconcile (loss)/profit before tax to net cash flows:			
Finance costs	10	**1,831**	814
Finance income		**(266)**	(84)
Unrealised loss on financial instruments		**39**	572
Gain on the modification of lease liabilities		**(71)**	(65)
Write down of unrecoverable inventory		**—**	108
Gain on previously written off receivables	7	**(33)**	—
Gain on reversal of previously recognised accrual		**(303)**	—
Depreciation of owned assets	15	**9,707**	15,443
Depreciation of leased assets	16	**566**	540
Amortisation of mining rights and other intangible assets	14	**593**	1,131
Share-based payment expense	29	**147**	412
Share of loss of an associate company	11	**541**	476
Impairment of an associate company	11	**5,035**	—
Impairment of geological exploration	14	**13,031**	—
Foreign exchange loss		**105**	317
Operating cash (outflow)/inflow before movements in working capital		**(1,048)**	27,168
Decrease/(Increase) in trade and other receivables		**4,607**	(5,933)
Increase in inventories		**(140)**	(3,399)
Decrease in trade and other payable		**(2,429)**	(779)
Cash from operations		**990**	17,057
Income taxes paid		**(51)**	(3,566)
Net cash flow generated from operating activities		**939**	13,491
Cash flows from investing activities			
Expenditure on property, plant and equipment and mine development		**(18,032)**	(10,158)
Investment in exploration and evaluation assets including other intangible assets		**(7,240)**	(7,162)
Increase in restricted cash	20	**(6,000)**	—
Investment in an associate company	11	**(646)**	(3,491)
Interest received		**81**	—
Net cash used in investing activities		**(31,837)**	(20,811)
Cash flows from financing activities			
Purchase of treasury shares	28	**—**	(145)
Dividends paid	30	**(4,603)**	(8,612)
Proceeds from borrowing	22	**20,650**	—
Interest paid – borrowings	22	**(280)**	—
Interest paid – lease liabilities	16	**(275)**	(291)
Repayment of lease liabilities	16	**(422)**	(358)
Net cash generated from/(used in) financing activities		**15,070**	(9,406)
Net decrease in cash and cash equivalents		**(15,828)**	(16,726)
Net foreign exchange difference		**(105)**	(317)
Cash and cash equivalents at the beginning of the year	20	**20,410**	37,453
Cash and cash equivalents at the end of the year	20	**4,477**	20,410

Group statement of changes in equity

year ended 31 December 2023

	Notes	Share capital $000	Share premium $000	Treasury shares $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 year		—	—	—	—	—	—	3,660	3,660
Other comprehensive loss for the year		—	—	—	—	—	(233)	8	(225)
Total comprehensive income for the year		—	—	—	—	—	(233)	3,668	3,435
Cash dividends paid	30	—	—	—	—	—	—	(8,612)	(8,612)
Share-based payment	29	—	—	—	412	—	—	—	412
Purchase of shares for treasury	28	—	—	(145)	—	—	—	—	(145)
31 December 2022		2,016	33	(145)	424	46,206	(233)	65,206	113,507
Loss for the year		—	—	—	—	—	—	**(24,242)**	**(24,242)**
Other comprehensive loss for the year		—	—	—	—	—	—	**(1)**	**(1)**
Total comprehensive loss for the year		—	—	—	—	—	—	**(24,243)**	**(24,243)**
Cash dividends paid	30	—	—	—	—	—	—	**(4,603)**	**(4,603)**
Share-based payment	29	—	—	—	**147**	—	—	—	**147**
31 December 2023		**2,016**	**33**	**(145)**	**571**	**46,206**	**(233)**	**36,360**	**84,808**

Notes to the Group financial statements

year ended 31 December 2023

1 General information

Anglo Asian Mining PLC (the "Company") is a company incorporated and limited by shares in England and Wales under the Companies Act 2006. The address of its registered office is set out in Company information on page 123 of this annual report. The Company's ordinary shares are traded on the AIM exchange of the London Stock Exchange. The Company is a holding company. The principal activities and place of business of the Company and its subsidiaries (the "Group") are set out in note 31, the chairman's statement on pages 7 and 8, the president and chief executive's review on pages 9 to 11 and the strategic report on pages 12 to 27 of this annual report.

2 Basis of preparation

The Group's annual report is for the year ended 31 December 2023 and includes the consolidated financial statements of the Group prepared in accordance with UK-adopted International Accounting Standards.

The Group financial statements have been prepared using accounting policies set out in note 4 which are consistent with all applicable IFRSs and with those parts of the Companies Act 2006 applicable to companies reporting under IFRSs. For these purposes, IFRSs comprises the standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee that have been endorsed by the UK Endorsement Board.

The Group 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 Group financial statements are presented in United States Dollars ("$") and all values are rounded to the nearest thousand except where otherwise stated. In the Group financial statements "£" and "pence" are references to the United Kingdom pound sterling and "CAN$" and "CAN cents" are references to Canadian dollars and cents.

As set out in the directors' report on pages 54 to 59 , the board of directors assessed the ability of the Group to continue as a going concern and these financial statements have been prepared on a going concern basis.

Going concern

Main business of the Group

The Group produces primarily gold and copper at its Gedabek mining concession in northwestern Azerbaijan. Ore mined at Gedabek produces gold doré by heap and agitation leaching and copper concentrate (which also contains gold and silver) from SART and flotation processing. When processing operations are fully operational, production is cash generative at current and forecast metal prices. Historically, the Group has funded all its operational costs (including Azerbaijan and London overheads) from cash generated from the sale of precious metal and copper concentrates produced at Gedabek.

Suspension of agitation leaching and flotation processing and interim results to 30 June 2023

The Group suspended agitation leaching and flotation processing from the beginning of August 2023 whilst an environmental audit of its Gedabek site was carried out.

The Group published its six months interim results to 30 June 2023 ("Interim Results") on 26 September 2023. The Group reported in its Interim Results the following material uncertainties regarding its going concern:

1 The Group will be able to fully restart agitation leaching and flotation processing.

2 IBA will agree to restart lending to the Group under its revolving credit facility.

3 The Government will not impose any conditions or fines etc. on the Group which will be so onerous as to make it impossible for the Group to continue in commercial operation.

4 Permission will be obtained to further raise the wall of the tailings dam and this wall raise will be completed by April 2024.

The results of the environmental audit were satisfactory and, subsequent to the release of the Interim Results, the Group was given permission by the Government of Azerbaijan (the "Government") on 26 September 2023 to fully restart operations and did not impose any conditions or fines etc. on the Group which were so onerous as to make it impossible for the Group to continue in commercial operation. This removed material uncertainties (1) and (3) above. Material uncertainties (2) and (4) are discussed further below.

One recommendation arising from the environmental audit was that Government permission is required for any further raises of the wall of the Group's tailings dam.

Permission to raise wall of the tailings dam

The Group's agitation leaching and flotation processing produce waste as a slurry called tailings. These tailings are stored in a dam approximately seven kilometres from the Group's processing plants. The tailings dam only has sufficient capacity for another 2 to 3 months of agitation leaching and flotation production. The Group has therefore applied to the Government to increase the height of the wall by an average of 7.5 metres to its final design height, which will give the tailings dam sufficient capacity for an additional two to three years of production. This raise of the dam wall will be carried out in two stages with the first stage being a raise of approximately 2.5 metres.

The Group submitted to the Government an application to raise the wall of the tailings dam on 14 March 2024. The application included a third-party report by the geotechnical consultants, Knight Piésold, which confirmed the stability of the tailings dam. The Group subsequently clarified certain aspects of the Knight Piésold report and other documentation submitted with the Government. The Government is now in the process of reviewing the Company's application.

Notes to the Group financial statements *continued*

year ended 31 December 2023

2 Basis of preparation continued

Going concern continued

Permission to raise wall of the tailings dam continued

The Group will not restart agitation leaching and flotation until permission is obtained from the Government to raise the wall of its tailing dam. The tailings dam has sufficient capacity for agitation leaching and flotation processing to begin whilst the raise of the wall is carried out. This will avoid the need to restart and then stop agitation and flotation processing, due to the tailings dam reaching full capacity. To commence production and then stop within a three month period is not operationally desirable.

Financial condition and credit facilities available to the Group

The Group had cash reserves of $9.8 million (including $6.0 million restricted cash) and debt of $20.7 million at 31 March 2024. The current cost of maintaining the Group's operations, including mining, Gilar development, heap leaching, SART processing and administrative overheads in Azerbaijan and London, is estimated at $3.5 million to $4.0 million per month. The Group is currently generating revenue of approximately $2.0 million per month from precious metal and concentrate sales.

The Group has in place an AZN 55 million ($32.3 million) General credit agreement ("GCA") with the International Bank of Azerbaijan ("IBA"). The Group has borrowed $15 million under this facility to date, of which $10 million is repayable between May 2024 to 2026, and $5 million was repayable in May 2024. The $5 million loan repayable in May 2024 was recently extended for one year and is now repayable in May 2025. The Group is currently negotiating a further $10 million loan under the GCA which the directors believe is subject to receiving permission to raise the wall of the tailings dam.

The Group recently signed a vendor refinancing of part of the purchase price of its Caterpillar mining fleet of $3.7 million and is completing the conditions precedent in the loan agreement to enable the proceeds to be disbursed. It is anticipated these proceeds will be received by 31 May 2024.

12 Month cash flow forecast

The Group has prepared a 12 month cash flow forecast until 30 June 2025. It has been prepared under the following major assumptions:

- The permission for raising the wall of the tailings dam will be obtained by 31 May 2024.
- The Group will close the $10 million loan and receive the proceeds from IBA by 31 May 2024.
- The Group will borrow a further $3 million from IBA under the GCA in September 2024, discussions for which have not yet commenced.

This cash flow uses gold prices of $1,900 to $2,300 per ounce and copper prices of $8,500 to $8,900 per tonne. This cash flow shows that the Group is able to finance its operations till the end of the going concern period being 30 June 2025.

The Group has also prepared a 12 month cash flow forecast until 30 June 2025 ("Sensitivity Case") using the following major assumptions:

- The permission for raising the wall of the tailings dam will be obtained by 30 June 2024.
- The Gilar mine will commence production in the first quarter of 2025.
- The Group will close the $10 million loan from IBA by 30 June 2024.
- The Group will borrow a further $7m from IBA under the GCA in August 2024, discussions for which have not yet commenced.

This Sensitivity Case cash flow shows that the Group is able to finance its operations till the end of the going concern period being 30 June 2025.

Material uncertainties over going concern

At the time of approving the issuance of the financial statements, there exist the following material uncertainties which are outside of management's control:

1 Whether the Group will receive permission from the Government to raise the wall of the tailings dam.

2 Once permission is received, whether the Group will close the loan of $10 million from IBA which remains subject to their approval, and the further loans forecast to be taken with IBA in the going concern period, for which discussion have not yet commenced, ($3 million in the base case and $7m in the Sensitivity Case) from IBA.

Should the permission not be obtained and the additional loans not be advanced, the Group and Company is forecast to exhaust its available liquidity during the going concern period.

These material uncertainties may cast significant doubt on the Group's and Company's ability to continue as a going concern. It may therefore be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors are confident that the permission to raise the wall of the tailings dam will be received. The application is technically competent and is currently being progressed by the appropriate ministries and departments of the Government. The Group has a successful record of obtaining all necessary approvals from the Government, which has provided the Directors with confidence that permission will be granted. The Board considers that the Government is also very desirous that the Group undertakes other business opportunities in Azerbaijan. These are dependent on restarting full production at Gedabek.

2 Basis of preparation continued

Going concern continued

Material uncertainties over going concern continued

The cash flow contains certain discretionary expenditure on capital expenditure and geological exploration totalling $7.2 million. Should the permission to raise the wall of the tailings dam be delayed beyond 31 May 2024, this expenditure can be deferred. This will enable the Group to have sufficient working capital to continue producing from only heap leaching and SART till the end of 2024.

The directors are confident that it will be granted a further loan of $10 million because of the strong existing relationship with IBA, the history of completing loans and the advanced stage of the current approvals process. However, the required IBA approvals for the $10 million loan are not yet completed and are contingent on the tailings dam approval. The Group is also negotiating with other banks in Azerbaijan. If the $10 million loan from IBA is not completed, the Board will seek alternative sources of bank financing from a Bank with which it currently has other borrowings. The directors believe that the banks in Azerbaijan are likely to require that the Group has the permission from the Government to raise the tailings dam wall before advancing any further funds. Following the loan of $10 million, there will be $7.3 million remaining of the GCA from which the $3 million loan can be made ($7 million in the Sensitivity Case). The directors are confident that it will be granted the additional loan forecast in the base case and Sensitivity Case because of the strong existing relationship with IBA and the history of completing loans with IBA. The Group is also actively exploring other sources of non-equity financing.

Accordingly, the directors believe it is appropriate to prepare these financial statements on a going concern basis.

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 on pages 7 and 8, the Chief Executive Officer's review on pages 9 to 11, and the strategic report on pages 12 to 27. The financial position of the Group, its cash flow, liquidity position and borrowing facilities are discussed within the financial review on pages 42 to 47.

3 Adoption of new and revised standards

3.1 New and amended standards and interpretations

The following standards and amendments were applicable for annual financial statements beginning on or after 1 January 2023:

- Amendments to IAS 8, IFRS 17, IAS 1 and IFRS Practice Statement 2, IAS 12.

The above standards and amendments had no impact on the consolidated financial statements of the Group.

3.2 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 16: Lease liability in a sale and leaseback transaction

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024.

The Group is currently reviewing this standard but believes it will have no impact as the Group does not undertake sale and leaseback transactions.

Amendments to IAS 1: Classification of liabilities as current or non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on its current practice but believes the amendments will have no effect on its financial statements as it does not contract liabilities with deferred payment terms or embedded derivatives.

Supplier finance arrangements

In May 2023, the IASB issued amendments to IAS 7 to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements.

In 2024, the Group entered into an arrangement with a supplier to finance the purchase of heavy plant and equipment. The arrangement was structured as a conventional term loan to the Group secured on the equipment. The Group does not enter into any arrangements involving supply chain financing or "reverse factoring". Accordingly, the Group believes that the amendments will have no effect on its financial statements.

Amendments to IAS 21: Lack of Exchangeability

On 15 August 2023, the IASB issued amendments to IAS 21 – "The effects of changes in foreign exchange rates - lack of exchangeability". The amendments are effective from accounting periods beginning 1 January 2025. The Group only uses freely exchangeable currencies for which there are well-developed spot and forward markets. Accordingly, the Group believes that the amendments will have no effect on its financial statements.

Notes to the Group financial statements *continued*
year ended 31 December 2023

4 Material accounting policies
4.1 Basis of consolidation
The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

4 Material accounting policies continued
4.1 Basis of consolidation continued
All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

4.2 Revenue
The Group is principally engaged in the business of producing gold and silver bullion and copper and precious metal concentrate. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

The Group has generally concluded that it is the principal in its revenue contracts because it typically controls the goods before transferring them to the customer.

i) Contract balances

a) Contract assets

A contract asset is the right to consideration in exchange for goods transferred to the customer. If the Group performs by transferring goods to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. The Group does not have any contract assets as performance and a right to consideration occurs within a short period of time and all rights to consideration are unconditional.

b) Trade receivables

A trade receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policy 4.13 for the accounting policies for financial assets and accounting policy 4.14 for the accounting policy for trade receivables.

c) Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

ii) Gold and silver sales to the refiner

For gold sales, these are sold under spot sales contracts with the Company's gold refiners. The Group initially sends its unrefined doré to the refiner. The refiner is contracted by the Company to perform two separate and distinct functions, to process the doré into gold and silver bullion and to purchase gold and silver. The gold contained in the doré may be purchased at two different times at the discretion of the Company and instruction is given to the refiner as to the method of sale on a shipment-by-shipment basis:

- Upon receipt of the doré. In this circumstance, the refiner will purchase 90 per cent. of the estimated gold content of the doré. The balance of the gold will be sold to the refiner as gold bullion following refining and agreement of final gold content of the doré with the refiner.
- Following production of gold bullion by the refining process. During the refining process ownership (i.e., control of the gold) does not pass to the refiner, it is simply providing refining services to the Group.

4 Material accounting policies continued

4.2 Revenue continued

There is no formal sales agreement for each sale of gold. Instead, there is a deal confirmation, which sets out the terms of the sale including the applicable spot price and this is considered to be the enforceable contract. The only performance obligation is the sale of gold within the doré or as bullion.

The Group enters into forward sales contracts of gold bullion. These forward sales contracts are entered into (and continue to be held) for the purpose of the delivery of physical gold bullion (a non-financial item) in accordance with the entity's expected delivery and sale requirements. Therefore, these contracts meet the normal purchase and sale exemption and do not meet the criteria of financial instruments under IFRS 9. They are accounted for as sale contracts with revenue recognition in the period in which the gold bullion is delivered.

Silver is only sold to the refiner as silver bullion following the refining process. The process of sale of the silver bullion is the same as for gold bullion. Revenue is recognised at a point in time when control passes to the refiner. As the gold and silver is at this time already on the premises of the refiner, physical delivery has already taken place when the sales are made. There are no advance payments received from the refiner, therefore, no conditional rights to consideration.

A trade receivable is recognised at the date of sale and there are only several days between recognition of revenue and payment. The contract is entered into and the transaction price is determined at outturn by virtue of the deal confirmation and there are no further adjustments to this price. Also, given each spot sale represents the enforceable contract and all performance obligations are satisfied at that time, there are no remaining performance obligations (unsatisfied or partially unsatisfied) requiring disclosure. Refer to note 18 – 'Trade and other receivables' for details of payment terms.

iii) Gold and copper in concentrate (metal in concentrate) sales
For gold and copper in concentrate (metal in concentrate) sales, delivery is made under a binding contract. Under the terms of the contract, the trade receivables generated are short term in nature. The performance obligation is the delivery of the concentrate to the customer.

iii) Gold and copper in concentrate (metal in concentrate) sales continued
The Group's sales of metal in concentrate allow for price adjustments based on the market price at the end of the relevant quotational period ("QP") stipulated in the contract. These are referred to as provisional pricing arrangements and are such that the selling price for metal in concentrate is based on prevailing spot prices on a specified future date (or average of future spot prices over a defined period, usually a week) after shipment to the customer. Adjustments to the sales price occur based on movements in quoted market prices up to the end of the QP. The period between provisional invoicing and the end of the QP can be between one and four months.

Revenue is recognised when control passes to the customer, which occurs at a point in time when the metal in concentrate is physically delivered to the customer at the mine site. The revenue is measured at the amount to which the Group expects to be entitled, being the estimate of the price expected to be received at the end of the QP, i.e., the forward price, and a corresponding trade receivable is recognised.

For these provisional pricing arrangements, any future change that occur over the QP is an embedded derivative within the provisionally priced trade receivables and are, therefore, within the scope of IFRS 9 and not within the scope of IFRS 15. The Group does not separately account for the embedded derivative in each transaction as the short transaction cycle of one to four months would result in any changes to the Group's financial statements being immaterial. Any difference between the provisional and final price is adjusted through revenue from contracts with customers. Changes in fair value over, and until the end of, the QP, are estimated by reference to updated forward market prices for gold and copper as well as taking into account relevant other fair value considerations as set out in IFRS 13, including interest rate and credit risk adjustments. See accounting policy 4.11 for further discussion on fair value. Refer to note 18 – 'Trade and other receivables' for details of payments terms for trade receivables.

As noted above, as the enforceable contract for most arrangements is the purchase order, the transaction price is determined at the date of each sale (i.e., for each separate contract) and, therefore, there is no future variability within scope of IFRS 15 and no further remaining performance obligations under those contracts.

iv) Interest revenue
Interest revenue is recognised as it accrues, using the effective interest rate method.

4.3 Leases

The Group assesses at contract inception, all arrangements to determine whether they are, or contain, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group is not a lessor in any transactions, it is only a lessee.

i) Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short term leases. The Group recognises lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

Notes to the Group financial statements *continued*

year ended 31 December 2023

4 Material accounting policies continued

4.3 Leases continued

i) Group as a lessee continued

a) Right of use assets

The Group recognises right of use assets at the commencement date of the lease (i.e., the date when the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Plant and equipment – six years
- Motor vehicles – four years
- Land and buildings – eight years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right of use assets are also subject to impairment. Refer to the accounting policies in note 4.10 – "Impairment of tangible and intangible assets".

b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is generally not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments.

The Group's lease liabilities are separately disclosed in the Group statement of financial position.

c) Short-term leases

The Group applies the short term lease recognition exemption to its short term leases of equipment and other assets (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short term leases are recognised as an expense on a straight line basis over the lease term.

d) Lease modifications

Where the terms of a lease are varied during its term which results in a revised carrying amount of the lease, the change to the carrying amount is accounted for as "Lease Modifications".

4.4 Taxation

i) Current and deferred income taxes

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Group financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax assets and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised in the Group income statement is charged or credited in the Group income statement. Deferred tax relating to items recognised outside the Group income statement is recognised outside the Group income statement and items are recognised in correlation to the underlying transaction either in the Group statement of comprehensive income or directly in equity.

Deferred tax assets are not recognised in respect of temporary differences relating to tax losses where there is insufficient evidence that the asset will be recovered. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Group income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

The tax expense represents the sum of the tax currently payable and deferred tax.

ii) Value-added taxes ("VAT")

The Group pays VAT on purchases made in both the Republic of Azerbaijan and the United Kingdom. Under both jurisdictions, VAT paid is refundable. Azerbaijan permits offset of an Azerbaijan VAT credit against other taxes payable to the state budget.

4 Material accounting policies continued

4.5 Transactions with related parties

For the purposes of these Group financial statements, the following parties are considered to be related:

- where one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions;
- entities under common control; and
- key management personnel.

In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

It is the nature of transactions with related parties that they cannot be presumed to be carried out on an arm's length basis.

4.6 Borrowing costs

Borrowing costs directly relating to the acquisition, construction or production of a qualifying capital project under construction are capitalised and added to the project cost during construction until such time the assets are considered substantially ready for their intended use, i.e. when they are capable of commercial production. Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available for a short term out of money borrowed specifically to finance a project, the income generated from the temporary investment of such amounts is also capitalised and deducted from the total capitalised borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period. All other borrowing costs are recognised in the Group income statement in the period in which they are incurred.

Even though exploration and evaluation assets can be qualifying assets, they generally do not meet the 'probable economic benefits' test. Any related borrowing costs are therefore generally recognised in the Group income statement in the period they are incurred.

4.7 Intangible assets

i) Exploration and evaluation assets

The costs of exploration properties and leases, which include the cost of acquiring prospective properties and exploration rights and costs incurred in exploration and evaluation activities, are capitalised as intangible assets as part of exploration and evaluation assets.

Exploration and evaluation assets are carried forward during the exploration and evaluation stage and are assessed for impairment in accordance with the indicators of impairment as set out in IFRS 6 – 'Exploration for and Evaluation of Mineral Resources'.

In circumstances where a property is abandoned, the cumulative capitalised costs relating to the property are written off in the period. No amortisation is charged prior to the commencement of production.

Once commercially viable reserves are established and development is sanctioned, exploration and evaluation assets are transferred to assets under construction.

Upon transfer of exploration and evaluation costs into assets under construction, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalised within assets under construction.

When commercial production commences, exploration, evaluation and development costs previously capitalised are amortised over the commercial reserves of the mining property on a units-of-production basis.

Exploration and evaluation costs incurred after commercial production start date in relation to evaluation of potential mineral reserves and resources that are expected to result in increase of reserves are capitalised as evaluation and exploration assets within intangible assets. Once there is evidence that reserves are increased, such costs are tested for impairment and transferred to producing mines.

ii) Mining rights

Mining rights are carried at cost to the Group less any provisions for impairments which result from evaluations and assessments of potential mineral recoveries and accumulated depletion. Mining rights are depleted on the units-of-production basis over the total reserves of the relevant area.

iii) Other intangible assets

Other intangible assets are mainly the costs of agricultural compensation paid to landowners for the use of land ancillary to the Group's mining operations. These costs are depreciated over the respective terms of right to use the land.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Group income statement in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Group income statement when the asset is derecognised.

Notes to the Group financial statements *continued*

year ended 31 December 2023

4 Material accounting policies continued

4.8 Property, plant and equipment and mine properties

Development expenditure is net of proceeds from all but the incidental sale of ore extracted during the development phase.

Upon completion of mine construction, the assets initially charged to 'Assets under construction' are transferred into 'Plant and equipment and motor vehicles' or 'Producing mines'. Items of 'Plant and equipment and motor vehicles' and 'Producing mines' are stated at cost, less accumulated depreciation and accumulated impairment losses.

During the production period expenditures directly attributable to the construction of each individual asset are capitalised as 'Assets under construction' up to the period when the asset is ready to be put into operation. When an asset is put into operation it is transferred to 'Plant and equipment and motor vehicles, or 'Producing mines'. Additional capital costs incurred subsequent to the date of commencement of operation of the asset are charged directly to 'Plant and equipment and motor vehicles' or 'Producing mines', i.e. where the asset itself was transferred.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

When a mine construction project moves into the production stage, the capitalisation of certain mine construction costs ceases and costs are either regarded as inventory or expensed, except for costs which qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development.

i) Depreciation and amortisation

Accumulated mine development costs within producing mines are depreciated and amortised on a units-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 is recoverable ounces of gold. The units-of-production rate for the depreciation and amortisation of mine development costs takes into account expenditures incurred to date plus future field development costs required to recover the commercial reserves remaining. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

The premium paid in excess of the intrinsic value of land to gain access is amortised over the life of the mine on a units-of-production basis.

Other plant and equipment such as mobile mine equipment is generally depreciated on a straight-line basis over their estimated useful lives as follows:

- Temporary buildings – eight years (2022: eight years)
- Plant and equipment – eight years (2022: eight years)
- Motor vehicles – four years (2022: four years)
- Office equipment – four years (2022: four years)
- Leasehold improvements – the lower of eight years (2022: eight years) and the remaining term of the relevant lease

An item of property, plant and equipment, and any significant part initially recognised, is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Group income statement when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation and amortisation are reviewed at each reporting date and adjusted prospectively if appropriate.

ii) Major maintenance and repairs

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets and overhaul costs. Where an asset or part of an asset that was separately depreciated and is now written off is replaced, and it is probable that future economic benefits associated with the item will flow to the Group through an extended life, the expenditure is capitalised.

Where part of the asset was not separately considered as a component, and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced assets which is immediately written off. All other day-to-day maintenance and repair costs are expensed as incurred.

4.9 Investment in associate companies

An associate company 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.

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

Under the equity method, the investment in an associate company 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 company since the acquisition date. Goodwill relating to the associate company, that existed at the initial recognition date, is included in the carrying amount of the investment and is not tested for impairment separately as subsequent goodwill is treated differently.

4 Material accounting policies continued

4.9 Investment in associate companies continued

The statement of profit or loss reflects the Group's share of the results of operations of the associate company. 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 company, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

The aggregate of the Group's share of profit or loss of the associate company 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 company.

The financial statements of the associate company 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 company. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate company is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate company and its carrying value, and then recognises the loss within 'Share of profit/loss of an associate company' in the statement of profit or loss.

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

4.10 Impairment of tangible and intangible assets

The Group conducts annual internal assessments of the carrying values of tangible and intangible assets. The carrying values of capitalised exploration and evaluation expenditure, mine properties and property, plant and equipment are assessed for impairment when indicators of such impairment exist or at least annually. In such cases an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset's value in use. This is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the individual assets are grouped together into cash-generating units ("CGUs") for impairment purposes. Such CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets or other groups of assets. This generally results in the Group evaluating its non-financial assets on a geographical or licence basis.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to the Group income statement so as to reduce the carrying amount to its recoverable amount (i.e. the higher of fair value less cost to sell and value in use).

Impairment losses related to continuing operations are recognised in the Group income statement in those expense categories consistent with the function of the impaired asset.

For assets excluding the intangibles referred to above, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Group statement of comprehensive income. Impairment losses recognised in relation to indefinite life intangibles are not reversed for subsequent increases in its recoverable amount.

4.11 Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date. Fair value disclosures for financial instruments measured at fair value, or where fair value is disclosed, are summarised in the following notes:

- Note 18 – 'Trade and other receivables';
- Note 20 – 'Restricted cash and cash equivalents';
- Note 17 – 'Financial assets';
- Note 21 – 'Trade and other payables'; and
- Note 22 – 'Interest-bearing loans and borrowings'.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal marketplace for the asset or the liability; or
- in the absence of a principal market, the most advantageous market for the asset or liability.

Notes to the Group financial statements *continued*

year ended 31 December 2023

4 Material accounting policies continued

4.11 Fair value measurement continued

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as set out above.

4.12 Provisions

i) General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

ii) Rehabilitation provision

The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas.

The obligation generally arises when the asset is installed or the ground or environment is disturbed at the production location. When the liability is initially recognised, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability.

The periodic unwinding of the discount is recognised in the Group income statement as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur. Any reduction in the rehabilitation liability and therefore any deduction from the rehabilitation asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the Group income statement.

If the change in estimate results in an increase in the rehabilitation liability and therefore an addition to the carrying value of the asset, the Group is required to consider whether this is an indication of impairment of the asset as a whole and test for impairment in accordance with IAS 36. If, for mature mines, the revised mine assets net of rehabilitation provisions exceed the recoverable value, that portion of the increase is charged directly to expense.

For closed sites, changes to estimated costs are recognised immediately in the Group income statement. Rehabilitation obligations that arise as a result of the standard production activities of a mine are expensed as incurred.

4.13 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

i) Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), or fair value through profit or loss.

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient for contracts that have a maturity of one year or less, are measured at the transaction price determined under IFRS 15. Refer to the accounting policy 4.2 – 'Revenue from contracts with customers'.

4 Material accounting policies continued

4.13 Financial instruments – initial recognition and subsequent measurement continued

a) Financial assets continued

i) Initial recognition and measurement continued

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- financial assets at amortised cost (debt instruments);
- financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- financial assets at fair value through profit or loss.

iii) Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade receivables (not subject to provisional pricing) and other receivables. Refer below to 'Financial assets at fair value through profit or loss' for a discussion of trade receivables (subject to provisional pricing).

iv) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, e.g., derivative instruments, financial assets designated upon initial recognition at fair value through profit or loss, e.g., debt or equity instruments, or financial assets mandatorily required to be measured at fair value, i.e., where they fail the SPPI test. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that do not pass the SPPI test are required to be classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss account.

A derivative embedded in a hybrid contract with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Notes to the Group financial statements *continued*

year ended 31 December 2023

4 Material accounting policies continued

4.13 Financial instruments – initial recognition and subsequent measurement continued

a) Financial assets continued

iv) Financial assets at fair value through profit or loss continued

As IFRS 9 now has the SPPI test for financial assets, the requirements relating to the separation of embedded derivatives is no longer needed for financial assets. An embedded derivative will often make a financial asset fail the SPPI test thereby requiring the instrument to be measured at fair value through profit or loss in its entirety. This is applicable to the Group's trade receivables (subject to provisional pricing). These receivables relate to sales contracts where the selling price is determined after delivery to the customer, based on the market price at the relevant QP stipulated in the contract. This exposure to the commodity price causes such trade receivables to fail the SPPI test. As a result, these receivables are measured at fair value through profit or loss from the date of recognition of the corresponding sale, with subsequent movements where material being recognised in 'fair value gains/losses on provisionally priced trade receivables' in the statement of profit or loss and other comprehensive income.

The Group does not currently account separately for embedded derivatives in its trade receivables subject to provisional pricing. The short one to four month transaction cycle would result in any change to the Group's financial statements being immaterial. Any adjustment to the trade receivable subsequent to initial recording is adjusted through revenue.

v) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

vi) Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Significant accounting judgements: accounting policy 4.22
- Trade and other receivables: accounting policy 4.14 and note 18

The Group recognises an allowance for expected credit loss ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation to the original Effective Interest Rate ("EIR"). The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables (not subject to provisional pricing) and other receivables due in less than 12 months, the Group applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. For any other financial assets carried at amortised cost (which are due in more than 12 months), the ECL is based on the 12-month ECL. The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

4 Material accounting policies continued

4.13 Financial instruments – initial recognition and subsequent measurement continued

a) Financial assets continued

vi) Impairment of financial assets continued

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

b) Financial liabilities

i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive income.

Loans and borrowings and trade and other payables

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

This category generally applies to interest-bearing loans and borrowings and trade and other payables.

iii) Derecognition of financial liabilities

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss and other comprehensive income.

c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

d) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

Notes to the Group financial statements *continued*

year ended 31 December 2023

4 Material accounting policies continued

4.14 Trade and other receivables

The Group presents trade and other receivables in the statement of financial position based on a current or non-current classification. A trade and other receivable is classified as current as follows:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading; and
- expected to be realised within 12 months after the date of the statement of financial position.

Gold bullion held on behalf of the Government of Azerbaijan is classified as a current asset and valued at the current market price of gold at the statement of financial position date. A current liability of equal amount representing the liability of the gold bullion to the Government of Azerbaijan is also established.

Advances made to suppliers for fixed asset purchases are recognised as non-current prepayments until the fixed asset is delivered when they are capitalised as part of the cost of the fixed asset.

4.15 Inventories

Metal in circuit consists of in-circuit material at properties with milling or processing operations and doré awaiting refinement, all valued at the lower of cost and net realisable value. In-process inventory costs consist of direct production costs (including mining, crushing and processing and site administration costs) and allocated indirect costs (including depreciation, depletion and amortisation of producing mines and mining interests).

Ore stockpiles consist of stockpiled ore, ore on surface and crushed ore, all valued at the lower of cost and net realisable value. Ore stockpile costs consist of direct production costs (including mining, crushing and site administration costs) and allocated indirect costs (including depreciation, depletion and amortisation of producing mines and mining interests).

Inventory costs are charged to operations on the basis of ounces of gold sold. The Group regularly evaluates and refines estimates used in determining the costs charged to operations and costs absorbed into inventory carrying values based upon actual gold recoveries and operating plans.

Finished goods consist of doré bars that have been refined and assayed and are in a form that allows them to be sold on international bullion markets and metal in concentrate. Finished goods are valued at the lower of cost and net realisable value. Finished goods costs consist of direct production costs (including mining, crushing and processing; site administration costs; and allocated indirect costs, including depreciation, depletion and amortisation of producing mines and mining interests).

Spare parts and consumables consist of consumables used in operations, such as fuel, chemicals, reagents and spare parts, valued at the lower of cost and replacement cost and, where appropriate, less a provision for obsolescence.

4.16 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs, or value of services received net of any issue costs.

4.17 Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

4.18 Deferred stripping costs

The removal of overburden and other mine waste materials is often necessary during the initial development of a mine site, in order to access the mineral ore deposit. The directly attributable cost of this activity is capitalised in full within mining properties and leases, until the point at which the mine is considered to be capable of commercial production. This is classified as expansionary capital expenditure, within investing cash flows.

The removal of waste material after the point at which a mine is capable of commercial production is referred to as production stripping.

When the waste removal activity improves access to ore extracted in the current period, the costs of production stripping are accounted for as part of the cost of producing those inventories.

Where production stripping activity both produces inventory and improves access to ore in future periods the associated costs of waste removal are allocated between the two elements. The portion which benefits future ore extraction is capitalised as deferred stripping capital expenditure within producing mines. If the amount to be capitalised cannot be specifically identified it is determined based on the volume of waste extracted compared with expected volume for the identified component of the ore body. Components are specific volumes of a mine's ore body that are determined by reference to the life of mine plan.

In certain instances significant levels of waste removal may occur during the production phase with little or no associated production.

All amounts capitalised in respect of waste removal are depreciated using the unit-of-production method based on the ore reserves of the component of the ore body to which they relate.

The effects of changes to the life of mine plan on the expected cost of waste removal or remaining reserves for a component are accounted for prospectively as a change in estimate.

4 Material accounting policies continued

4.19 Employee leave benefits

Liabilities for wages and salaries, including non-monetary benefits and accrued but unused annual leave, are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

4.20 Retirement benefit costs

The Group does not operate a pension scheme for the benefit of its employees but instead makes contributions to their personal pension policies. The contributions due for the period are charged to the Group income statement.

4.21 Share-based payments

The Group has applied the requirements of IFRS 2 – 'Share-based Payment'. IFRS 2 has been applied to all grants of equity instruments.

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

The fair value of share options is calculated using the assumption that they will only be exercised if the share price prevailing at the date of exercise is equal to, or above, the price at which the options were granted. This methodology approximates to valuing the share options using a Black-Scholes model. The expected life used in the model has been calculated using management's best estimate of the effects of non-transferability, exercise restrictions and behavioural considerations. The vesting condition assumptions are reviewed during each reporting period to ensure they reflect current expectations.

4.22 Significant accounting judgements

The preparation of the Group financial statements in conformity with IFRS requires management to make judgements that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the Group financial statements and reported amounts of revenues and expenses during the reporting period.

i) Exploration and evaluation expenditure (note 14)

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely from future exploitation. If information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in the consolidated statement of profit or loss in the period when the new information becomes available.

ii) Impairment of intangible and tangible assets (notes 14, 15 and 16)

The assessment of tangible and intangible assets for any internal and external indications of impairment involves judgement. Each reporting period, the Group assesses whether there are indicators of impairment, if indicated then a formal estimate of the recoverable amount is performed and an impairment loss recognised to the extent that the carrying amount exceeds recoverable amount. Recoverable amount is determined as the value in use. Determining whether the projects are impaired requires an estimation of the recoverable value of the individual areas to which value has been ascribed. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the projects in order to calculate present value.

The Group has calculated the value in use of its only operating cash generating unit ("CGU") which are its mines together with their associated processing facilities at Gedabek ("Mining Operations") to assess whether any impairment provision is required. The significant assumptions made to perform this calculation are: production volumes, precious metal and copper prices, discount rates and operating and capital expenditure, all of which are discussed within the significant accounting estimates note 4.23.

iii) Production start date (note 15)

The Group assesses the stage of each mine under construction to determine when a mine moves into the production stage. The criteria used to assess the start date are determined based on the unique nature of each mine construction project, such as the complexity of a plant and its location. The Group considers various relevant criteria to assess when the mine is substantially complete, ready for its intended use and is reclassified from Assets under construction to Producing mines and Property, plant and equipment. Some of the criteria will include, but are not limited to, the following:

- the level of capital expenditure compared to the construction cost estimates;
- completion of a reasonable period of testing of the mine plant and equipment;
- ability to produce metal in saleable form (within specifications); and
- ability to sustain ongoing production of metal.

When a mine construction project moves into the production stage, the capitalisation of certain mine construction costs ceases and costs are either regarded as inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development. This is also the point at which the depreciation/amortisation recognition commences.

Notes to the Group financial statements *continued*

year ended 31 December 2023

4 Material accounting policies continued

4.22 Significant accounting judgements continued

iv) Leases (note 16)

The implementation of IFRS 16 requires the Group to make judgements as to whether any contract entered into by the Group contains a lease. In making this judgement, the Group looks at a number of factors including the broader economics of each contract. Once a contract has been determined to contain a lease, the Group is required to make judgements and estimates that affect the measurement of right to use assets and lease liabilities which have been considered in more detail in the significant accounting estimates disclosure below in note 4.23. In determining the lease term, the Group considers all facts and circumstances that determine the likely total length of time the asset will be leased. Estimates are required to determine the appropriate discount rates used to measure lease liabilities.

v) Renewal of Production Sharing Agreement ("PSA") (note 32)

The Group operates its mines and processing facilities on contract areas licenced under a PSA with the Government of Azerbaijan. The majority of the Group's fixed assets, including its processing facilities and its main producing mines, are located on the Gedabek contract area which initially had a mining licence expiring in March 2022. The PSA contains an option to extend the Gedabek licence for a further ten years from March 2022, conditional upon satisfaction of certain requirements stipulated in the PSA, and the first of the two five-year extensions allowed under the PSA to March 2027 has been obtained. The directors have judged that the requirements to renew the licence for the second five-year extension from March 2027 to March 2032 will be satisfied. The Group depreciates each tangible fixed asset over its estimated useful life subject to no asset having a life extending beyond March 2032.

4.23 Significant accounting estimates

The preparation of the Group financial statements in conformity with IFRS requires management to make estimates that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the Group financial statements and reported amounts of revenues and expenses during the reporting period. Estimates are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. In particular, information about significant areas of estimation uncertainty considered by management in preparing the Group financial statements is described below.

i) Impairment of intangible and tangible assets (notes 14, 15 and 16)

Once an intangible or tangible asset has been determined to have an indicator of impairment, an estimate is made of its recoverable amount. Recoverable amount is determined as the higher of fair value less costs to sell and value in use. Determining whether the projects are impaired requires an estimation of the recoverable value of the individual areas to which value has been ascribed. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the projects and a suitable discount rate in order to calculate present value.

ii) Ore reserves and resources (notes 14 and 15)

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties. The Group estimates its ore reserves and mineral resources, based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body and requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, provision for rehabilitation and depreciation and amortisation charges.

iii) Inventory (note 19)

Net realisable value tests are performed at least annually and represent the estimated future sales price of the product based on prevailing spot metals prices at the reporting date, less estimated costs to complete production and bring the product to sale.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained gold ounces based on assay data and the estimated recovery percentage based on the expected processing method. Stockpile tonnages are verified by periodic surveys. The ounces of gold sold are compared to the remaining reserves of gold for the purpose of charging inventory costs to operations.

iv) Mine rehabilitation provision (note 24)

The Group assesses its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at the reporting date represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognised in the Group statement of financial position by either increasing or decreasing the rehabilitation liability and rehabilitation asset if the initial estimate was originally recognised as part of an asset measured in accordance with IAS 16 'Property, Plant and Equipment'. Expenditure on mine rehabilitation is expected to take place between 2028 and 2030.

4 Material accounting policies continued

4.24 Other accounting estimates

i) Recovery of deferred tax assets (note 12)

Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Group will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

ii) Leases (note 16)

The implementation of IFRS 16 requires the Group to make estimates that affect the measurement of right to use assets and lease liabilities. In determining the lease term, the Group considers all facts and circumstances that determine the likely total length of time the asset will be leased. Estimates are required to determine the appropriate discount rates used to measure lease liabilities.

5 Segment information

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 statement of income and Group statement of financial position on this basis. Accordingly, the Group has only one operating segment, mining operations. The Group's mining operations mainly comprise its producing assets, the Gedabek and Gadir mines and related exploration and development at its Gedabek mining concession. The majority of the Group's revenues and its cost of sales, depreciation and amortisation are generated at Gedabek.

The majority of the Group's exploration and all of its development and production activities are carried out by its wholly-owned subsidiaries in Azerbaijan. The Group's associate company, Libero Copper & Gold Corporation ("Libero") explores for minerals in North and South America. Libero has no revenue. The Group's share of Libero's loss and its assets are disclosed in the Group statement of income and statement of financial position.

6 Revenue

The Group's revenue consists of sales to third parties of:

- gold contained within doré and gold and silver bullion to the Group's refiners; and
- gold and copper concentrate.

	2023 $000	2022 $000
Gold within doré and gold bullion	**30,869**	62,258
Silver bullion	**165**	515
Gold and copper concentrate	**14,821**	21,946
	45,855	84,719

All revenue from sales of gold within doré and gold and silver bullion and gold and copper concentrate is recognised at the time when control passes to the customer.

Sales of gold within doré and gold and silver bullion in 2023 and 2022 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 2023 and 2022 to Industrial Minerals SA, Trafigura PTE Ltd and Metal-Kim Metalurji Ve Kimya Tarim Sanayi Tic Ltd Sti.

Notes to the Group financial statements *continued*

year ended 31 December 2023

7 Other operating income and expenses and other income

	2023 $000	2022 $000
Other operating income		
Gain on the modifications of lease liabilities	**71**	65
Gain on cancellation of trade payables	**303**	—
Reversal of previously written off receivables	**33**	355
	407	420
Other operating expenses		
Transportation and refining costs	**220**	351
Foreign exchange loss	**105**	317
Fee payable on cancellation of equipment purchase	**100**	—
Research costs	**271**	303
	696	971
Other expense		
Fair value loss on financial assets	**39**	570

8 Operating profit

	Notes	2023 $000	2022 $000
Operating profit is stated after charging:			
Depreciation on property, plant and equipment – owned	15	**9,707**	15,443
Depreciation on property, plant and equipment – right of use assets	16	**566**	540
Amortisation of mining rights and other intangible assets	14	**593**	1,131
Impairment of intangible assets	14	**13,031**	—
Employee benefits and expenses	9	**10,806**	11,359
Foreign currency exchange net loss		**105**	317
Inventory expensed during the year		**20,166**	30,776
Fees payable to the Company's auditor for:			
The audit of the Group's annual accounts		**277**	243
The audit of the Group's subsidiaries pursuant to legislation		**149**	134
Audit related assurance services – half year review		**3**	3
Total audit services		**429**	380
Amounts paid to auditor for other services:			
Tax compliance services		**10**	10
Total non-audit services		**—**	10
Total		**439**	390

The audit fees for the parent company were $170,000 (2022: $160,000).

9 Staff numbers and costs

The average number of staff employed by the Group (including directors) during the year, analysed by category, was as follows:

	2023	2022
Management and administration	43	46
Exploration	45	61
Mine operations	832	838
	920	945

The aggregate payroll costs of these persons were as follows:

	2023 $000	2022 $000
Wages and salaries	10,578	10,154
Social security costs	2,314	2,250
Costs capitalised as exploration	(2,086)	(1,045)
	10,806	11,359

The Group does not make any contributions to either individual or collective staff pension plans.

Remuneration of key management personnel

The remuneration of the key management personnel of the Group is set out below in aggregate:

	2023 $	2022 $
Share based payment	146,664	299,273
Short-term employee benefits	2,396,952	1,920,972
	2,543,616	2,220,245

The key management personnel of the Group comprise the chief executive officer, the vice president of procurement, HR and IT, the vice president of technical services, the two vice presidents of Azerbaijan International Mining Company and the chief financial officer. The disclosure of the remuneration of the directors as required by the Companies Act 2006 is given in the report on directors' remuneration on page 60.

10 Finance costs

	2023 $000	2022 $000
Interest charged on interest-bearing loans and borrowings	364	—
Finance charges on letters of credit	1	11
Interest expense on lease liabilities	275	291
Unwinding of discount on provisions	959	425
Interest on long-term creditor: geological data	232	87
	1,831	814

Notes to the Group financial statements *continued*

year ended 31 December 2023

11 Investment in an associate company

Libero Copper & Gold Corporation ("Libero") is a minerals exploration company listed on the TSX Venture Exchange (ticker: LBC) in Canada and owns, or had the right to acquire in 2023, several copper exploration properties in North and South America.

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. 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. The Group took the total of the market value of its 9.8 per cent. holding at fair value, the cost of its additional 10 per cent. investment and the close out value of the forward contract established at 31 December 2021 as the acquisition cost of Libero as an associate company. The Group made a further investment in August 2022 to acquire 2.9 million new shares at CAN 33 cents per share for a total consideration of CAN$957,000 ($748,000).

In the year ended 31 December 2023, the Group made two further investments in Libero. On 6 January 2023, the Group made its second follow-on investment in Libero by way of a subscription agreement. The subscription agreement was for 2,600,000 new shares at CAN 15 cents per share totalling CAN$390,000 ($289,000) with 2,600,000 warrants attached at CAN 22 cents per share. On 17 February 2023, the Group made its third follow-on investment in Libero by way of a subscription agreement. The subscription agreement was for 3,200,000 new shares at CAN 15 cents per share totalling CAN$480,000 ($355,000) with 3,200,000 warrants attached at CAN 22 cents per share. Subsequent to February 2023, Libero also issued further shares by way of subscription agreement and also carried out a rights issue. The Group did not participate or subscribe for shares in these share issues. As result, the Group's interest in Libero at 31 December 2023 reduced to 13.11 per cent. (2022: 18.29 per cent.). The Group's interest at 31 December 2022 was temporary reduced from 19.8 per cent to 18.29 per cent as Libero carried out a placement in December 2022 in which the Group did not participate until January 2023.

The Group had significant influence over Libero in 2023 as it had a shareholding in Libero between 26 January 2022 and 31 December 2023 of between 13.11 to 18.29 per cent., a Group director was a director of Libero and the Group's Vice president, technical services was a member of the technical committee of Libero. The market value of the Libero shares held by the Group, which corresponds to their fair value, on 29 December 2023 was $241,000 (30 December 2022: $1,830,000). There are no restrictions on the ability of the Group to transfer funds to Libero and for Libero to transfer funds to the Group. The financial statements of Libero are made up to 31 December of each year. The financial information about Libero, included in these Group financial statements, has been taken from their audited financial statements for the year ended 31 December 2023 dated 25 April 2024. (2022: financial statements for the year ended 31 December 2022 dated 25 April 2023).

The recoverable value of Libero has been estimated at 31 December 2023 at the market value of its shares of $242,000. This value at 31 December 2023 is lower than its carrying value as an associate company and is regarded as an indication of impairment. This gave rise to an impairment charge of $5.0 million (2022: nil). On 22 January 2024, the Group's interest in Libero reduced to 5.7 per cent. as set out in note 34 – "subsequent events". From this date, Libero ceased to be an associate company and is classified as an equity investment. The Group's holding in Libero from 22 January 2024 will be valued at each balance sheet date as the market value of its shares which corresponds to the fair value.

11 Investment in an associate company continued

Balance sheet of Libero at 31 December

	2023 $000	2022 $000
Current assets	**696**	338
Non-current assets	**1,323**	2,579
Current liabilities	**(1,486)**	(635)
Non-current liabilities	**(142)**	(139)
Equity	**391**	2,143

Reconciliation to carrying value in the Group balance sheet at 31 December

	2023 $000	2022 $000
Equity of Libero	**391**	2,143
Share based payment expense	**(977)**	(874)
Exploration expense	**9,052**	6,527
Equity recognised by the Group	**8,466**	7,796
Group's share in equity – 13.11 per cent. (2022: 18.29 per cent.)	**1,110**	1,426
Goodwill	**4,167**	3,746
Impairment charge	**(5,035)**	—
Group carrying value of associate company	**242**	5,172

Profit and loss account of Libero for the year ended 31 December

	2023 $000	2022 $000
Expenses	**3,934**	10,205
Other expenses	**1,582**	638
Loss before taxation	**5,516**	10,843
Taxation	**(94)**	(278)
Loss for the year	**5,422**	10,565
Other comprehensive loss	**(7)**	(44)
Total comprehensive loss for the year	**5,415**	10,521

Libero has no revenue and all losses are from continuing operations.

Reconciliation to loss of associate in the Group profit and loss account for the years ended 31 December

	2023 $000	2022 $000
Loss for the year	**5,422**	10,565
Pre-acquisition loss to 25 January 2022	**—**	(659)
Exploration expense	**(2,333)**	(6,802)
Loss for the year as an associate company	**3,089**	3,104
Group's share of the loss at 19.8 to 15.2 per cent. (2022: 19.6 and 19.8 per cent.)	**551**	611
Profit on deemed disposal	**(10)**	(135)
Loss recognised as an associate company	**541**	476

Notes to the Group financial statements *continued*

year ended 31 December 2023

11 Investment in an associate company continued

Reconciliation of the movement in associate company in the years ended 31 December

	2023 $000	2022 $000
1 January	**5,172**	—
Transfer from other financial assets	**—**	2,382
Additions	**646**	3,491
Share of loss of the associate	**(541)**	(476)
Foreign exchange loss	**—**	(225)
Impairment	**(5,035)**	—
31 December	**242**	5,172

Libero had no contingent liabilities or capital commitments on 31 December 2023 and 2022. The Group had no contingent liabilities relating to Libero.

12 Taxation

Corporation tax is calculated at 32 per cent. (as stipulated in the production sharing agreement for R.V. Investment Group Services LLC ("RVIG")) in the Republic of Azerbaijan, the entity that contributes the most significant portion of profit before tax in the Group financial statements of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Deferred income taxes arising in RVIG are recognised and fully disclosed in these Group financial statements. RVIG's unutilised tax losses at 31 December 2023 were $17,334,000 (2022: $nil).

The major components of the income tax charge for the year ended 31 December are:

	2023 $000	2022 $000
Current income tax		
Current income tax charge	**—**	551
Deferred tax		
(Benefit)/charge relating to origination and reversal of temporary differences	**(7,728)**	3,293
Income tax (benefit)/charge for the year	**(7,728)**	3,844

Deferred income tax at 31 December relates to the following:

	Statement of financial position		Income statement	
	2023 $000	2022 $000	2023 $000	2022 $000
Deferred income tax liability				
Property, plant and equipment – accelerated depreciation	**(20,205)**	(22,377)	**2,172**	(2,399)
Right of use assets – accelerated depreciation	**(657)**	(756)	**99**	225
Non-current trade and other receivables	**(312)**	—	**(312)**	59
Trade and other receivables	**(954)**	(2,507)	**1,553**	(1,553)
Inventories	**(11,471)**	(11,426)	**(45)**	(1,052)
Deferred income tax liability	**(33,599)**	(37,066)		
Deferred income tax asset				
Tax losses brought forward	**5,548**	—	**5,548**	—
Trade and other payables and provisions*	**2,854**	3,085	**(231)**	307
Lease liabilities*	**791**	867	**(76)**	(187)
Asset retirement obligation*	**4,142**	5,122	**(980)**	1,307
Deferred income tax asset	**13,335**	9,074		
Deferred income tax benefit/(charge)			**7,728**	(3,293)
Net deferred income tax liability	**(20,264)**	(27,992)		

* Deferred income tax assets have been recognised for the trade and other payables and provisions, asset retirement obligation and lease liabilities based on local tax basis differences expected to be utilised against future taxable profits.

12 Taxation continued

A reconciliation between the accounting profit and the total taxation charge for the years ended 31 December is as follows:

	2023 $000	2022 $000
(Loss)/profit before tax	**(31,970)**	7,504
Theoretical tax charge at statutory rate of 32 per cent. for RVIG*	**(10,230)**	2,401
Effects of different tax rates for certain Group entities (20 per cent.)	**338**	179
Tax effect of items which are not deductible or assessable for taxation purposes:		
– Items not deductible or accessible	**2,164**	1,264
Income tax (benefit)/charge for the year	**(7,728)**	3,844

* This is the tax rate stipulated in RVIG's production sharing agreement.

The Group has a consolidated turnover below Euro 750 million. Therefore, the OECD Pillar Two model rules do not apply to the Group

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

Deferred tax assets and liabilities have been offset for deferred taxes recognised for RVIG since there is a legally enforceable right to set off current tax assets against current tax liabilities and they relate to income taxes levied by the same taxation authority. The Group intends to settle its current tax assets and liabilities on a net basis in the Republic of Azerbaijan.

At 31 December 2023, the Group had total unused tax losses available for offset against future profits of $50,139,000 (2022: $28,354,000). Unused tax losses in the Republic of Azerbaijan at 31 December 2023 were $17,334,000 (2022: $nil) and unused tax losses in the United Kingdom were $32,805,000 (2022: $28,354,000). The tax losses in the Republic of Azerbaijan and the United Kingdom can be carried forward indefinitely. No deferred tax assets have been recognised in respect of jurisdictions other than the Republic of Azerbaijan due to the uncertainty of future profit streams.

13 (Loss)/profit per share

The calculation of basic and diluted (loss)/profit per share is based upon the retained (loss)/profit for the financial year of $24,242,000 (2022: $3,660,000).

The weighted average number of ordinary shares for calculating the basic profit and diluted profit per share after adjusting for the effects of all dilutive ordinary shares relating to share options and treasury shares are as follows:

	2023	2022
Basic	**114,335,175**	114,335,175
Diluted	**114,335,175**	114,335,175

At 31 December 2023 there were no unexercised share options that could potentially dilute basic earnings per share (2022: nil).

Notes to the Group financial statements *continued*

year ended 31 December 2023

14 Intangible assets

	Exploration and evaluation								
	Gedabek $000	Gosha $000	Ordubad $000	Vejnaly $000	Xarxar $000	Garadag $000	Mining rights $000	Other intangible assets $000	Total $000
Cost									
1 January 2022	17,356	2,198	5,941	—	—	—	41,925	562	67,982
Additions	3,654	515	165	517	1,613	2,772	—	164	9,400
31 December 2022	21,010	2,713	6,106	517	1,613	2,772	41,925	726	77,382
Additions	2,131	254	627	961	1,901	62	—	—	5,936
Transfer to assets under construction	(3,802)	—	—	—	—	—	—	—	(3,802)
31 December 2023	**19,339**	**2,967**	**6,733**	**1,478**	**3,514**	**2,834**	**41,925**	**726**	**79,516**
Amortisation and impairment*									
1 January 2022	—	—	—	—	—	—	37,142	493	37,635
Charge for the year	—	—	—	—	—	—	1,107	24	1,131
31 December 2022	—	—	—	—	—	—	38,249	517	38,766
Charge for the year	—	—	—	—	—	—	566	27	593
Impairment	5,086	2,967	4,978	—	—	—	—	—	13,031
31 December 2023	**5,086**	**2,967**	**4,978**	**—**	**—**	**—**	**38,815**	**544**	**52,390**
Net book value									
31 December 2022	21,010	2,713	6,106	517	1,613	2,772	3,676	209	38,616
31 December 2023	**14,253**	**—**	**1,755**	**1,478**	**3,514**	**2,834**	**3,110**	**182**	**27,126**

* 143,000 ounces of gold at 1 January 2023 were used to determine amortisation of producing mines, mining rights and other intangible assets (2022: 186,000 ounces). A 5 per cent. increase or decrease in the ounces of gold used to compute the amortisation of intangible assets would result in a decrease in amortisation of $27,000 (2022: $52,000) and an increase in amortisation of $30,000 (2022: $58,000) respectively.

During the year ended 31 December 2022, the Company spent $13,000 and $23,000 respectively for obtaining geological data for the Demirli and Kyzlbulag contract areas. These contract areas are within Karabakh. These amounts are included in other intangible assets.

Impairment of exploration and evaluation assets

The Group has had in the last 10 to 15 years, an active exploration programme to identify new mineral deposits at Gedabek and other contract areas of the Group. However, in the last two to three years, the Group has discovered the Zafar and Gilar deposits at Gedabek and acquired new contract areas containing the Xarxar and Garadag deposits. These are all significant mineral deposits. In March 2023, the Group announced a new strategy to focus on growing its production in the next five years by exploiting these four new deposits. Accordingly, the Group's focus has shifted away from its other exploration areas. It is unlikely that Group will expend significant resources in developing these other exploration areas in the next five years. The new strategy has been regarded as an indicator of impairment.

The Group's accounting policy requires judgement to determine whether future economic benefits are likely to be derived from exploration areas through either future exploitation or sale of properties or whether activities have reached a stage that permits a reasonable assessment of the existence of reserves. Given the change of strategy of the Group, the directors have concluded that historic expenditure on exploration and evaluation at three of its contract areas is above the amount that is likely to be realised in the foreseeable future. Accordingly, an impairment of $13.0 million (2022: $nil) was made related to the write-off of costs associated with exploration licenses where future exploration is neither budgeted or planned, or future resources are deemed uncommercial or not viable. In making this assessment, the directors have made certain assumptions about future events and circumstances, particularly, whether an economically viable extraction operation can be achieved. Any such estimates and assumptions may change as new information becomes available.

15 Property, plant and equipment

	Plant and equipment and motor vehicles $000	Producing mines $000	Assets under construction $000	Total $000
Cost				
1 January 2022	27,181	224,915	2,227	254,323
Additions	1,409	7,106	601	9,116
Transfer to producing mines	—	647	(647)	—
Increase in provision for rehabilitation	—	3,662	—	3,662
31 December 2022	28,590	236,330	2,181	267,101
Additions	7,700	4,637	10,117	22,454
Decrease in provision for rehabilitation	—	(4,017)	—	(4,017)
31 December 2023	**36,290**	**236,950**	**12,298**	**285,538**
Depreciation and impairment*				
1 January 2022	23,193	172,420	—	195,613
Charge for the year	1,002	14,441	—	15,443
31 December 2022	24,195	186,861	—	211,056
Charge for the year	1,142	8,565	—	9,707
31 December 2023	**25,337**	**195,426**	**—**	**220,763**
Net book value				
31 December 2022	4,395	49,469	2,181	56,045
31 December 2023	**10,953**	**41,524**	**12,298**	**64,775**

* 143,000 ounces of gold at 1 January 2023 were used to determine depreciation of producing mines, mining rights and other intangible assets (2022: 186,000 ounces). A 5 per cent. increase or decrease in the ounces of gold used to compute the depreciation of property plant and equipment would result in a decrease in depreciation of $505,000 (2022: $863,000) and an increase in depreciation of $589,000 (2022: $994,000) respectively.

Impairment assessment of the Group's fixed assets

The Group assesses at each balance sheet date whether any indicators of impairment exist for each asset or cash generating unit ("CGU"). The Group has only one operating CGU. This is the Group's mines together with their associated processing facilities at Gedabek ("Mining Operations"). If any such indications of impairment exist, a formal estimate of the recoverable amount is performed.

In assessing whether an impairment is required, the carrying value of Mining Operations is compared with its recoverable amount. The recoverable amount is the higher of the fair value less costs of disposal ("FVLCD") and value in use ("VIU"). Given the nature of the Group's activities, information on the fair value less costs to disposal of Mining Operations is difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. Consequently, the VIU recoverable amount for Mining Operations is estimated based on the discounted future estimated cash flows (expressed in nominal terms) expected to be generated from its continued use using market-based commodity price assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements based on the Group's strategic growth plan and life of mine plan. The cash flows are discounted using a nominal discount rate before taxation that reflects current market assessments of the time value of money and the risks specific to Mining Operations.

Indication of impairment during the year ended 31 December 2023

In the year ended 31 December 2023, future operating cost forecasts were prepared for the Group's Gedabek open pit mine and Gedabek and Gadir underground mines. These showed an increase in future operating costs compared to historic operating costs which was considered an indication of impairment. Accordingly, the recoverable amount of Mining Operations was calculated and compared to its carrying value. The results of the analysis are as follows:

	$M
Recoverable amount of Mining Operations	78.5
Carrying value of Mining Operations	(75.3)
Excess of carrying value over recoverable amount	3.2

As the recoverable amount of Mining Operations was in excess of its carrying value, no impairment charge was made during 2023.

Notes to the Group financial statements *continued*

year ended 31 December 2023

15 Property, plant and equipment continued

Indication of impairment during the year ended 31 December 2023 continued

Key assumptions in calculating recoverable amount of Mining Operations

The determination of the recoverable amount of Mining Operations is most sensitive to the following key assumptions:

- Production volumes
- Precious metal and copper prices
- Discount rates
- Operating and capital expenditure

Production volumes

In calculating the recoverable amount, the following production volumes were incorporated into the cash flow model for the years 2024 to 2029 ("Cash Flow Model"):

Gold: 154,000 ounces

Silver: 623,000 ounces

Copper: 34,000 tonnes

Estimated production volumes are based on the Group's forecasts contained within its Strategic Growth plan which was published by the Company on 30 March 2023. Production volumes are dependent on a number of variables, including: the recoverable quantities; the production profile; the cost to maintain the infrastructure necessary to extract the reserves; the production costs and the selling price of the precious metal and copper extracted.

The volumes used for the production profile are consistent with the latest JORC and non-JORC resource and reserves statements published by the Company for its Zafar and Gilar ore deposits. The detailed information on these reserves and resources can be found in the following Company announcements (a) "Increased Mineral Resource Estimate at Gilar" dated 21 March 2023 (b) "Zafar JORC Mineral Resource completed – 6.8 million tonnes of mineralisation with average copper grade of 0.50 per cent." dated 21 March 2022. .

Precious metal and copper prices

The precious metal and copper prices used in the Cash Flow Model are the best estimates by management based on all readily available sources of internal and external information. These prices are reviewed annually. The estimated gold, silver and copper prices used for the Cash Flow Model are as follows:

		Year					
Metal	Unit	2024	2025	2026	2027	2028	Average
Gold	$/ounce	1,925	1,898	1,823	1,799	1,859	1,861
Silver	$/ounce	24	24	23	23	23	23
Copper	$/tonne	8,772	9,318	9,590	9,522	9,727	9,386

Discount rate

In calculating the recoverable amount, a nominal pre-tax discount rate of 13.91 per cent. was applied to the pre-tax cash flows expressed in nominal terms. This is the Group's estimated pre-tax average weighted cost of capital ("WACC"). The cost of the Group's equity is derived from the expected return on investment by the Group's investors.

Operating and capital expenditure

Operating expenditures are based on actual costs and budgets. Capital expenditures are based on budgets and the Group's strategic growth plan.

Sensitivity analysis

The directors believe there are no reasonably possible changes in the discount rate assumption. Reasonably possible changes in the commodity price and production volumes and operating costs assumptions, would lead to an impairment in Mining Operations. It is estimated that a 10 per cent. decrease in the gold and silver prices and an average 10 per cent. decrease in copper price together used in the Cash Flow Model would result in an impairment of $20.8 million. It is estimated that a 10 per cent. decrease in the production used in the Cash Flow Model would result in an impairment of $20.8 million. It is estimated that a 10 per cent. increase in operating costs would result in an impairment of $13.8 million.

15 Property, plant and equipment continued

Indication of impairment during the year ended 31 December 2022

In the year ended 31 December 2022, future operating cost forecasts were prepared for the Group's Gedabek open pit mine and Gedabek and Gadir underground mines. These showed an increase in future operating costs compared to historic operating costs which was considered an indication of impairment. Accordingly, the recoverable amount of Mining Operations was calculated and compared to its carrying value. The results of the analysis are as follows:

	$M
Recoverable amount of Mining Operations	71.7
Carrying value of Mining Operations	(60.7)
Excess of carrying value over recoverable amount	11.0

As the recoverable amount of Mining Operations was in excess of its carrying value, no impairment charge was made during 2022.

Key assumptions in calculating recoverable amount of Mining Operations

The determination of the recoverable amount of Mining Operations is most sensitive to the following key assumptions:

- Production volumes
- Precious metal and copper prices
- Discount rates
- Operating and capital expenditure

Production volumes

In calculating the recoverable amount, the following production volumes were incorporated into the cash flow model for the years 2023 to 2028 ("Cash Flow Model"):

Gold: 219,000 ounces

Silver: 429,000 ounces

Copper: 38,861 tonnes

Estimated production volumes are based on the Group's forecasts contained within its Strategic Growth plan which was published by the Company on 30 March 2023. Production volumes are dependent on a number of variables, including: the recoverable quantities; the production profile; the cost to maintain the infrastructure necessary to extract the reserves; the production costs and the selling price of the precious metal and copper extracted.

The volumes used for the production profile are consistent with the latest JORC and non-JORC resource and reserves statements published by the Company for its Zafar and Gilar ore deposits. The detailed information on these reserves and resources can be found in the following Company announcements (a) "Increased Mineral Resource Estimate at Gilar" dated 21 March 2023 (b) "Zafar JORC Mineral Resource completed – 6.8 million tonnes of mineralisation with average copper grade of 0.50 per cent." dated 21 March 2022.

Precious metal and copper prices

The precious metal and copper prices used in the Cash Flow Model are the best estimates by management based on all readily available sources of internal and external information. These prices are reviewed annually. The estimated gold, silver and copper prices used for the Cash Flow Model are as follows:

		Year						
Metal	Unit	2023	2024	2025	2026	2027	2028	Average
Gold	$/ounce	1,800	1,720	1,700	1,700	1,700	1,700	1,720
Silver	$/ounce	21	21	21	21	21	21	21
Copper	$/tonne	8,400	8,000	8,000	8,000	8,000	8,000	8,067

Discount rate

In calculating the recoverable amount, a nominal pre-tax discount rate of 10.27 per cent. was applied to the pre-tax cash flows expressed in nominal terms. This is the Group's estimated pre-tax average weighted cost of capital ("WACC"). The cost of the Group's equity is derived from the expected return on investment by the Group's investors.

Operating and capital expenditure

Operating expenditures are based on actual costs and budgets. Capital expenditures are based on budgets and the Group's strategic growth plan.

Notes to the Group financial statements *continued*

year ended 31 December 2023

15 Property, plant and equipment continued

Indication of impairment during the year ended 31 December 2022 continued

Sensitivity analysis

The directors believe there are no reasonably possible changes in the discount rate assumption. Reasonably possible changes in the commodity price and production volumes and operating costs assumptions, would lead to an impairment in Mining Operations. It is estimated that a 10 per cent. decrease in the gold and silver prices and an average 10 per cent. decrease in copper price together used in the Cash Flow Model would result in an impairment of $15.7 million. It is estimated that a 10 per cent. decrease in the production used in the Cash Flow Model would result in an impairment of $15.7 million. It is estimated that a 10 per cent. increase in operating costs would result in an impairment of $13.1 million.

Capital commitments

The capital commitments by the Group have been disclosed in note 32.

16 Leases

Right of use assets

	Plant and equipment and motor vehicles $000	Land and building $000	Total $000
Cost			
1 January 2022	3,480	1,210	4,690
Additions	337	—	337
Lease modifications	(743)	(57)	(800)
31 December 2022	3,074	1,153	4,227
Additions	682	—	682
Lease modifications	(593)	—	(593)
31 December 2023	**3,163**	**1,153**	**4,316**
Depreciation			
1 January 2022	1,223	401	1,624
Charge for the year	386	154	540
Lease modifications	(264)	(36)	(300)
31 December 2022	1,345	519	1,864
Charge for the year	401	165	566
Lease modifications	(167)	—	(167)
31 December 2023	**1,579**	**684**	**2,263**
Net book value			
31 December 2022	1,729	634	2,363
31 December 2023	**1,584**	**469**	**2,053**

Lease liabilities

	2023 $000	2022 $000
1 January	**2,708**	3,293
Additions	**682**	337
Lease modifications	**(497)**	(565)
Interest expense	**275**	291
Repayment	**(697)**	(648)
31 December	**2,471**	2,708
Current liabilities	**555**	419
Non-current liabilities	**1,916**	2,289
	2,471	2,708

16 Leases continued

Amount recognised in the profit and loss account

	2023 $000	2022 $000
Depreciation expense of right of use assets	**566**	540
Gain on lease modifications	**(71)**	(65)
Interest expense	**275**	291
Expenses relating to short term leases	**280**	347
	1,050	1,113

The amount of future lease commitments for short-term leases at 31 December 2022 and 2023 are similar to the amounts expensed in 2022 and 2023 respectively as the level of leasing activity has not changed. As these amounts are not dissimilar to the expense for the respective years, the amount of the lease commitments have not been disclosed.

The total cash outflow related to leases in the year ended 31 December 2023 was $1,023,000 (2022: $1,045,000).

17 Financial assets

Non-current	2023 $000	2022 $000
Derivatives not designated as hedging instruments		
Share warrants	—	39

Derivatives not designated as hedging instruments

Share warrants

The Group has acquired share warrants in Libero Copper & Gold Corporation ("Libero") which were attached to certain of its subscriptions for ordinary shares. Details of these warrants are as follows:

Date of issue	Number of warrants	Exercise price (CAN cents)	Length of warrant	Last day of exercise
22 December 2021	2,800,000	75	24 months	21 December 2023
26 January 2022	3,500,000	75	24 months	25 January 2024
6 January 2023	2,600,000	22	24 months	5 January 2025
17 February 2023	3,200,000	22	24 months	16 February 2025

None of the share warrants in Libero had been exercised at the date of the signing the financial statements. The 2,800,000 warrants issued on 22 December 2021 at 75 CAN cents per warrant expired in the year ended 31 December 2023.

The share warrants outstanding at 31 December 2022 were valued using a risk-neutral binomial tree. Quantitative information about the fair value measurement of the warrants using significant directly or indirectly observable inputs was as follows:

Assumption	31 December 2022
Share price of Libero	CAD$0.16
Option exercise price	CAD$0.75
Acceleration condition	CAD$1.00
Lapse date	
2,800,000 warrants issued 22 December 2021	21 December 2023
3,500,000 warrants issued 26 January 2022	25 January 2024
Risk free rate	4.6 per cent.
Expected volatility – daily	6.88 per cent.
Expected volatility – annualised	109.26 per cent.
Discount for lack of marketability	13.97 per cent.
Exchange rate	US$1 = CAD$1.3549

No value has been ascribed to the share warrants outstanding at 31 December 2023.

Notes to the Group financial statements *continued*

year ended 31 December 2023

17 Financial assets continued

Amount recognised in the profit and loss account

Forward contract for the purchase of shares

In December 2021, the Group subscribed for 12,600,000 shares in 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 at 31 December 2021. The forward contract is measured at fair value at 31 December 2021. The carrying value of the forward contract of $214,000 was added to the acquisition cost of the associate company following the acquisition of the 7,000,000 shares in January 2022.

Financial assets at fair value through profit or loss

Listed equity investments

At 31 December 2021, these were 5,600,000 shares in Libero, a company which is listed on the Toronto Ventures Stock Exchange in Canada. On 26 January 2022, the Group purchased a further 7,000,000 shares and Libero became an associate company of the Group (note 11 – 'Investment in an associate company').

18 Trade and other receivables

Other receivables

	2023 $000	2022 $000
Non-current		
Advances for purchases	**195**	—
Loans to employees*	**780**	—
	975	—
Trade and other receivables		
Current		
Gold held due to the Government of Azerbaijan	**1,988**	7,274
VAT refund due	**1,609**	1,562
Loan to employee*	**—**	510
Other tax receivable	**734**	1,038
Trade receivables – fair value**	**637**	2,716
Prepayments and advances	**3,686**	5,231
	8,654	18,331

* See note 33 – "Related party transactions".

** Trade receivables subject to provisional pricing.

Trade receivables (not subject to provisional pricing) are for sales of gold and silver to the refiner and are non interest-bearing and payment is usually received one to two days after the date of sale.

Trade receivables (subject to provisional pricing) are for sales of gold and copper concentrate and are non interest-bearing, but as discussed in accounting policy 4.2, 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. Refer to accounting policy 4.11 for details of fair value measurement.

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 in 2022 or 2023.

The VAT refund due at 31 December 2023 and 2022 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 as disclosed in note 21 – 'Trade and other payables'.

19 Inventory

Current assets	2023 $000	2022 $000
Cost		
Finished goods – bullion	**5,922**	2,243
Finished goods – metal in concentrate	**53**	1,128
Metal in circuit	**10,350**	12,140
Ore stockpiles	**5,745**	8,299
Spare parts and consumables	**18,272**	16,392
Total current inventories	**40,342**	40,202
Total inventories at the lower of cost and net realisable value	**40,342**	40,202

The Group has capitalised mining costs related to high grade sulphide ore stockpiled during the year. Such stockpiles are expected to be utilised as part of flotation processing. Inventory is recognised at the lower of cost or net realisable value.

20 Restricted cash and cash and cash equivalents

Restricted cash comprises of a bank deposit in Azerbaijan which has been pledged as security for a $5,650,000 loan from the bank. Details of the loan are set out in note 22 – "Interest-bearing loans and borrowings".

Cash and cash equivalents consist of cash on hand and held by the Group within financial institutions that are available immediately. The carrying amount of these assets approximates their fair value.

The Group's cash on hand and cash held within financial institutions at 31 December 2023 (including short-term cash deposits) comprised $9,000 and $4,468,000 respectively (2022: $17,000 and $20,393,000).

The Group's cash and cash equivalents are mostly held in United States Dollars.

21 Trade and other payables

Current	2023 $000	2022 $000
Accruals and other payables	**3,610**	4,912
Trade creditors	**2,721**	3,311
Gold held due to the Government of Azerbaijan	**1,988**	7,274
Payable to the Government of Azerbaijan from copper concentrate joint sale	**881**	2,525
	9,200	18,022

Non-current	2023 $000	2022 $000
Geological data	**3,129**	2,897
Other payables	**1,090**	—
	4,219	2,897

Trade creditors primarily comprise amounts outstanding for trade purchases and ongoing costs. Trade creditors are non-interest bearing and the creditor days were 50 (2022: 33). Accruals and other payables mainly consist of accruals made for accrued but not paid salaries, bonuses, related payroll taxes and social contributions, 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.

In the year ended 31 December 2022, the Group contracted with AzerGold CJSC to pay $4.0 million for the historical geological data Azergold CJSC owned in respect of the Garadag and Xarxar Contract Areas. The consideration was apportioned as $3.3 million for Garadag data and $0.7 million for Xarxar data. $1.0 million (25 per cent.) was paid in 2022 with the remaining $3.0 million (75 per cent.) payable after three years, or if earlier for each respective deposit, the balance of the purchase price on the approval of the Group's development and production programme for the deposit in accordance with the Group's Production Sharing Agreement. The amount outstanding under the contract at 31 December 2022 and 31 December 2023 has been classified as a non-current liability. The long-term creditor at 31 December 2023 has been discounted at a rate of 8 per cent. (2022: 8 per cent.) being the risk-free rate. The repayment dates of the creditor are the directors' best estimation of when repayment will occur. The undiscounted amount of the creditor at 31 December 2023 is $3.0 million (2022: $3.0 million).

The $1.0 million payment made in 2022 has been included in the Group cash flow statement as investment in exploration and evaluation assets. The full amount of $4 million less the discount of $0.7 million has been capitalised in the Group balance sheet in the year end 31 December 2022 as an intangible asset – exploration and evaluation.

Notes to the Group financial statements *continued*

year ended 31 December 2023

22 Interest-bearing loans and borrowings

	Interest rate (per cent.)	Final maturity date	2023 $000	2022 $000
$1,000,000 bank loan	5.5 per annum	May 2024	1,002	—
$2,500,000 bank loan	5.5 per annum	May 2024	2,505	—
$1,500,000 bank loan	5.5 per annum	May 2024	1,504	—
$5,650,000 bank loan	0.5 per month	April 2024	5,678	—
$10,000,000 bank loan	6.5 per annum	May 2026	10,045	—
			20,734	—

	2023 $000	2022 $000
Loans repayable in less than one year	13,629	—
Loans repayable in more than one year	7,105	—
	20,734	—

The directors consider that the carrying amount of the interest-bearing loans and borrowings approximates to their fair value.

$1,000,000 bank loan

The loan is unsecured and repayable in full on 11 May 2024.

$2,500,000 bank loan

The loan is unsecured and repayable in full on 11 May 2024.

$1,500,000 bank loan

The loan is unsecured and repayable in full on 11 May 2024.

$5,650,000 bank loan

The loan is secured against a $6 million deposit maintained with the lender. The principal is repayable in 2 instalments of $2,818,659 and $2,831,341 in March 2024 and April 2024 respectively. The $6 million deposit has been disclosed as restricted cash in the Group balance sheet at 31 December 2023.

$10,000,000 bank loan

The loan is unsecured. The borrowing commenced on 6 November 2023. The loan has a 6-month capital repayment grace period during which only interest of $54,167 per month is payable. From May 2024 till May 2026, 25 equal monthly repayments of principal and interest totalling $413,306 will be made to repay the principal on a monthly reducing balance basis. A final repayment of principal and interest of $413,306 will also be made in May 2026.

23 Changes in liabilities arising from financing activities

	2023			
	1 January $000	Cash flows $000	Other $000	31 December $000
Interest-bearing loans and borrowings	—	20,370	364	20,734
Lease liabilities	2,708	(697)	460	2,471
Total liabilities from financing activities	2,708	19,763	824	23,205

	2022			
	1 January $000	Cash flows $000	Other $000	31 December $000
Lease liabilities	3,293	(648)	63	2,708
Total liabilities from financing activities	3,293	(648)	63	2,708

24 Provision for rehabilitation

	2023 $000	2022 $000
1 January	**16,006**	11,922
(Disposals)/additions	**(2,866)**	5,704
Accretion expense	**959**	425
Effect of passage of time and change in discount rate	**(1,151)**	(2,045)
31 December	**12,948**	16,006

The Group has a liability for restoration, rehabilitation and environmental costs arising from its mining operations. Estimates of the cost of this work including reclamation costs, close down and pollution control are made on an ongoing basis, based on the estimated life of the mine. Disposals and additions disclosed above represent changes to these cost estimates. The provision represents the net present value of the best estimate of the expenditure required to settle the obligation to rehabilitate any environmental disturbances caused by mining operations. The undiscounted liability for rehabilitation at 31 December 2023 was $19,115,000 (2022: $24,235,000). The undiscounted liability was discounted using a risk-free rate of 6.57 per cent. (2022: 5.99 per cent.). Expenditures on restoration and rehabilitation works are expected between 2028 and 2030 (2022: between 2028 and 2030).

25 Financial instruments

Financial risk management objectives and policies

The Group's principal financial instruments at 31 December 2023 comprised cash and cash equivalents and borrowings. The Group also had letters of credit outstanding during the year ended 31 December 2023 but these were all settled during the year. The main purpose of these financial instruments is to finance the Group operations. The Group has other financial instruments, such as trade and other receivables and trade and other payables, which arise directly from its operations. Surplus cash within the Group is put on deposit, the objective being to maximise returns on such funds whilst ensuring that the short-term cash flow requirements of the Group are met.

The main risks that could adversely affect the Group's financial assets, liabilities or future cash flows are capital risk, market risk, interest rate risk, foreign currency risk, liquidity risk and credit risk. Management reviews and agrees policies for managing each of these risks which are summarised below.

The following discussion also includes a sensitivity analysis that is intended to illustrate the sensitivity to changes in market variables on the Group's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable. Financial instruments affected by market risk include bank loans and overdrafts, accounts receivable, accounts payable and accrued liabilities.

The sensitivity has been prepared for the years ended 31 December 2023 and 2022 using the amounts of debt and other financial assets and liabilities held as at those reporting dates.

Capital risk management

The capital structure of the Group at 31 December 2023 consists of cash and cash equivalents, bank borrowings, lease liabilities and equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity. The Group also had letters of credit outstanding during the year ended 31 December 2023 but these were all settled during the year. The Group may enter into additional bank and other loans and letters of credit in the future. The Group has sufficient capital to fund ongoing production and exploration activities, with capital requirements reviewed by the board on a regular basis. Capital has been sourced through share issues on AIM, part of the London Stock Exchange, and loans from banks in Azerbaijan and elsewhere. In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through capital growth. In order to achieve this objective, the Group seeks to maintain a gearing ratio that balances risk and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. None of the Group's borrowings at 31 December 2023 were subject to covenants.

The Group is not subject to externally imposed capital requirements and monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 70 per cent.

Interest rate risk

The Group's cash deposits are at a fixed rate of interest. The Group's bank borrowings and letters of credit outstanding during the year ended 31 December 2023 were also at a fixed rate of interest. The Group would expect any future bank borrowings and letters of credit to be at a fixed rate of interest. The Group may also utilise supplier financing at a variable rate of interest but supplier financing was not utilised during the year ended 31 December 2023.

The Group manages the risk by mostly utilising fixed rate instruments, with approval from the directors required for all new borrowing facilities.

The Group has not used any interest rate swaps or other instruments to manage its interest rate profile during 2023 and 2022.

Notes to the Group financial statements *continued*
year ended 31 December 2023

25 Financial instruments continued
Liquidity risk
Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial liabilities. The Group has access to local sources of both short and long-term finance should this be required.

The table below summarises the maturity profile of the Group's financial liabilities based on their contractual payment amounts as disclosed in the Group balance sheet.

Year ended 31 December 2023

	On demand $000	Less than 3 months $000	3 to 12 months $000	1 to 5 years $000	>5 years $000	Total $000
Lease liabilities	—	139	416	1,916	—	2,471
Interest-bearing loans and borrowings	—	2,903	10,726	7,105	—	20,734
Trade and other payables	—	9,200	—	4,219	—	13,419
	—	12,242	11,142	13,240	—	36,624

Year ended 31 December 2022

	On demand $000	Less than 3 months $000	3 to 12 months $000	1 to 5 years $000	>5 years $000	Total $000
Lease liabilities	—	105	314	2,289	—	2,708
Trade and other payables	—	18,022	—	2,897	—	20,919
	—	18,127	314	5,186	—	23,627

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The maximum credit risk exposure relating to financial assets is represented by their carrying value as at the consolidated statement of financial position date.

The Group has adopted a policy of only dealing with creditworthy banks and has cash deposits held with reputable financial institutions. These usually have a lower to upper medium grade credit rating. Trade receivables consist of amounts due to the Group from sales of gold and silver bullion and copper and precious metal concentrates. Sales of gold and silver bullion are made to MKS Finance SA and Argor Heraeus SA, Switzerland-based gold refineries, and copper concentrate is sold to Industrial Minerals SA, Trafigura PTE Ltd and Metal-Kim Metalurji Ve Kimya Tarim Sanayi Tic Ltd Sti. Due to the nature of the customers, the board of directors does not consider that a significant credit risk exists for receipt of revenues. The board of directors continually reviews the possibilities of selling gold to alternative customers and also the requirement for additional measures to mitigate any potential credit risk.

Foreign currency risk
The presentational currency of the Group is United States Dollars. The Group is exposed to currency risk due to movements in foreign currencies relative to the United States Dollar affecting foreign currency transactions and balances.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at 31 December are as follows:

	Liabilities		Assets	
	2023 $000	2022 $000	**2023 $000**	2022 $000
UK Sterling	**477**	253	**149**	473
Azerbaijan Manats	**8,905**	9,503	**2,392**	2,300
Other	**2,519**	698	**1**	65

25 Financial instruments continued

Foreign currency sensitivity analysis

The Group is mainly exposed to the currency of the United Kingdom (UK Sterling), the currency of the European Union (Euro) and the currency of the Republic of Azerbaijan (Azerbaijan Manat).

The following table details the Group's sensitivity to a 10.44 per cent., 10.24 per cent. and 10.00 per cent. (2022: 10.60 per cent., 10.60 per cent. and 0.14 per cent.) increase in and a 10.44 per cent, 10.24 per cent. and 10.00 per cent. (2022: 10.6 per cent., 10.6 per cent. and 0.14 per cent.) decrease in the United States Dollar against United Kingdom Sterling, Euro and Azerbaijan Manat, respectively. These are the sensitivity rates used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for respective change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the United States Dollar strengthens by the mentioned rates against the relevant currency. Weakening of the United States Dollar against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be reversed.

	UK Sterling impact		Azerbaijan Manat impact		Euro impact	
	2023 $000	2022 $000	**2023 $000**	2022 $000	**2023 $000**	2022 $000
Increase – effect on (loss)/profit before tax	**34**	(23)	**651**	10	**258**	67
Decrease – effect on (loss)/profit before tax	**(34)**	23	**(651)**	(10)	**(258)**	(67)

Market risk

The Group's activities are exposed to the financial risk of changes in the price of gold, silver and copper. These changes have a direct impact on the Group's revenues. The management and board of directors continuously monitor the spot price of these commodities. The forward prices for these commodities are also regularly monitored. The majority of the Group's production is sold by reference to the spot price of the commodity on the date of sale. However, the board of directors will enter into forward and option contracts for the purchase and sale of commodities when it is commercially advantageous.

A 10 per cent. decrease in gold price in the year ended 31 December 2023 would result in a reduction in revenue of $3.3 million (2022: $6.7 million). and a 10 per cent. increase in gold price would have the equal and opposite effect A 10 per cent. decrease in silver price would result in a reduction in revenue of $0.06 million (2022: $0.02 million) and a 10 per cent. increase in silver price would have an equal and opposite effect. A 10 per cent. decrease in copper price would result in a reduction in revenue of $1.4 million (2022: $1.6 million) and a 10 per cent. increase in copper price would have an equal and opposite effect.

26 Share capital and merger reserve

	2023		2022	
	Number	**£**	Number	£
Authorised				
Ordinary shares of 1 pence each	**600,000,000**	**6,000,000**	600,000,000	6,000,000

	Shares	**$000**	Shares	$000
Ordinary shares issued and fully paid				
1 January and 31 December	**114,392,024**	**2,016**	114,392,024	2,016

Fully paid ordinary shares carry one vote per share and carry the right to dividends. 150,000 ordinary shares were bought back during the year ended 31 December 2022 and are now held in treasury (note 28 – 'Treasury shares').

Share options

The Group has a share option scheme under which options to subscribe for the Company's shares are granted to certain executives and senior employees (note 29 – 'Share based payment').

Merger reserve

The merger reserve was created in accordance with the merger relief provisions under Section 612 of the Companies Act 2006 (as amended) relating to accounting for Group reconstructions involving the issue of shares at a premium. In preparing Group consolidated financial statements, the amount by which the base value of the consideration for the shares allotted exceeded the aggregate nominal value of those shares was recorded within a merger reserve on consolidation, rather than in the share premium account.

Notes to the Group financial statements *continued*
year ended 31 December 2023

27 Share premium

	2023 $000	2022 $000
1 January and 31 December	**33**	33

28 Treasury shares

	2023		2022	
	Number	**$000**	Number	$000
1 January	**150,000**	**145**	—	—
Shares bought back during the year	—	—	150,000	145
31 December	**150,000**	**145**	150,000	145

The Company bought back the following ordinary shares in the year ended 31 December 2022:

Date of buyback	Number of shares	Price per share Pence	Total cost £	Total cost $000
21 July 2022	50,000	81.75	40,875	49
10 August 2022	50,000	89.50	44,750	54
16 September 2022	50,000	73.00	36,500	42
	150,000	81.42*	122,125	145

* Average cost.

29 Share-based payment

The Group operates a share option scheme for directors and senior employees of the Group. The period during which share options can be exercised is determined by the board of directors for each individual grant of share options subject to exercise not taking place later than the tenth anniversary of their issue. Options are exercisable at a price equal to the closing quoted market price of the Group's shares on the date the board of directors give approval to grant options. Options are forfeited if the employee leaves the Group and the options are not exercised within three months from leaving date.

The number and weighted average exercise prices ("WAEP") of, and movements in, share options during the year were as follows:

	2023		2022	
	Number	**WAEP Pence**	Number	WAEP Pence
1 January	**380,000**	**113**	220,000	115
Granted during the year	—	—	160,000	111
Outstanding at 31 December	**380,000**	**113**	380,000	113
Exercisable at 31 December	**300,000**	**114**	110,000	115

The weighted average remaining contractual life of the share options outstanding at 31 December 2023 was 3.5 years (2022: 4.0 years) and their average exercise price was 113 pence (2022: 113 pence).

There were no share options issued in the year ended 31 December 2023. On 2 February 2022, 160,000 share options were granted at a price of £1.11.

Share options are valued using the assumption that they will only be exercised if the share price prevailing at the date of exercise is equal to, or above, the price at which the options were granted. This methodology approximates to valuing the share options using a Black-Scholes model.

The Group recognised total expense related to equity-settled share-based payment transactions for the year ended 31 December 2023 of $147,000 (2022: $412,000).

30 Distributions paid

	2023 $000	2022 $000
Cash dividends on ordinary shares declared and paid		
Final dividend for 2021: 3.5 US cents per share	—	3,995
Interim dividend for 2022: 4.0 US cents per share	—	4,617
Final dividend for 2022: 4.0 US cents per share	**4,603**	—
	4,603	8,612

30 Distributions paid continued

Cash dividends are declared in US dollars but paid in pounds Sterling. Dividends are converted into pounds Sterling using a five-day average of the sterling closing mid-price published by the Bank of England at 4pm each day for a specified week prior to payment of the dividend.

The rates used to convert the dividends from US dollars into pounds Sterling for the dividends above which have been paid and the corresponding sterling amount of dividend are as follows:

	Conversion rate	Dividend pence
Final dividend for 2021: 3.5 US cents per share	1.1994	2.9181
Interim dividend for 2022: 4.0 US cents per share	1.1249	3.5559
Final dividend for 2022: 4.0 US cents per share	1.2730	3.1421

31 Subsidiary undertakings and associate company

Anglo Asian Mining PLC is the parent and ultimate parent of the Group.

The Company's subsidiaries included in the Group financial statements at 31 December 2023 are as follows:

Name	Country of incorporation*	Primary place of business	Percentage of holding per cent.
Anglo Asian Operations Limited	England and Wales	United Kingdom	100
Holance Holdings Limited	British Virgin Islands	Azerbaijan	100
Anglo Asian Cayman Limited	Cayman Islands	Azerbaijan	100
R.V. Investment Group Services LLC	Delaware, USA	Azerbaijan	100
Azerbaijan International Mining Company Limited	Cayman Islands	Azerbaijan	100

There has been no change in subsidiary undertakings since 1 January 2023.

The Company's associate company included in the Group financial statements at 31 December 2023 is as follows:

Name	Registered address	Primary place of business	Percentage of holding per cent.
Libero Copper & Gold Corporation	Suite 905 – 1111 West Hastings Vancouver, British Columbia Canada, V6E 2J3	The Americas	13.11

* See note 6 – "Subsidiaries" of notes to the Company financial statements for the registered address of the subsidiaries.

The associate company was acquired in the year ended 31 December 2022.

32 Contingencies and commitments

The Group undertakes its mining operations in the Republic of Azerbaijan pursuant to the provisions of an Agreement on the Exploration, Development and Production Sharing for Prospective Gold Mining Areas ("PSA"). The original agreement was dated 20 August 1997 and granted the Group mining rights over the following contract areas containing mineral deposits: Gedabek, Gosha, Ordubad Group (Piyazbashi, Agyurt, Shakardara, Kiliyaki), Soutely, Kyzilbulag and Vejnali. On 5 July 2022, amendments to the PSA were ratified by the Parliament of the Republic of Azerbaijan which granted the Group three new contract areas with a combined area of 882 square kilometres and relinquished the Soutely contract area. The parliamentary ratification was signed into law on 5 July 2022 by the President of the Republic of Azerbaijan.

The PSA contains various provisions relating to the obligations of 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 is now 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 in compliance with the environmental clauses contained in the PSA.

Notes to the Group financial statements *continued*

year ended 31 December 2023

33 Related party transactions

Trading transactions

During the years ended 31 December 2022 and 2023, there were no trading transactions between Group companies.

Other 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.

a Remuneration paid to the directors is disclosed in the report on directors' remuneration on page 60.

b During the year ended 31 December 2023, total payments of $4,173,000 (2022: $3,533,000) were made for processing equipment and supplies purchased from Proses Muhendislik Danismanlik Inshaat ve Tasarim Anonim Shirket, an entity in which the vice president of technical services of Azerbaijan International Mining Company has a direct ownership interest.

At 31 December 2023 there is a payable in relation to the above related party transaction of $33,000 (2022: $250,000).

c During the year ended 31 December 2023, total payments of $282,000 (2022: $1,609,000) were made for processing equipment and supplies 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.

d 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 was 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. In June 2023, the loan was renewed on the same terms as previously except the term of the loan was extended for three years from the date of the original advance and the interest rate was increased to 6 per cent.

e During 2023, Ilham Khalilov was promoted to Vice President, Azerbaijan International Mining Company ("AIMC") and become a member of the key management personnel of the Group. On 1 October 2020, AIMC lent $245,000 to Ilham Khalilov for a period of 3 years. On 1 October 2023, the loan was extended until 31 December 2026 at an interest rate of 6 per cent.

All of the above transactions were made on arm's length terms.

34 Subsequent events

Libero Copper & Gold Corporation

On 19 January 2024, Libero Copper & Gold Corporation ("Libero') announced a 1 for 10 common share consolidation. The common share consolidation was effective from 13 February 2024. Libero had approximately 174.8 million common shares outstanding at the date of the consolidation and following the consolidation had approximately 17.5 million common shares outstanding. The number of common shares the Company held prior to the consolidation was 21,300,000 which was reduced to 2,130,000 common shares after the share consolidation.

On 22 January 2024, Libero announced a non-brokered private placement for aggregate gross proceeds of up to CAN $3 million. The private placement completed on 15 February 2024. The Company did not participate in the private placement and its interest in Libero reduced to approximately 5.7 per cent and Michael Sununu resigned from the board of directors of Libero. Libero ceased to be an associated company from that date.

Caterpillar financing of mining fleet

On 2 May 2024, Azerbaijan International Mining Company (a wholly owned subsidiary of the Group), agreed and signed a vendor financing facility with Caterpillar Financial Services Corporation. The principal terms of the facility were as follows:

- Amount of the financing: $3,708,000
- Guarantor: Anglo Asian Mining PLC
- Interest rate: CME Term SOFR rate plus a margin of 2 per cent.
- Repayment of interest: quarterly
- Repayment of capital: 12 equal quarterly installments
- Security: The equipment purchased under the agreement
- Net debt to EBITDA and net worth covenants
- Prepayment: allowed subject to a fee

This loan agreement represents a non-adjusting event for the year ended 31 December 2023. The accounting implications of this agreement will be recognised in the year ending 31 December 2024.

Renewal of bank financing in 2024

The three bank loans which totalled $5 million and matured in May 2024, were consolidated into a single loan of $5 million, which was renewed for a period to 11 May 2025 at an interest rate of 6.0 per cent. per annum.

The $5.65 million bank loan which matured in April 2024 was renewed for a further period to 3 March 2025 at an interest rate of 0.5 per cent. per month.

Company statement of financial position

31 December 2023

	Notes	2023 $000	2022 $000
Non-current assets			
Property, plant and equipment	3	**83**	113
Investments	4	**1,325**	1,325
Non-current financial assets	5	**242**	1,864
Other receivables	6	**535**	—
		2,185	3,302
Current assets			
Other receivables	6	**63**	1,051
Cash and cash equivalents	8	**1,644**	9,760
		1,707	10,811
Total assets		**3,892**	14,113
Current liabilities			
Trade and other payables	9	**(9,783)**	(10,991)
Net current liabilities		**(8,076)**	(180)
Total liabilities		**(9,783)**	(10,991)
Net (liabilities)/assets		**(5,891)**	3,122
Equity			
Share capital	11	**2,016**	2,016
Share premium	13	**33**	33
Treasury shares	14	**(145)**	(145)
Share-based payment reserve		**183**	142
Retained profit		**(7,978)**	1,076
Total equity		**(5,891)**	3,122

The (loss)/profit dealt with in the financial statements of the Company is $4,451,000 (2022: profit of $3,977,000).

These Company financial statements were approved by the board of directors and authorised for issue on 15 May 2024. They were signed on its behalf by:

Reza Vaziri
President and chief executive

Company statement of changes in equity

year ended 31 December 2023

	Notes	Share capital $000	Share premium $000	Treasury shares $000	Share-based payment reserve $000	Retained profit/(loss) $000	Total equity $000
1 January 2022		2,016	33	—	7	5,711	7,767
Profit for the year		—	—	—	—	3,977	3,977
Purchase of shares for treasury	14	—	—	(145)	—	—	(145)
Cash dividends paid	15	—	—	—	—	(8,612)	(8,612)
Share-based payment		—	—	—	135	—	135
31 December 2022		2,016	33	(145)	142	1,076	3,122
Loss for the year		—	—	—	—	(4,451)	(4,451)
Cash dividends paid	15	—	—	—	—	(4,603)	(4,603)
Share-based payment		—	—	—	41	—	41
31 December 2023		**2,016**	**33**	**(145)**	**183**	**(7,978)**	**(5,891)**

Notes to the Company financial statements

year ended 31 December 2023

1 Basis of preparation

The parent company financial statements of Anglo Asian Mining PLC are presented as required by the Companies Act 2006 and were approved for issue on 15 May 2024.

The parent company financial statements have been prepared using the accounting policies set out in note 2 and in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework', ("FRS 101").

As permitted by FRS 101, the Company has taken advantage of the following disclosure exemptions under FRS 101:

(a) the requirements of IFRS 7 – Financial Instruments Disclosures;

(b) the requirements of paragraphs 10(d), 16, 38A to 38D, 111 and 134 to 136 of IAS 1 – Presentation of Financial Statements;

(c) the requirements of IAS 7 – Statement of Cash Flows;

(d) the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 – Share-based payments; and

(e) the requirements of paragraphs 17 of IAS 24 – Related Party Disclosures.

Where relevant, equivalent disclosures have been given in the Group financial statements, included in this Annual Report.

The Company has applied the exemption from the requirement to publish a separate income statement for the parent company set out in section 408 of the Companies Act 2006.

The parent company 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 parent company financial statements are presented in United States Dollars ("$") and all values are rounded to the nearest thousand except where otherwise stated. In the Group financial statements "£" and "pence" are references to the United Kingdom pound sterling and "CAN$" and "CAN cents" are references to Canadian dollars and cents. As permitted by section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of the parent company financial statements.

2 Material accounting policies

2.1 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The initial cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on cost in annual instalments over the estimated useful lives of assets which are reviewed annually. Property, plant and equipment is mainly office and computer equipment which are depreciated on a straight line basis over four years.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

2.2 Investments

Investments in subsidiaries are stated at cost, and where appropriate, less any provision for impairment. Impairment is tested annually by comparing the recoverable amount of the underlying subsidiary to the carrying value of the investment, with any shortfall provided for during the period.

2.3 Other financial assets

Other financial assets are listed equity investments and any associated warrants to acquire additional shares in the investment and are held at fair value through profit or loss. They are recognised in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss account. They are classified as current assets with the exception of investments which the Group intend to hold for greater than one year from the balance sheet and which will be accounted for in the Group accounts as an associated company.

2.4 Other receivables

Other receivables include prepayments, advances and other miscellaneous debtors. They are valued at the amount expected to be realised subsequent to the balance sheet date.

2.5 Deferred taxation

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are not recognised in respect of temporary differences where there is insufficient evidence that the asset will be recovered.

2.6 Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

Notes to the Company financial statements *continued*

year ended 31 December 2023

2 Material accounting policies continued

2.7 Share-based payments

The Company has applied the requirements of IFRS 2 – 'Share-based Payment'. IFRS 2 has been applied to all grants of equity instruments.

The Company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed to the profit and loss account on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

The fair value of share options is calculated using the assumption that they will only be exercised if the share price prevailing at the date of exercise is equal to, or above, the price at which the options were granted. This methodology approximates to valuing the share options using a Black-Scholes model. The expected life used in the model has been calculated using management's best estimate of the effects of non-transferability, exercise restrictions and behavioural considerations. The vesting condition assumptions are reviewed during each reporting period to ensure they reflect current expectations.

3 Property, plant and equipment

	Office equipment $000
Cost	
1 January 2022	382
Additions	19
31 December 2022 and 2023	401
Depreciation	
1 January 2022	260
Charge for the year	28
31 December 2022	288
Charge for the year	30
31 December 2023	**318**
Net book value	
31 December 2022	113
31 December 2023	**83**

4 Investments

	2023 $000	2022 $000
Shares in subsidiary undertakings		
Anglo Asian Operations Limited	**1,325**	1,325

5 Other financial assets

Non-current	**2023 $000**	2022 $000
Derivatives not designated as hedging instruments		
Share warrants	**—**	39
Financial assets at fair value through profit or loss		
Listed equity investments	**242**	1,825
	242	1,864

5 Other financial assets continued

Derivatives not designated as hedging instruments

Share warrants

The Group has acquired share warrants in Libero Copper & Gold Corporation ("Libero") which were attached to certain of its subscriptions for ordinary shares. Details of these warrants are as follows:

Date of issue	Number of warrants	Exercise price (CAN cents)	Length of warrant	Last day of exercise
22 December 2021	2,800,000	75	24 months	21 December 2023
26 January 2022	3,500,000	75	24 months	25 January 2024
6 January 2023	2,600,000	22	24 months	5 January 2025
17 February 2023	3,200,000	22	24 months	16 February 2025

None of the share warrants in Libero had been exercised at the date of the signing the financial statements. The 2,800,000 warrants issued on 22 December 2021 at 75 CAN cents per warrant expired in the year ended 31 December 2023.

The share warrants outstanding at 31 December 2022 were valued using a risk-neutral binomial tree. Quantitative information about the fair value measurement of the warrants using significant directly or indirectly observable inputs was as follows:

Assumption	31 December 2022
Share price of Libero	CAD$0.16
Option exercise price	CAD$0.75
Acceleration condition	CAD$1.00
Lapse date	
2,800,000 warrants issued 22 December 2021	21 December 2023
3,500,000 warrants issued 26 January 2022	25 January 2024
Risk free rate	4.6 per cent.
Expected volatility – daily	6.88 per cent.
Expected volatility – annualised	109.26 per cent.
Discount for lack of marketability	13.97 per cent.
Exchange rate	US$1 = CAD$1.3549

No value has been ascribed to the share warrants outstanding at 31 December 2023.

Forward contract for the purchase of shares

In December 2021, the Group subscribed for 12,600,000 shares in 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 at 31 December 2021. The forward contract is measured at fair value at 31 December 2021. The carrying value of the forward contract of $214,000 was expensed to other expense following the acquisition of the 7,000,000 shares in January 2022.

Financial assets at fair value through profit or loss

Listed equity investments

At 31 December 2023, these were 21,300,000 (2022: 15,500,000) shares in Libero, a company which is listed on the Toronto Ventures Stock Exchange in Canada.

Further information about the Company's investment in Libero is given in note 11 to the Group financial statements – "Investment in an associate company".

Notes to the Company financial statements *continued*

year ended 31 December 2023

6 Other receivables

	2023 $000	2022 $000
Non current assets		
Loan	**535**	—

	2023 $000	2022 $000
Current assets		
Prepayments	**1**	103
Loan	**—**	510
VAT receivable from HMRC	**44**	438
Advances	**18**	—
	63	1,051

7 Subsidiaries

Anglo Asian Mining PLC is the parent and ultimate parent of the Group.

The Company's subsidiaries at 31 December 2023 are set out in the table below. All subsidiaries are 100 per cent. owned and their financial statements are included in the consolidated group financial statements:

Name	Registered office address	Primary activity
Anglo Asian Operations Limited	33 St James's Square London SW1 4JS United Kingdom	Holding company
Holance Holdings Limited	Vistra Corporate Services Centre Wickhams Cay II Road Town Tortola VG1110 British Virgin Islands	Holding company
Anglo Asian Cayman Limited	Floor 2 Willow House Cricket Square PO Box 709 Grand Cayman KY1 1107 Cayman Islands	Holding company
R.V. Investment Group Services LLC	15 East North Street Dover Kent Delaware United States of America	Mineral development
Azerbaijan International Mining Company Limited	Floor 2 Willow House Cricket Square PO Box 709 Grand Cayman KY1 1107 Cayman Islands	Mining

There has been no change in subsidiary undertakings since 1 January 2023.

8 Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less.

There are no restrictions over the access to, and use of, the Company's bank and cash balances, other than those that customarily relate to periodic short-term deposits.

9 Trade and other payables

	2023 $000	2022 $000
Trade creditors	**119**	39
Accruals	**313**	184
PAYE and NI payable to HMRC	**27**	27
Amounts owed to subsidiary undertakings	**9,324**	10,741
	9,783	10,991

The amounts due to subsidiary undertakings are interest free and have no fixed date for repayment.

10 Deferred taxation

	2023 $000	2022 $000
The elements of unrecognised deferred taxation are as follows:		
Tax losses	**32,805**	28,354
Unrecognised deferred tax asset	**6,561**	5,671

A deferred tax asset has not been recognised in respect of temporary differences relating to tax losses as there is insufficient evidence that the asset will be recovered. None of the assets are recognised. The asset would be recovered if suitable taxable profits were generated in future periods.

11 Share capital

	2023		2022	
	Number	£	Number	£
Authorised				
Ordinary shares of 1 pence each	**60,000,000**	**6,000,000**	600,000,000	6,000,000

	Shares	$000	Shares	$000
Ordinary shares issued and fully paid				
1 January and 31 December	**114,392,024**	**2,016**	114,392,024	2,016

Fully paid ordinary shares carry one vote per share and carry the right to dividends. 150,000 ordinary shares were bought back during the year ended 31 December 2022, and are now held in treasury (see note 14 – "Treasury shares").

12 Share-based payments

Equity-settled share option scheme

Details of the Company's equity-settled share option scheme are given in note 29 to the Group financial statements.

13 Share premium account

	2023 $000	2022 $000
1 January and 31 December	**33**	33

Notes to the Company financial statements *continued*
year ended 31 December 2023

14 Treasury shares

	2023		2022	
	Number	$000	Number	$000
1 January	**150,000**	**145**	—	—
Shares bought back during the year	—	—	150,000	145
31 December	**150,000**	**145**	150,000	145

The Company bought back the following ordinary shares in the year ended 31 December 2022:

Date of buyback	Number of shares	Price per share Pence	Total cost £	Total cost $000
21 July 2022	50,000	81.75	40,875	49
10 August 2022	50,000	89.50	44,750	54
16 September 2022	50,000	73.00	36,500	42
	150,000	**81.42***	**122,125**	**145**

* Average cost.

15 Distributions paid

	2023 $000	2022 $000
Cash dividends on ordinary shares declared and paid		
Final dividend for 2021: 3.5 US cents per share	—	3,995
Interim dividend for 2022: 4.0 US cents per share	—	4,617
Final dividend for 2022: 4.0 US cents per share	**4,603**	—
	4,603	8,612

Cash dividends are declared in US dollars but paid in pounds Sterling. Dividends are converted into pounds Sterling using a five-day average of the sterling closing mid-price published by the Bank of England at 4pm each day for a specified week prior to payment of the dividend.

The rates used to convert the dividends from US dollars into pounds Sterling for the dividends above which have been paid and the corresponding sterling amount of dividend are as follows:

	Conversion rate	Dividend pence
Final dividend for 2021: 3.5 US cents per share	1.1994	2.9181
Interim dividend for 2022: 4.0 US cents per share	1.1249	3.5559
Final dividend for 2022: 4.0 US cents per share	1.2730	3.1421

16 Subsequent events

Libero Copper & Gold Corporation

On 19 January 2024, Libero Copper & Gold Corporation ("Libero') announced a 1 for 10 common share consolidation. The common share consolidation was effective from 13 February 2024. Libero had approximately 174.8 million common shares outstanding at the date of the consolidation and following the consolidation had approximately 17.5 million common shares outstanding. The number of common shares the Company held prior to the consolidation was 21,300,000 which was reduced to 2,130,000 common shares after the share consolidation.

17 Auditor's remuneration

The Company paid $170,000 (2022: $160,000) to its auditor in respect of the audit of the financial statements of the Company. Fees paid to Ernst & Young LLP and its associates for non-audit services to the Company itself are not disclosed in the individual accounts of Anglo Asian Mining PLC because Group financial statements are prepared which are required to disclose such fees on a consolidated basis.

Letter to shareholders from the Chairman

Anglo Asian Mining PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 5227012)

Registered office

33 St James's Square, London SW1Y 4JS, United Kingdom

24 May 2024

To the holders of ordinary shares of Anglo Asian Mining PLC (the "Company").

Dear shareholder

Accompanying this letter you will find the Company's annual report and accounts for the year to 31 December 2023 together with the attached notice of the annual general meeting to be held on 20 June 2024 (the "Meeting") and a form of proxy. This letter is to explain the procedure for the annual general meeting and give the background to some of the resolutions to be put to shareholders at the Meeting.

Annual General Meeting ("AGM") for 2024

The meeting will be held on 20 June 2024 at 11.00am at 33 St James's Square, London SW1Y 4JS. All shareholders are welcome to attend.

Background to resolutions

Resolution 3 – Re-election of the director retiring by rotation

Under the Company's articles of association, one third of the directors of the board of directors (or, if the number of directors is not three or a multiple of three, the number nearest to and not exceeding one third) must retire at each annual general meeting and may offer themselves for re-election to the board of directors. This year Reza Vaziri is retiring in accordance with the Company's articles of association and is seeking re-election at the Meeting.

Resolution 4 – Authority to allot shares

This ordinary resolution deals with the renewal of the directors' authority to allot new ordinary shares during the course of the year in order to facilitate the business of the Company and renews the equivalent authority granted at last year's annual general meeting which expires at the end of the Meeting.

The current Investment Association guidelines state that Investment Association members will permit, and treat as routine, resolutions seeking authority to allot shares representing up to two-thirds of the Company's issued share capital, but on the basis that any authority to allot shares exceeding one-third of the Company's issued share capital can only be used to allot shares pursuant to a fully pre-emptive rights issue.

In accordance with these guidelines, resolution 5 proposes that directors be granted authority to allot shares in the capital of the Company up to a maximum amount representing the guideline limit of two-thirds of the Company's issued ordinary share capital as at 16 May 2024 (the latest practicable date prior to publication of this letter). Of this amount, half can only be allotted pursuant to a rights issue.

The authority will expire on the earlier of: (i) the conclusion of the next annual general meeting; or (ii) 30 June 2025 (being six months after the Company's accounting reference date).

Resolution 5 – Disapplication of statutory pre-emption rights

This resolution is a special resolution that renews the authority given at last year's Annual General Meeting and which seeks to give the directors the authority to allot securities for cash on a pre-emptive basis within the limits of the authority set out in resolution 5 and on a non pre-emptive basis up to a maximum of 10 per cent. of the issued ordinary share capital of the Company. The directors believe that it is in the best interests of the shareholders that the directors should have the right to allot relevant securities for cash on a pre-emptive basis and a limited authority to allot relevant securities for cash on a non-pre-emptive basis.

Letter to shareholders from the Chairman *continued*

Background to resolutions continued

Resolution 6 – Buyback of shares

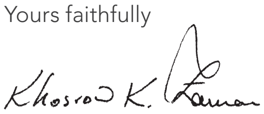
This resolution is a special resolution to provide the Company with the necessary authority to purchase its ordinary shares. If the resolution is passed, the authority will expire at the conclusion of the Annual General Meeting of the Company to be held in 2025 or, if earlier, at the close of business on 30 June 2025, unless renewed before that time. The directors intend to exercise this right only when, in light of market conditions prevailing at the time, they are satisfied that any purchase will increase the earnings per share of the ordinary share capital in issue after the purchase and, accordingly, that the purchase is in the interests of shareholders. The directors will also give careful consideration to any borrowing required by the Company and its general financial position. The maximum number of shares which may be purchased under the proposed authority will be 11,439,202 ordinary shares representing approximately 10 per cent. of the issued ordinary share capital of the Company. The price paid for ordinary shares will not be less than the nominal value. The price paid will not be more than the higher of 5 per cent. above the average of the middle market quotation of the Company's ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days preceding the day on which the shares are purchased and an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venue where the purchase is carried out.

The directors do not intend to use the authority granted by the resolution proposed this year to buy back shares without first seeking the approval of its independent shareholders and the Takeover Panel through the appropriate "Whitewash" procedures.

Recommendation

The directors consider all the resolutions to be put to the Meeting to be in the best interests of the Company and its shareholders as a whole and are most likely to promote the success of the Company for the benefit of its shareholders as a whole. Accordingly the directors unanimously recommend that you vote in favour of the proposed resolutions, as they intend to do in respect of their own beneficial shareholdings.

Yours faithfully



Khosrow Zamani

Non-executive chairman

Notice of annual general meeting of shareholders

NOTICE IS HEREBY GIVEN that the annual general meeting ("AGM") of the shareholders of Anglo Asian Mining PLC (the "Company") will be held on 20 June 2024 at 11.00am at 33 St James's Square, London SW1Y 4JS, United Kingdom for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1 to 4 (inclusive) will be proposed as ordinary resolutions and resolutions 5 and 6 will be proposed as special resolutions:

Ordinary resolutions

1 THAT the consolidated financial statements and the reports of the board of directors and of the auditors for the year ended 31 December 2023 be received.

2 THAT Ernst & Young LLP be re-appointed as the auditors of the Company and that the board of directors be authorised to fix their remuneration.

3 THAT Reza Vaziri be re-elected as a director, having retired by rotation in accordance with the Company's articles of association.

4 THAT the directors be hereby authorised generally and unconditionally pursuant to Section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot equity securities (as defined in Section 560 of the Act):

(a) up to an aggregate nominal amount of £381,307*; and

(b) up to an aggregate nominal amount of £762,613** (including within such limit any equity securities issued under paragraph (a) above) in connection with an offer by way of a rights issue:

(i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(ii) to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary, and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any matter.

The authority granted by this resolution shall (unless previously revoked, varied or extended by the Company in general meeting) expire on the conclusion of the next AGM of the Company after the passing of this resolution or, if earlier, on 30 June 2025, save that the Company may at any time before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if this authority had not expired.

Special resolutions

5 THAT subject to the passing of resolution 4 above the directors be hereby empowered pursuant to Section 570 and Section 573 of the Act to allot equity securities (as defined by Section 560 of the Act) wholly for cash and/or to sell or transfer shares held by the Company in treasury ("Treasury Shares") as the directors deem appropriate (in the case of allotments, pursuant to the authority conferred by resolution 4 above) as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment (or, in the case of Treasury Shares, the sale or transfer) of equity securities:

(a) in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange or otherwise; and

(b) otherwise than pursuant to sub-paragraph (a) of this resolution up to an aggregate nominal amount of £114,392†,

and provided that this authority shall (unless previously revoked, varied or extended by the Company in general meeting) expire on the conclusion of the Company's next annual general meeting or, if earlier, 30 June 2025 save that the Company may, at any time before such expiry make an offer or agreement which would or might require equity securities to be allotted (or in the case of Treasury Shares, sold or transferred) after such expiry and the directors may allot (or in the case of Treasury Shares, sell or transfer) equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred hereby has expired.

Notice of annual general meeting of shareholders *continued*

Special resolutions continued

6 THAT the Company be and it is hereby generally authorised to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of £0.01 each in the capital of the Company on such terms and in such manner as the board of directors may from time to time determine, provided that:

(a) the number of such ordinary shares hereby authorised to be purchased by the Company shall not exceed 11,439,202;

(b) the minimum price (exclusive of expenses) which may be paid for any ordinary share shall be £0.01, being the nominal value of each ordinary share;

(c) the maximum price (exclusive of expenses) which may be paid for each ordinary share shall be the higher of:

(i) an amount equal to 105 per cent. of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the ordinary share is purchased; and

(ii) an amount equal to the higher of the price of the last independent trade of any ordinary share and the highest current independent bid for an ordinary share on the trading venue where the purchase is carried out.

Unless previously revoked, renewed, extended or varied, the authority hereby conferred shall expire at the conclusion of the annual general meeting of the Company to be held in 2025 or, if earlier, at the close of business on 30 June 2025, provided that the Company may effect purchases following the expiry of such authority if such purchases are made pursuant to contracts for purchases of ordinary shares which are entered into by the Company on or prior to the expiry of such authority.

By order of the board of directors

W R Morgan

William Morgan
Company Secretary
33 St James's Square
London SW1Y 4JS
United Kingdom
24 May 2024

* Calculated as one third of the nominal value of the total issued ordinary share capital (i.e. 114,392,024 shares of nominal value £1,143,920.24).

** Calculated as two thirds of the nominal value of the total issued ordinary share capital (£1,143,920.24).

† 10 per cent. of the ordinary issued share capital of the Company (£1,143,920.24).

Notes

1 A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to exercise any of their rights to attend, speak and vote on their behalf at the AGM. A proxy need not be a member of the Company. Where more than one proxy is appointed, each proxy must be appointed for different shares. A proxy form is enclosed. Completion and return of a proxy form will not preclude a member from attending and voting at the AGM. To be effective, the form of proxy must be completed, signed and lodged (together with the authority, if any, under which this form of proxy is signed or a certified copy of such authority) at Link Group, PXS 1, Central Square, 29 Wellington Street, LEEDS LS1 4DL not later than 11.00am 18 June 2024.

2 In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the register of members of the Company at close of business on 18 June 2024 shall be entitled to vote in respect of shares registered in their name at that time. Changes to the register of members after close of business on 18 June 2024 shall be disregarded in determining the rights of any person to attend or vote at the AGM.

3 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message ("a CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent ("RA10") by 11.00am on 18 June 2024 or if the meeting is adjourned, at least 48 hours before the start of the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

Company information

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