

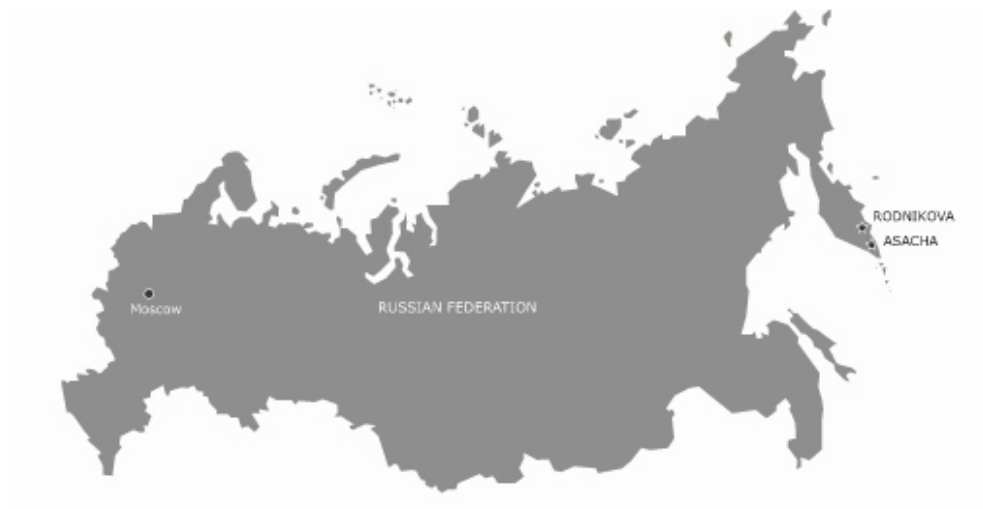
# INVESTING IN RUSSIAN GOLD



**Trans-Siberian Gold plc**

INTERIM REPORT 2015

# Highlights



- **First half Asacha dore production 19,088 oz. gold, 25,594 oz. silver, increases of 15.5% and 16.3% respectively**
- **Refined gold and silver production 17,746 oz. and 23,420 oz. respectively, 8.6% and 5.4% higher than first half 2014**
- **Asacha plant processed average 13,252 tonnes per month, 6.0% above target**
- **Cost of sales \$712/oz. and cash costs \$489/oz., 43.9% and 40.6% lower than first half 2014**
- **\$4.1 million loan instalments prepaid**

## Contents

01	Chief Executive Officer's report
03	Condensed consolidated Statement of Financial Position
04	Condensed consolidated Statement of Comprehensive Income
05	Condensed consolidated Statement of Changes in Equity
06	Condensed consolidated Statement of Cash Flows
07	Notes to the condensed interim financial information
	ibc Directors and Advisors

# Chief Executive's Operating Review

Our results for the six months to 30 June 2015 included increases of 15.5% and 16.3% respectively in gold and silver in core production at Asacha and increases in refined gold and silver production of, respectively, 8.6% and 5.4% compared to the first half of 2014.

Revenue from the sale of 17,714 oz. of refined gold and 23,840 oz. of refined silver (2014 first half: 15,244 oz. and 21,178 oz. respectively) was \$21.1 million and \$373,000 respectively (2014 first half: \$19.7 million and \$403,000). Average realised prices were \$1,192 per oz. gold and \$16 per oz. silver (2014 first half: \$1,290 per oz. and \$19 per oz.). Cost of sales per oz. gold, net of the credit from silver sales revenue, was \$712 (2014 first half: \$1,269). Cash cost per oz. gold including depletion, net of the silver credit and excluding royalty, was \$489 (2014 first half: \$824). Cash cost per oz. gold excluding depletion, net of the silver credit and excluding royalty, was \$400 (2014 first half: \$591). These significant reductions reflect the impact of the substantial depreciation of the Russian rouble against the US dollar which commenced in the second half of 2014.

As discussed below, an additional impairment provision of \$1.3 million (2014 first half: nil) has been recognised against the ore stockpile, reflecting the difference between its expected net realisable value at a gold price of \$1,106/oz. and cost, including processing, refining and royalties.

Administrative expenses for the half year amounted to \$482,000 in UK and \$2.0 million in Russia, in aggregate \$2.5 million compared to \$493,000 and \$2.4 million respectively, in aggregate \$2.9 million, for the corresponding period of 2014.

Finance income was \$212,000 (2014 first half: \$29,000). Finance costs were \$1.3 million (2014 first half: \$1.6 million).

The profit for the period was \$1.3 million (2014 first half loss: \$3.1 million) net of exchange losses of \$588,000 (2014 first half exchange gain: \$1.8 million). The profit for the period included a tax charge of \$1.9 million (2014 first half: \$862,000).

The additional impairment provision of \$1.3 million (2014 first half: nil) recognised against the ore stockpile, reflecting the impact of a lower gold price on lower grade material, has increased the total impairment provision against the ore stockpile to \$10.9 million, representing the difference between the ore stockpile's expected net realisable value at a gold price of \$1,106/oz. and cost, including processing, refining and royalties.

Cash and cash equivalents reduced from \$8.0 million at 31 December 2014 to \$7.6 million.

Borrowings reduced from \$26.1 million at 31 December 2014 to \$20.8 million, reflecting further repayments of the project finance facilities provided by Sberbank to the Company's subsidiary ZAO Trevozhnoye Zarevo (TZ) for the development of Asacha and the Company's repayment of loan facilities provided by its major shareholders. On 20 March 2015, in addition to the \$300,000 repayment due to Sberbank on that date, TZ prepaid \$2.2 million, which had been scheduled to be repaid in 2018. On 25 March 2015 and 27 March 2015 TZ made further prepayments of \$800,000 and \$900,000, respectively due on 20 June 2015 and 20 December 2015. No further repayments of the facilities are due in 2015, but, as discussed below, TZ made a further prepayment of \$1.0 million in August 2015.

In 2012 the Company's major shareholders UFG Asset Management (UFG) and AngloGold Ashanti Limited (AGA) provided TSG with loan facilities in aggregate \$781,000 on commercial terms, increased to an aggregate \$891,000 in January 2013. The terms of these facilities were extended, initially to 1 March 2013, with several subsequent extensions, finally to 31 March 2015. Both facilities were repaid in full on 12 March 2015.

## Asacha mine, Kamchatka Krai

In the six months to 30 June 2015 mine development and preparation works, by-product extraction works and exploration works comprised 1,838 metres with more than 88,000 tonnes of ore extracted.

In the reporting period the Asacha plant processed an average 13,252 tonnes of ore per month (2014 first half: 13,259 tonnes per month). Gold recovery averaged 95.6% during the reporting period (2014 first half: 94.66%). Ore dilution remained a problem, although average processed gold grades of 7.43 g/t and 8.17 g/t in the first and second quarters were, respectively, 5.4% and 21.6% higher than in the corresponding quarters in 2014. The first half average gold grade of 7.80 g/t represented a 13.5% improvement over first half 2014. In the year to 30 June 2015 the average processed gold grade was 8.15 g/t.

In June ore extraction was impacted by excessive water inflow into the mine due to exceptionally heavy rains and atypically quick snow melting. Increased water inflow at the levels below 200 metre had been expected and allowed for in the design documentation, however the actual inflow in June was substantially higher and necessitated a temporary halt to extraction at the 182 metre level and below, where the main mining activities in June were planned. By August 2015 the inflow had substantially decreased and underground stoping activities resumed at the 182 metre and lower levels, however the installation of additional pumping equipment in order to cope with any recurrence of this problem is being urgently addressed.

## Chief Executive's Operating Review - continued

Mining and production at Asacha in the first half of 2015 is shown in the following table.

		1 <sup>st</sup> quarter 2015	2 <sup>nd</sup> quarter 2015	1 <sup>st</sup> half 2015	July/ August 2015	January/ August 2015	January/ August 2014	1 <sup>st</sup> half 2014
Mine development	(metres)	1,152	686	1,838	833	2,671	2,306	1,714
Ore extracted	(tonnes)	43,598	44,535	88,133	28,426	116,559	132,788	99,557
Ore processed	(tonnes)	39,699	39,814	79,513	27,670	107,183	103,124	79,554
Average gold grade	(g/t)	7.43	8.17	7.80	7.40	7.70	7.24	6.87
Average silver grade	(g/t)	13.43	12.79	13.11	10.45	12.42	12.34	11.81
Gold recovery rate	(%)	95.19	95.97	95.60	95.12	95.48	94.91	94.66
Silver recovery rate	(%)	73.25	78.84	75.96	76.78	76.14	71.66	73.88
Gold in dore	(oz.)	9,044	10,044	19,088	6,279	25,367	22,582	16,526
Silver in dore	(oz.)	12,747	12,847	25,594	7,386	32,980	29,126	22,003
Gold refined	(oz.)	9,508	8,238	17,746	6,576	24,322	20,992	16,342
Silver refined	(oz.)	13,304	10,116	23,420	8,085	31,505	27,847	22,226

### Personnel

As at 30 June 2015, 529 personnel were employed in Kamchatka.

### Events after the reporting date

On 12 August 2015 ZAO Trevozhnoye Zarevo prepaid \$1.0 million of its two loan facilities for the Asacha project, which had been scheduled to be repaid in 2016.

### Dmitry Khilov

25 September 2015

The information in this report relating to Asacha's mineral resources is based on information compiled by Michael Stewart, a member of the Australasian Institute of Mining and Metallurgy, who has sufficient experience relevant to the styles of mineralisation and types of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Stewart is a Qualified Person as defined by the AIM Rules and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## Condensed Consolidated Statement of Financial Position at 30 June 2015

	Note	30 June 2015 unaudited \$000	30 June 2014 unaudited \$000	31 December 2014 audited \$000
<b>Assets</b>				
<b>Non-current assets</b>				
Mining properties	6	25,636	27,159	26,969
Property, plant and equipment	7	50,343	57,651	54,527
Deferred exploration and evaluation costs	8	1,643	1,643	1,643
Inventories	9	6,600	2,294	4,415
Deferred tax asset		1,617	4,016	3,476
<b>Total non-current assets</b>		<b>85,839</b>	<b>92,763</b>	<b>91,030</b>
<b>Current assets</b>				
Inventories	9	7,274	10,033	5,899
Trade and other receivables		2,308	2,776	1,421
Cash and cash equivalents		7,633	2,557	7,951
<b>Total current assets</b>		<b>17,215</b>	<b>15,366</b>	<b>15,271</b>
<b>Total assets</b>		<b>103,054</b>	<b>108,129</b>	<b>106,301</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Loans and borrowings	10	19,218	23,807	22,875
Deferred tax liabilities		-	-	-
Provisions	11	617	980	609
<b>Total non-current liabilities</b>		<b>19,835</b>	<b>24,787</b>	<b>23,484</b>
<b>Current liabilities</b>				
Trade and other payables		3,899	6,411	3,107
Borrowings	10	1,597	3,416	3,262
<b>Total current liabilities</b>		<b>5,496</b>	<b>9,827</b>	<b>6,369</b>
<b>Total liabilities</b>		<b>25,331</b>	<b>34,614</b>	<b>29,853</b>
<b>Total net assets</b>		<b>77,723</b>	<b>73,515</b>	<b>76,448</b>
<b>Capital and reserves attributable to owners of the Company</b>				
Share capital	15	18,988	18,988	18,988
Share premium	15	89,520	89,520	89,520
Retained deficit		(30,785)	(34,993)	(32,060)
<b>Total equity</b>		<b>77,723</b>	<b>73,515</b>	<b>76,448</b>

## Condensed Consolidated Statement of Comprehensive Income - for the 6 months ended 30 June 2015

	Note	6 months to 30 June 2015 unaudited \$000	6 months to 30 June 2014 unaudited \$000	12 months to 31 December 2014 audited \$000
Revenue	12	21,487	20,072	46,184
Cost of sales	13	(12,989)	(19,751)	(31,607)
Ore stock inventory impairment		(1,297)	-	(4,134)
Gross profit		7,201	321	10,443
Administrative expenses		(2,529)	(2,902)	(5,570)
Other income		173	191	109
Impairment provision			(57)	(58)
Net foreign exchange differences on operating activities		(588)	1,844	(485)
<b>Profit (loss) from operations</b>		<b>4,257</b>	<b>(603)</b>	<b>4,439</b>
Finance expense		(1,328)	(1,623)	(3,275)
Finance income		212	29	99
Net foreign exchange differences on financing activities		(1)	(1)	28
<b>Profit (loss) before tax</b>		<b>3,140</b>	<b>(2,198)</b>	<b>1,291</b>
Income tax charge		(1,865)	(862)	(1,418)
<b>Profit (loss) for the period</b>		<b>1,275</b>	<b>(3,060)</b>	<b>(127)</b>
<b>Total comprehensive income (expense) for the period</b>		<b>1,275</b>	<b>(3,060)</b>	<b>(127)</b>
<b>Profit (loss) for the period attributable to:</b>				
Owners of the parent company		1,275	(3,060)	(127)
<b>Profit (loss) for the period</b>		<b>1,275</b>	<b>(3,060)</b>	<b>(127)</b>
<b>Total comprehensive income (expense) for the period attributable to:</b>				
Owners of the parent company		1,275	(3,060)	(127)
<b>Profit (loss) for the period</b>		<b>1,275</b>	<b>(3,060)</b>	<b>(127)</b>
<b>Profit (loss) per share attributable to the owners of the parent company (expressed in cents)</b>				
- basic and diluted	14	1.16	(2.78)	(0.12)

## Condensed Consolidated Statement of Changes in Equity for the 6 months ended 30 June 2015

	Attributable to owners of the Company			Total equity \$000
	Share capital \$000	Share premium \$000	Retained deficit \$000	
<b>At 1 January 2014</b>	<b>18,988</b>	<b>89,520</b>	<b>(31,933)</b>	<b>76,575</b>
Issue of share capital	-	-	-	-
Total comprehensive income for the period	-	-	(3,060)	(3,060)
Value of share-based payments	-	-	-	-
<b>At 30 June 2014</b>	<b>18,988</b>	<b>89,520</b>	<b>(34,993)</b>	<b>73,515</b>
Issue of share capital	-	-	-	-
Total comprehensive income for the period	-	-	2,933	2,933
Value of share-based payments	-	-	-	-
<b>At 31 December 2014</b>	<b>18,988</b>	<b>89,520</b>	<b>(32,060)</b>	<b>76,448</b>
Issue of share capital	-	-	-	-
Total comprehensive income for the period	-	-	1,275	1,275
Value of share-based payments	-	-	-	-
<b>At 30 June 2015</b>	<b>18,988</b>	<b>89,520</b>	<b>(30,785)</b>	<b>77,723</b>

## Condensed Consolidated Statement of Cash Flows for the 6 months ended 30 June 2015

	6 months to 30 June 2015 unaudited \$000	6 months to 30 June 2014 unaudited \$000	12 months to 31 December 2014 audited \$000
<b>Cash flows from operating activities</b>			
Profit (loss) for the period	1,275	(3,060)	(127)
Adjustment for:			
Mining properties depletion charged to income statement	1,877	1,462	3,370
Depreciation of property, plant and equipment charged to income statement	2,694	5,615	6,714
Finance expense – net	1,117	1,594	3,148
Impairment provision – Rodnikova	-	57	58
Impairment of ore stocks	1,297	-	4,134
Corporation tax charge	1,865	861	1,418
(Profit) loss on sale of property, plant and equipment	-	(1)	48
<b>Cash flows from operating activities before changes in working capital and provisions</b>	<b>10,125</b>	<b>6,529</b>	<b>18,763</b>
Increase in inventories	(2,948)	(1,543)	(2,687)
(Increase) decrease in trade and other receivables	(779)	(869)	436
Increase (decrease) in trade and other payables	799	1,133	(2,184)
<b>Cash generated from operations</b>	<b>7,197</b>	<b>5,250</b>	<b>14,328</b>
Corporation tax received	-	-	-
Interest paid on borrowings	(1,503)	(1,705)	(3,230)
<b>Net cash flows generated from operating activities</b>	<b>5,694</b>	<b>3,545</b>	<b>11,098</b>
<b>Investing activities</b>			
Mining and mine development	(361)	(1,431)	(2,426)
Purchase of property, plant and equipment (PPE)	(612)	(759)	(1,036)
Proceeds from sale of PPE	-	-	23
Purchase of exploration and evaluation assets including capitalised interest	(219)	-	(85)
Interest received	212	29	99
<b>Net cash used in investing activities</b>	<b>(980)</b>	<b>(2,161)</b>	<b>(3,425)</b>
<b>Financing activities</b>			
Repayment of bank borrowings	(4,140)	(300)	(1,222)
Proceeds from short term borrowings	-	-	-
Repayment of short term borrowings	(891)	(800)	(800)
Repayment of finance leases	-	(31)	(33)
<b>Net cash used in financing activities</b>	<b>(5,031)</b>	<b>(1,131)</b>	<b>(2,055)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(317)</b>	<b>253</b>	<b>5,618</b>
Cash and cash equivalents at beginning of the period	7,951	2,305	2,305
Exchange (loss) gain on cash and cash equivalents	(1)	(1)	28
<b>Cash and cash equivalents at end of the period</b>	<b>7,633</b>	<b>2,557</b>	<b>7,951</b>



# Unaudited notes forming part of the condensed consolidated interim financial information for the period ended 30 June 2015

## 1. General information

Trans-Siberian Gold plc (the Company) is a UK-based resources company, with the objective of acquiring and developing a portfolio of quality gold-mining assets in Russia.

The Company is a public limited company, incorporated and domiciled in the United Kingdom, and has subsidiaries based in the Russian Federation. The Company's registered office is 39 Parkside Cambridge CB1 1PN United Kingdom. The registered number of the Company is 1067991. The Company's shares are traded on the AIM Market of the London Stock Exchange.

This condensed consolidated interim financial information was approved by the Board on 25 September 2015.

The interim financial information for the six months ended 30 June 2015 and 30 June 2014 is unreviewed and unaudited and does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The comparative financial information for the year ended 31 December 2014 has been derived from the statutory financial statements for that year. Statutory accounts for the year ended 31 December 2014 were approved by the Board of directors on 5 June 2015 and filed with the Registrar of Companies. The Independent Auditors' Report on those accounts was unqualified.

## 2. Going concern

The Group's operations are cash generative and management tightly control the level of committed expenditure to ensure that the Group has sufficient resources available to meet its liabilities as they fall due. Regular cash forecasts are reviewed to assess the potential impact of factors such as changes in commodity prices, production rates and the timing of capital expenditure.

The Group has reported an operating profit for the period of \$4.3 million, which is stated after significant non-cash depreciation and impairment charges. The Directors have reviewed the Group's cash flow forecast for the period to 31 December 2016 and they believe that, taking account of reasonably possible changes in commodity prices, trading performance and expenditure and scheduled repayment of bank loan facilities, the Group has adequate resources to continue in operational existence for the foreseeable future, wherefore the directors are confident that the Group will continue as a going concern and have prepared the financial statements on that basis.

## 3. Principal accounting policies

The Group's principal accounting policies applied in the presentation of the consolidated interim financial information are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated, and are consistent with those that the directors intend to use in the financial statements for the year ending 31 December 2015 which will be prepared in accordance with IFRS as adopted by the EU.

### Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with the AIM Rules and complies with IAS 34 *Interim financial reporting* as adopted by the EU. The interim condensed consolidated financial report does not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the annual report and accounts for 2014.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period or in the period of revision and future periods if the revision affects both current and future periods.

The same accounting policies, presentation and methods of computation are followed in this condensed consolidated interim financial information as were applied in the Group's latest annual audited financial statements except that, in the current financial year, the Group has adopted a number of new or revised Standards and interpretations. However none of these has had a material impact on the Group's reporting.

None of the IFRS and IFRIC amendments or interpretations issued by the IASB since the publication of the latest annual report is expected to have a material impact on the Group.

### Basis of consolidation

The consolidated financial statements of the Group include the accounts of Trans-Siberian Gold plc and its subsidiaries. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases. Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. The accounting policies and financial year ends of its subsidiaries are consistent with those applied by the Company.

### 3. Principal accounting policies – continued

#### Business combinations

The consolidated financial statements incorporate the results of the business combinations using the acquisition method of accounting. In the consolidated statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained.

#### Foreign currency translation

##### a) Functional and presentation currency

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial information is presented in US dollars (\$), which is the functional and presentation currency of the Company and the functional currency of its subsidiaries.

##### b) Transactions and balances

Foreign currency transactions are translated into the functional currency at the average exchange rate ruling during the month in which the transactions occur. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Foreign exchange gains and losses resulting from the translation of cash, cash equivalents and borrowings denominated in foreign currencies are shown as financing activities; all other foreign exchange gains and losses are shown as operating activities.

#### Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers have been identified as the Chief Executive Officer, Finance Director and the non-executive board members.

The operating results of each of the geographical segments are regularly reviewed by the Group's chief operating decision makers in order to make decisions about the allocation of resources and to assess their performance. The Group has one operating segment in Russia which has production, exploration and development activities. The Group's activities in the United Kingdom are of an administrative and corporate nature and do not form part of the operating segment.

#### Property, plant and equipment

Property, plant and equipment are recorded at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, being:

Buildings – 3-20 years

Motor vehicles – 4-7 years

Plant and machinery – 4-10 years

Office furniture and equipment – 3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in profit or loss. Assets under construction are not subject to depreciation until the date on which the Group brings them into use.

#### Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Assets held under finance leases are capitalised as property, plant and equipment at the estimated present value of the underlying lease payments. The corresponding finance lease obligation is included in creditors due within or after more than one year. The interest element is allocated to accounting periods during the lease term to reflect a constant rate of interest on the remaining balance of the obligation for each accounting period.

#### Exploration and evaluation costs

When the Group incurs expenditure on mining properties that have not reached the stage of commercial production, the costs of acquiring the rights to such mining properties and related exploration and evaluation costs, including directly attributable employment costs, are deferred where the expected recovery of costs is considered probable by the successful exploitation or sale of the asset. General overheads are expensed immediately. Depreciation on property, plant and equipment used on exploration and evaluation projects is charged to deferred costs whilst the projects are in progress. The Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. Finance costs incurred in respect of the Group's general borrowings are expensed in profit or loss as incurred. Exploration and evaluation costs are not amortised.

Where a feasibility study indicates that the future recovery of costs is not probable, full provision is made in respect of any deferred costs. Where mining properties are abandoned, deferred expenditure is written off in full.

Deferred exploration and evaluation costs are assessed at each reporting date to determine whether there are indicators that the asset may be impaired. If any such indicator exists, a review for impairment is conducted.

The amounts shown as deferred exploration and evaluation expenditure represent costs incurred and do not necessarily reflect present or future values.

A project's deferred exploration and evaluation expenditure is transferred to non-current mining assets when the decision to proceed to the development stage of that project is taken.

### **Mining properties**

Once a project reaches the stage of commercial production, the capitalised exploration and evaluation expenditure, other than that on buildings, plant and machinery and equipment, related to that project is transferred to tangible assets as mining properties.

Mining properties are depleted over the estimated life of the reserves on a 'unit of production' basis. Commercial reserves are proven and probable reserves. Changes in commercial reserves affecting unit of production calculations are dealt with prospectively over the revised remaining reserves.

### **Impairment**

The carrying amount of the Group's non-current assets is compared to the recoverable amount of the assets whenever events or changes in circumstances indicate that the net book value may not be recoverable. The recoverable amount is the higher of value in use and the fair value less costs to sell.

Value in use is estimated by reference to the net present value of expected future cash flows of the relevant cash generating unit. Individual mining properties are considered to be separate income generating units for this purpose, except where they would be operated together as a single mining business.

If the recoverable amount is less than the carrying amount of an asset, an impairment loss is recognised. The revised carrying amounts are amortised in line with the Group's accounting policy.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally resulted in the impairment. The reversal is recognised in the income statement and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in the prior reporting periods.

### **Financial assets**

The Group classifies all of its financial assets as loans and receivables which comprise trade and other receivables and cash and cash equivalents.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

### **Financial liabilities**

The Group classifies all of its financial liabilities as other financial liabilities which include trade payables, other short-term monetary liabilities and bank borrowings.

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

### **Inventories**

Raw materials and consumables, which consist of tools for development activities, spare parts, fuel and materials used in mining operations, are initially recognised at cost, and subsequently valued at the lower of cost and net realisable value.

Stockpiles comprise ore stocks containing gold and are valued at the lower of weighted average cost (including direct labour costs and related overheads) and net realisable value (using assay data to estimate the amount of gold contained in the stockpiles, adjusted for expected gold recovery rates).

### 3. Principal accounting policies – continued

#### **Inventories** - continued

Finished goods (comprising refined gold and silver) and work in progress (including gold in circuit and gold dore) are stated at the lower of weighted average cost and net realisable value. Cost includes direct materials, direct labour costs and production overheads, including depreciation and depletion of relevant property, plant and equipment and mining properties.

Net realisable value represents the estimated selling price less all expected costs to completion and costs to be incurred in selling and distribution.

#### **Share capital**

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Group's ordinary shares are classified as equity instruments.

#### **Revenue**

The Group has entered into contracts for the sale of refined gold and silver. Revenue arising from sales under these contracts is recognised when the price is determinable, the product has been delivered in accordance with the terms of the contract, the significant risks and rewards have been transferred to the customer and collection of the sale price is reasonably assured.

#### **Taxation**

Current tax is the expected tax payable or recoverable on the taxable profit or loss for the year, using rates enacted at the reporting date and any adjustments to the tax payable in respect of previous years.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

#### **Share-based payment transactions**

The Company makes equity-settled share-based payments to certain Group employees under the terms of its employee share option scheme. The fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity by way of a credit to retained earnings.

The fair value is measured at grant date and expensed on a straight-line basis over the expected vesting period. The fair value of the options granted is measured using a Black-Scholes valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest or are likely to vest except where non-exercise is only due to the Company's share price not achieving the threshold for vesting. Non-market based vesting conditions are taken into account in estimating the number of options likely to vest. The estimate of the number of options likely to vest is reviewed at each reporting date up to the vesting date, at which point the estimate is adjusted to reflect the actual options exercised. No adjustment is made after the vesting date even if the options are not exercised.

#### **Defined contribution personal pension plan**

Contributions to employees' defined contribution personal pension plans are recognised as an expense in profit or loss as the services giving rise to the Group's obligations are rendered by the employees.

#### **Provisions**

Provisions for decommissioning, environmental restoration and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Group companies are generally required to restore mine and processing sites at the end of their productive lives to a condition acceptable to the relevant authorities and consistent with the Group's environmental policies. The expected cost of any committed decommissioning or restoration programme, discounted to its net present value where the effect of discounting is material, is provided and capitalised at the beginning of each project. The capitalised cost is amortised over the life of the operation and the increase in the net present value of the provision for the expected cost is included with interest and similar charges.

The costs of on-going programmes to prevent and control pollution and to rehabilitate the environment are charged to profit or loss as incurred.

#### **Determination of ore reserves**

The Group estimates its ore reserves and mineral resources based on information compiled by Competent Persons as defined in accordance with the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC code).

#### 4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### Use of estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The more significant areas requiring the use of management estimates and assumptions relate to mineral resources that are the basis of future cash flow estimates and unit-of-production depreciation, depletion and amortisation calculations; decommissioning, site restoration, environmental costs and closure obligations; estimates of recoverable gold and other materials; asset impairments; deferred taxation; and contingencies.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### Critical judgements in applying the entity's accounting policies

###### a) Mining properties

The recoverability of the amounts shown in the Group statement of financial position in relation to mining properties (and also the carrying value of the Company's investments in its subsidiaries) are dependent upon compliance with the terms of the relevant mineral rights licences, the political, economic and legislative stability of the regions in which the Group operates, the Group's ability to maintain the necessary financing to fulfil its obligations as they arise and upon future profitable production or proceeds from the disposal of properties.

###### b) Deferred exploration and evaluation costs

The recoverability of the amounts shown in the Group statement of financial position in relation to deferred exploration and evaluation expenditure (and also the carrying value of the Company's investments in its subsidiaries) are dependent upon the discovery of economically recoverable reserves, continuation of the Group's interests in the underlying mining claims, the political, economic and legislative stability of the regions in which the Group operates, compliance with the terms of the relevant mineral rights licences, the Group's ability to obtain the necessary financing to fulfil its obligations as they arise and upon future profitable production or proceeds from the disposal of properties.

###### c) Ore stocks

The recoverability of the amounts shown in the Group statement of financial position in relation to ore stocks is dependent on the gold price. Impairment provisions are recognised in accordance with the Group's accounting policies to reflect any anticipated shortfall between net realisable value and cost, including processing and refining. Part of the Group's ore stockpile may be classified as non-current inventories, if it is expected to be processed later than one year from the reporting date. This is discussed further in Note 9.

###### d) Decommissioning, site restoration and environmental costs

The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred in future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision. Such changes could similarly impact the useful lives of assets depreciated on a straight-line-basis, where those lives are limited to the life of mine.

###### e) Deferred tax

The Group has incurred trading losses in previous periods which give rise to potential deferred tax assets. The recognition of the deferred tax asset is dependent upon the Group making sufficient taxable profits in future periods to utilise those losses.

###### f) Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

#### 5. Segment information

The Group's operations are entirely focused on gold production and exploration and development activities within the Russian Federation, with its corporate head office in the UK. The operating segment has been identified on the basis of internal reports about the components of the Group. The Group has one reportable segment, being operations in Russia, whose accounting policies are in line with those set out in Note 3. The operating results of this segment are regularly reviewed by the Group's chief operating decision makers in order to make decisions about the allocation of resources and to assess their performance. With the exception of \$482,000 corporate costs, the numbers in the primary statements reflect the results of the sole operating segment.

## 6. Mining properties

Mining properties assets relate to the Asachinskoye (Asacha) mining licence held by the Company's subsidiary ZAO Trevozhnoye Zarevo (TZ).

	Asacha \$000
<b>Cost</b>	
At 1 January 2014	<b>54,194</b>
Additions	1,495
<b>At 30 June 2014</b>	<b>55,689</b>
<b>Depletion</b>	
At 1 January 2014	<b>(27,068)</b>
Charge for period	(1,462)
<b>At 30 June 2014</b>	<b>(28,530)</b>
<b>Net book value</b>	
At 1 January 2014	<b>27,126</b>
<b>At 30 June 2014</b>	<b>27,159</b>
<b>Cost</b>	
At 1 July 2014	<b>55,689</b>
Additions	1,628
<b>At 31 December 2014</b>	<b>57,317</b>
<b>Depletion</b>	
At 1 July 2014	<b>(28,530)</b>
Charge for period	(1,818)
<b>At 31 December 2014</b>	<b>(30,348)</b>
<b>Net book value</b>	
At 1 July 2014	<b>28,798</b>
<b>At 31 December 2014</b>	<b>26,969</b>
<b>Cost</b>	
At 1 January 2015	<b>57,317</b>
Additions	544
<b>At 30 June 2015</b>	<b>57,861</b>
<b>Depletion</b>	
At 1 January 2015	<b>(30,348)</b>
Charge for period	(1,877)
<b>At 30 June 2015</b>	<b>(32,225)</b>
<b>Net book value</b>	
At 1 January 2015	<b>26,969</b>
<b>At 30 June 2015</b>	<b>25,636</b>

**7. Property, plant and equipment**

	Buildings \$000	Plant and Machinery \$000	Motor vehicles \$000	Office equipment and furniture \$000	Assets under construction <sup>a</sup> \$000	Total \$000
<b>Cost</b>						
At 1 January 2014	<b>76,228</b>	<b>17,454</b>	<b>2,293</b>	<b>481</b>	<b>2,043</b>	<b>98,499</b>
Additions	766	134	-	1	62	963
Disposals	-	-	-	-	-	-
Transfers	139	-	-	-	(139)	-
Re-classification	-	-	-	-	-	-
<b>At 30 June 2014</b>	<b>77,133</b>	<b>17,588</b>	<b>2,293</b>	<b>482</b>	<b>1,966</b>	<b>99,462</b>
<b>Depreciation</b>						
At 1 January 2014	<b>(23,728)</b>	<b>(8,568)</b>	<b>(2,042)</b>	<b>(401)</b>	<b>(183)</b>	<b>(34,922)</b>
Charge for period <sup>b</sup>	(5,455)	(1,330)	(87)	(17)	-	(6,889)
Disposals	-	-	-	-	-	-
<b>At 30 June 2014</b>	<b>(29,183)</b>	<b>(9,898)</b>	<b>(2,129)</b>	<b>(418)</b>	<b>(183)</b>	<b>(41,811)</b>
<b>Net book value</b>						
At 1 January 2014	<b>52,500</b>	<b>8,886</b>	<b>251</b>	<b>80</b>	<b>1,860</b>	<b>63,577</b>
<b>At 30 June 2014</b>	<b>47,950</b>	<b>7,690</b>	<b>164</b>	<b>64</b>	<b>1,783</b>	<b>57,651</b>
<b>Cost</b>						
At 1 July 2014	<b>77,133</b>	<b>17,588</b>	<b>2,293</b>	<b>482</b>	<b>1,966</b>	<b>99,462</b>
Additions	(131)	(75)	-	1	89	(116)
Disposals	-	(240)	-	(8)	-	(248)
Transfers	(139)	-	-	-	139	-
Re-classification	1,245	254	-	-	(1,499)	-
<b>At 31 December 2014</b>	<b>78,108</b>	<b>17,527</b>	<b>2,293</b>	<b>475</b>	<b>695</b>	<b>99,098</b>
<b>Depreciation</b>						
At 1 July 2014	<b>(29,183)</b>	<b>(9,898)</b>	<b>(2,129)</b>	<b>(418)</b>	<b>(183)</b>	<b>(41,811)</b>
Charge for period <sup>b</sup>	(2,885)	26	(64)	(14)	-	(2,937)
Disposals	-	169	-	8	-	177
<b>At 31 December 2014</b>	<b>(32,068)</b>	<b>(9,703)</b>	<b>(2,193)</b>	<b>(424)</b>	<b>(183)</b>	<b>(44,571)</b>
<b>Net book value</b>						
At 1 July 2014	<b>47,950</b>	<b>7,690</b>	<b>164</b>	<b>64</b>	<b>1,783</b>	<b>57,651</b>
<b>At 31 December 2014</b>	<b>46,040</b>	<b>7,824</b>	<b>100</b>	<b>51</b>	<b>512</b>	<b>54,527</b>
<b>Cost</b>						
At 1 January 2015	<b>78,108</b>	<b>17,527</b>	<b>2,293</b>	<b>475</b>	<b>695</b>	<b>99,098</b>
Additions	3	216	-	1	426	646
Disposals	-	(147)	(46)	(3)	-	(196)
Transfers	-	-	-	-	-	-
Re-classification	-	-	-	-	-	-
<b>At 30 June 2015</b>	<b>78,111</b>	<b>17,596</b>	<b>2,247</b>	<b>473</b>	<b>1,121</b>	<b>99,548</b>
<b>Depreciation</b>						
At 1 January 2015	<b>(32,068)</b>	<b>(9,703)</b>	<b>(2,193)</b>	<b>(424)</b>	<b>(183)</b>	<b>(44,571)</b>
Charge for period <sup>b</sup>	(4,246)	(521)	(50)	(13)	-	(4,830)
Disposals	-	147	46	3	-	196
<b>At 30 June 2015</b>	<b>(36,314)</b>	<b>(10,077)</b>	<b>(2,197)</b>	<b>(434)</b>	<b>(183)</b>	<b>(49,205)</b>
<b>Net book value</b>						
At 1 January 2015	46,040	7,824	100	51	512	54,527
<b>At 30 June 2015</b>	<b>41,797</b>	<b>7,519</b>	<b>50</b>	<b>39</b>	<b>938</b>	<b>50,343</b>

a. Assets under construction at 30 June 2015 comprise \$937,938 (31 December 2014: \$512,576) for building construction and infrastructure at Asacha.

b. \$175,248 (2014 first half: \$nil) of the depreciation charge is included in additions to mining properties. \$51,887 (2014 first half: \$392,737) of the depreciation charge related to property, plant and equipment used on exploration and evaluation projects or assets under construction and was capitalised in exploration and evaluation costs or property, plant and equipment in accordance with the Group's accounting policy. \$1,909,286 (2014 first half: \$881,994) of the depreciation charge is included in inventories.

c. The net carrying amount of property, plant and equipment includes the following amounts in respect of assets held under finance leases:

	30 June 2015 \$000	30 June 2014 \$000	30 December 2014 \$000
Plant and machinery	168	566	335
Motor Vehicles	-	-	-
Office equipment and furniture	-	-	-
	168	566	335

## 8. Deferred Exploration and evaluation costs

Movements on deferred exploration and evaluation expenditure, by location of the property, are as follows:

	Asacha \$000	Rodnikova \$000	Total \$000
At 1 January 2014	1,643	-	1,643
Additions <sup>i</sup>	-	57	57
Impairment provision <sup>ii</sup>	-	(57)	(57)
<b>At 30 June 2014</b>	<b>1,643</b>	<b>-</b>	<b>1,643</b>
At 1 July 2014	1,643	-	1,643
Additions <sup>i</sup>	-	1	1
Impairment provision <sup>ii</sup>	-	(1)	(1)
<b>At 31 December 2014</b>	<b>1,643</b>	<b>-</b>	<b>1,643</b>
At 1 January 2015	1,643	-	1,643
Additions <sup>i</sup>	-	-	-
Impairment provision <sup>ii</sup>	-	-	-
<b>At 30 June 2015</b>	<b>1,643</b>	<b>-</b>	<b>1,643</b>

<sup>i</sup> Additions include capitalised PPE depreciation (see Note 7<sup>b</sup>).

<sup>ii</sup> A full provision in respect of expenditure at Rodnikova was recognised in 2012. The Company's licence in respect of that property was terminated on 27 August 2014.

## 9. Inventories

	30 June 2015 \$000	30 June 2014 \$000	31 December 2014 \$000
<b>Non-current:</b>			
Ore stocks	6,600	2,294	4,415
	<b>6,600</b>	<b>2,294</b>	<b>4,415</b>
<b>Current:</b>			
Gold in progress	3,325	3,990	2,757
Silver in progress	53	67	31
Ore stocks	347	2,324	233
Fuel	1,253	1,606	1,143
Other materials and supplies	2,296	2,046	1,735
	<b>7,274</b>	<b>10,033</b>	<b>5,899</b>
<b>At end of period</b>	<b>13,874</b>	<b>12,327</b>	<b>10,314</b>

Ore stocks are stated net of impairment provisions totalling \$10.9 million (2014 first half: \$5.4 million). The \$10.9 million provision (2014 first half: \$4.5 million) against the surface ore stockpile, part of which has been classified as non-current inventories, reflects the difference between its expected net realisable value at a gold price of \$1,106/oz. and cost, including processing, refining and royalties. The \$1.3 million increase in this provision between 31 December 2014 and 30 June 2015 includes the impact of a \$78/oz. gold price reduction. There was also a 100% provision of \$nil (2014 first half: \$912,000) against a low grade underground ore stockpile which was moved to the surface ore stockpile during the second half of 2014. Gold in progress, silver in progress and ore stocks include mining properties depletion \$90,000 (2014 first half: \$nil).

## 10. Borrowings

	30 June 2015 \$000	30 June 2014 \$000	31 December 2014 \$000
<b>Non-current:</b>			
Bank borrowings	19,218	23,733	22,862
Finance lease obligations	-	74	13
	<b>19,218</b>	<b>23,807</b>	<b>22,875</b>
<b>Current:</b>			
Bank borrowings	1,554	2,160	2,071
Related party loans	-	1,030	1,066
Other loans	-	-	-
Finance lease obligations	43	226	125
	<b>1,597</b>	<b>3,416</b>	<b>3,262</b>
<b>At end of period</b>	<b>20,815</b>	<b>27,223</b>	<b>26,137</b>

Movement in borrowings is analysed as follows:	6 months to 30 June 2015 \$000	6 months to 30 June 2014 \$000	12 months to 31 December 2014 \$000
At beginning of period	26,137	28,471	28,471
Increase in borrowings	-	-	-
Interest on related party and other loans	14	48	83
Repayment of loans and accrued interest	(5,301)	(1,149)	(2,144)
IAS39 adjustment to net present value of restructured bank borrowings	60	43	79
Finance leases	(95)	(190)	(352)
<b>At end of period</b>	<b>20,815</b>	<b>27,223</b>	<b>26,137</b>



In 2009 and 2010 ZAO Trevozhnoye Zarevo (TZ) arranged two loan facilities for the Asacha project, in total \$43 million, with the Russian bank Sberbank. Repayments under the initial five year \$25 million facility and the second \$18 million facility, each of which bears an annual interest rate of 10.5%, commenced in November 2011 and September 2012 respectively. The loans are secured by pledges over certain moveable assets and the shares of TZ and OOO Trans-Siberian Gold Management, TSG's other subsidiary. On 20 September 2013 Sberbank agreed to extend the terms of the two loan facilities to December 2018. Repayment of the \$26.5 million then outstanding under the two facilities commenced in March 2014. On 20 March 2015, in addition to the \$300,000 repayment due on that date, TZ prepaid \$2.2 million, which had been scheduled to be repaid in 2018. On 25 March 2015 and 27 March 2015 TZ made further prepayments of \$800,000 and \$900,000, respectively due on 20 June 2015 and 20 December 2015. No further repayments of the facilities are due in 2015. As discussed in Note 17. On 12 August 2015, TZ made a further prepayment of \$1.0 million which had been due in 2016.

In 2013 it was agreed that a gold price hedge programme would be implemented for the revised term of the facilities, with gold price protection for the initial 12 month period to be put in place by 1 November 2013. It was subsequently agreed with the bank to defer the start of the price protection programme with an amendment to the interest rate until such commencement at an annual cost of approximately \$250,000.

In 2012 UFG Asset Management (UFG) and AngloGold Ashanti Limited (AGA), each a related party by virtue of their then respective 54.42% and 31.17% holdings in the shares of the Company, agreed to provide short term loan facilities, in aggregate \$781,000 (increased to \$891,000 in January 2013), on commercial terms including interest at 8%. In September 2012 the terms of the two facilities were extended to 1 March 2013, the revised facility agreements each including an option for the lender, subject to the requisite approval of TSG's shareholders, to convert any part of the outstanding loan into TSG shares at a price equivalent to the volume weighted average price of TSG's shares for the period of 60 business days prior to notice of such conversion, exercisable prior to scheduled repayment. The terms of the two facilities were further extended, ultimately to 31 March 2015. Both facilities were repaid in full on 12 March 2015.

In consideration of an earlier loan facility provided by UFG in 2009, the Company also agreed, subject to obtaining the necessary shareholder approvals, to issue warrants to subscribe for additional TSG shares to UFG on terms to be agreed and considered as fair and reasonable by the Company's Board (excluding those directors connected to UFG) after consultation with TSG's Nominated Adviser. No warrants were issued between 2010 and 2014, in 2015 or after the reporting date.

#### 11. Provisions

	6 months ended 30 June 2015 \$000	6 months ended 30 June 2014 \$000	Year ended 31 December 2014 \$000
At beginning of period	609	917	917
Liability adjustment	-	4	(16)
Finance charge – unwinding of discount	61	92	167
Exchange difference	(53)	(33)	(459)
<b>At end of period</b>	<b>617</b>	<b>980</b>	<b>609</b>

The above provision relates entirely to site restoration at the Asacha mine. The amount of \$617,020 (31 December 2014: \$608,965) is included in Mining Properties and is calculated based on regional data from the Monitoring Ecological Centre of Kamchatka.

#### 12. Revenue

	6 months ended 30 June 2015 \$000	6 months ended 30 June 2014 \$000	Year ended 31 December 2014 \$000
Gold	21,114	19,669	45,383
Silver	373	403	801
<b>Total revenue</b>	<b>21,487</b>	<b>20,072</b>	<b>46,184</b>

#### 13. Cost of sales

	6 months ended 30 June 2015 \$000	6 months ended 30 June 2014 \$000	Year ended 31 December 2014 \$000
Wages and salaries	3,409	3,853	8,121
Energy and materials	3,709	4,854	9,657
Depreciation	2,693	5,612	6,709
Depletion	1,877	3,554	3,370
Other costs	1,301	1,878	3,750
<b>Total cost of sales</b>	<b>12,989</b>	<b>19,751</b>	<b>31,607</b>

#### 14. Earnings per share

The calculation of basic and diluted loss per share has been based on the profit for the period of \$1,275,048 (2014 first half: \$3,060,672 loss) and the weighted average number of shares being 110,053,073 ordinary shares issued for the period ended 30 June 2015 (2014 first half: 110,053,073).

**15. Share capital and premium**

	Number of shares authorised	Number of shares allotted and fully paid	Share capital \$000	Share premium \$000	Total \$000
At 1 January 2014	150,000,000	110,053,073	18,988	89,520	108,508
At 30 June 2014	150,000,000	110,053,073	18,988	89,520	108,508
<b>At 31 December 2014</b>	<b>150,000,000</b>	<b>110,053,073</b>	<b>18,988</b>	<b>89,520</b>	<b>108,508</b>
At 1 January 2015	150,000,000	110,053,073	18,988	89,520	108,508
<b>At 30 June 2015</b>	<b>150,000,000</b>	<b>110,053,073</b>	<b>18,988</b>	<b>89,520</b>	<b>108,508</b>

All shares are ordinary shares with a par value of 10 pence.

Retained earnings represents the cumulative net gains and losses recognised in the statement of comprehensive income less any amounts reflected directly in other reserves.

The share premium account represents the amounts received by the Company on the issue of its shares which were in excess of the nominal value of the shares.

**16. Related party transactions**

Related party transactions involving major shareholders AngloGold Ashanti Limited (AGA) and UFG Asset Management (UFG) are detailed below:

Related party	Nature of transaction	Purchases during the 6 months to 30 June 2014 \$000	Amount owing at 30 June 2014 \$000
AGA	Loan	-	321
	Loan interest	13	49
		<b>13</b>	<b>370</b>
UFG	Loan	-	570
	Loan interest	22	90
		<b>22</b>	<b>660</b>
<b>Total</b>		<b>35</b>	<b>1,030</b>

Related party	Nature of transaction	Purchases during the 6 months to 31 December 2014 \$000	Amount owing at 31 December 2014 \$000
AGA	Loan	-	321
	Loan interest	13	62
		<b>13</b>	<b>383</b>
UFG	Loan	-	570
	Loan interest	23	113
		<b>23</b>	<b>683</b>
<b>Total</b>		<b>36</b>	<b>1,066</b>

Related party	Nature of transaction	Purchases during the 6 months to 30 June 2015 \$000	Amount owing at 30 June 2015 \$000
AGA	Loan	-	-
	Loan interest	5	-
		<b>5</b>	<b>-</b>
UFG	Loan	-	-
	Loan interest	9	-
		<b>9</b>	<b>-</b>
<b>Total</b>		<b>14</b>	<b>-</b>

Loan facilities provided by UFG and AGA are discussed in Note 10.

The directors of the Company consider that there are no key management personnel, as defined by IAS 24, *Related party transactions*, other than the directors themselves.

**17. Events after the reporting date**

On 12 August 2015 ZAO Trevozhnoye Zarevo (TZ) prepaid a further \$1.0 million of its two loan facilities for the Asacha project, which had been scheduled to be repaid in 2016.

**Directors and Board Committees****Directors**

Charles Ryan	Non-executive Chairman
Dmitry Khilov	Chief Executive Officer
Simon Olsen	Finance Director and Company Secretary
Peter Burnell	Non-executive
Robert Sasson	Non-executive

**Audit Committee**

Charles Ryan  
Peter Burnell  
Robert Sasson

**Remuneration Committee**

Charles Ryan  
Peter Burnell  
Robert Sasson

**Registered Office****Trans-Siberian Gold plc**

39 Parkside  
Cambridge  
CB1 1PN  
United Kingdom

**Head Office****Trans-Siberian Gold plc**

PO Box 278  
St Neots  
PE19 9EA  
United Kingdom  
Tel: +44 (0)1480 811871

**Company Number**

1067991

**Nominated Advisor and Broker****Cantor Fitzgerald Europe**

One Churchill Place  
Canary Wharf  
London  
E14 5RD  
United Kingdom  
Tel: +44 (0)20 7894 7000

**Auditors****BDO LLP**

55 Baker Street  
London  
W1U 7EU  
Tel: +44 (0)20 7486 5888

**Solicitors****IBB Solicitors**

Capital Court  
30 Windsor Street  
Uxbridge  
Middlesex  
UB8 1AB  
United Kingdom  
Tel: +44 (0)8456 381381

**Barr Ellison**

39 Parkside  
Cambridge  
CB1 1PN  
United Kingdom  
Tel: +44 (0)1223 417200

**Registrars****Capita Registrars**

Northern House  
Woodsome Park  
Fenay Bridge  
Huddersfield  
West Yorkshire  
HD8 0LA  
United Kingdom

Tel (UK): 0871 664 0300 (*calls cost 10p per min + network extras*)  
Tel (Int'l): +44 (0) 20 8639 3399

**Principal Bankers****National Westminster Bank plc**

City of London Office  
PO Box 12258  
1 Princes Street  
London  
EC2R 8PA  
United Kingdom



## **Trans-Siberian Gold plc**

39 Parkside  
Cambridge  
CB1 1PN  
United Kingdom

### **Head Office**

PO Box 278  
St Neots  
PE19 9EA  
United Kingdom

**T** +44 (0)1480 811871  
**F** +44 (0)1480 811871  
**E** [info@trans-siberiangold.com](mailto:info@trans-siberiangold.com)

**[www.trans-siberiangold.com](http://www.trans-siberiangold.com)**