

19 September 2019

Trans-Siberian Gold plc

("TSG" or the "Company")

Interim Results for the six months ended 30 June 2019

Trans-Siberian Gold plc (TSG.LN), a low cost, high grade gold producer in Russia, announces its unaudited interim results for the period ended 30 June 2019.

Financial Highlights

- Record H1 revenue generation of \$30 million, up 8.7% YoY (H1 2018: \$27.6 million)
- Profit before tax \$8.5 million, up 169.7% YoY (H1 2018: \$3.2 million)
- EBITDA \$14.4 million, up 62.2% YoY (H1 2018: \$8.9 million)
- \$5.6 million special interim dividend of \$0.051 per share declared and paid during the period
- Completed 20.8% share buyback, increasing free float to 24.3%
- Interim dividend of \$2.0 million resulting in payment of \$0.023 per share (H1 2018: \$0.009 per share)

Operational Highlights

- Gold dore production increased to 21,889 oz, up 26.1% YoY (H1 2018: 17,361 oz.)
- Refined gold production increased to 23,155 oz, up 11.9% YoY (H1 2018: 20,698 oz.)
- Average gold grades 38.7% higher YoY at 8.6g/t (H1 2018: 6.2g/t)
- Average selling price for gold remains flat at \$1,312/oz. (H1 2018: \$1,324/oz.)
- Reduced Total Cash Cost per oz. gold by 24.6% to \$672/oz (H1 2018: \$891/oz)
- Reduced AISC per oz. gold by 38.0% to \$850/oz (H1 2018: \$1,370/oz.)
- Enhanced asset base with acquisition of development and exploration licence for Rodnikova deposit
- Strengthened Senior Management with appointments of new Chief Financial Officer and Mine Manager
- On track to achieve annual production guidance of 40,000 – 44,000 oz.

Alexander Dorogov, CEO of TSG, commented:

"We are proud to once again report record revenues of \$30 million for the first six months of the year, reflecting superior operational performance.

We have seen some exciting accomplishments over the period, including the addition of two highly experienced individuals to our Senior Management team, the acquisition of the licence for the high-calibre Rodnikova deposit, one of the largest gold fields in South Kamchatka, and the completion of a \$7.6 million share buyback.

I would also like to highlight that we are now mining at consistently higher grades (averaging 8.6g/t) and look to drive further the initiatives for improvements in our operational efficiency.

With the issuance of our seventh consecutive dividend, I am very pleased to be confirming our commitment to continued shareholder returns, and we look forward to the remainder of the year with optimism."

ENDS

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About TSG

TSG is focused on low cost, high grade mining operations and stable gold production from its 100% owned Asacha Gold Mine in Far East Russia. The Company also holds the licence for the development and exploration of the Rodnikova deposit, one of the largest gold fields in South Kamchatka.

Additional information is available from the Company's website: www.trans-siberiangold.com

Market Abuse Regulations

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ('MAR'). Upon the publication of this announcement via Regulatory Information Service ('RIS'), this inside information is now considered to be in the public domain.

Abbreviations

AISC All-In Sustaining Costs

g/t grammes per tonne

oz ounce

m metre

Disclaimer

This announcement contains "forward-looking statements" - that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "should" or "will." Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, uncertainties arise from the behaviour of financial and metals markets, fluctuations in interest and/or exchange rates and metal prices; and from numerous other matters of national, regional and global scale, including those of a political, economic, business, competitive or regulatory nature. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements.

Chief Executive Officer's Review

Operational Review

In the six months to 30 June 2019, the Asacha Gold Mine produced 23,155 oz. (H1 2018: 20,698 oz.) of refined gold and 63,577 oz. (H1 2018: 46,152 oz.) of refined silver. Our total cash cost of \$672/oz. (H1 2018: \$891/oz.), is competitive amongst our industry peers globally.

The average realised gold price remained flat at \$1,312/oz., compared to \$1,324/oz. in H1 2018. Post-period, as the gold price has appreciated significantly, realised gold prices have also moved higher. Production of gold in dore increased by 26.1% to 21,889 oz. (H1 2018: 17,361 oz.), silver in dore increased by 42% to 59,787 oz. (H1 2018: 42,118 oz.).

The average processed ore gold grade was 8.6 g/t, representing a substantial 38.7% increase above the H1 2018 average of 6.2 g/t. This is a significant improvement period-on-period. We remain committed to consistently increasing the average gold grade to realise the full potential of our very high-calibre orebody. In H1 2019, stoping ore accounted for 77% of the total ore volume delivered to the plant (H1 2018: 54%).

During the period we performed 3 weeks planned maintenance of the mill and other plant equipment which was done on schedule and on budget. This period of planned downtime has now been completed and was absorbed with very little impact. Different types of mill liners and grinding media are being tested in 2019 in order to reduce scheduled mill downtime.

In the first quarter of 2019 primary efforts were focused on completion of construction of a permanent pumping station at level 100m. The construction works were completed in May 2019. In the interim, mobile pumps and a temporary pumping station at level 150m were used to reduce the impact of the water ingress.

The Asacha plant processed 81,804 tonnes and achieved 95.3% average gold recovery (H1 2018: 94.4%). We continue to blend higher grade stoping ore with lower grade stockpiled ore to ensure our processing capacity is fully utilized.

The Company's total gold production guidance range of 40,000 - 44,000 oz. for 2019 remains unchanged (2018: 42,128 oz). The upper end of the range represents a year-on-year increase of approximately 4.5% in total gold production.

Mining and production data for H1 2019 at the Asacha Gold Mine is shown in the following table:

Metric	H1 2019	H1 2018	Year on year % Change
Mine development, m	3,884	2,802	38.6%
Ore extracted, tonnes	73,857	95,518	-22.7%
Ore processed, tonnes	81,804	92,217	-11.3%
Grade, gold, g/t	8.6	6.2	38.7%
Grade, silver, g/t	27.1	19.0	42.6%
Recovery, gold, %	95.3	94.4	1.0%
Recovery, silver, %	82.3	76.4	7.7%

Gold in dore (oz.)	21,889	17,361	26.1%
Silver in dore (oz.)	59,787	42,118	42.0%
Gold refined (oz.)	23,155	20,698	11.9%
Silver refined (oz.)	63,557	46,152	37.7%
Gold sold (oz.)	22,062	20,472	7.8%
Silver sold (oz.)	69,266	30,790	125.0%
Gold price, \$/oz.	1,312	1,324	-0.9%
Silver price, \$/oz.	15.1	16.9	-10.7%

Rodnikova deposit

On 23 April 2019, the Russian Federal Agency for Subsoil Use ("Rosnedra") issued a 20-year licence to TSG's subsidiary ZAO Trevozhnoye Zarevo ("TZ") for the development and exploration of the Rodnikova deposit for a consideration of \$3 million. Rodnikova, which is located just 50 km from the Group's flagship Asacha Gold Mine, is estimated under GKZ classification to contain approximately 1Moz. of gold with an average grade of 5.3g/t. An updated JORC compliant mineral resource estimate is underway and is expected to be published by the end of year. Concurrently, the Group is devising its exploration field work programme to assess the full potential of the Rodnikova deposit and options to potentially initiate early stage production.

Taking into consideration the fact that the Asacha and Rodnikova deposits are believed to have similar geology, mineralogy and metallurgy, the Company will determine the suitability of utilising the existing processing techniques and plant at Asacha for the ore at Rodnikova.

Employees and Safety

The safety and wellbeing of all our employees remains first priority for the Board, and we continue to take all possible steps to ensure that the highest standards of safety remain in place at our operations.

At 30 June 2019 TZ employed 687 staff in Kamchatka (31 December 2018: 702).

The Group holds an approach of continuous improvement to advance health and safety standards at our operations.

During H1 2019 six minor lost-time incidents were reported. We continue to target a zero-injury rate.

Environment and Sustainability

In August 2019, we took steps to improve our transparency by publishing a report on our website, providing full disclosure on the management of our tailings storage facilities ('TSF'). This report was published in response to a request from the Church of England Pensions Board and Swedish Council on Ethics for the AP Funds, backed by the UN-supported Principles for Responsible Investment (PRI) and on behalf of 96 investors in the mining sector. To date, there have not been any tailings-related safety or environmental incidents at the Asacha Gold Mine.

We remain fully committed to improving our transparency and providing our stakeholders with full disclosure and support the movement towards greater transparency within the metals and mining sector.

Financial Performance

H1 2019 generated record revenue of approximately \$30 million (H1 2018: \$27.6 million) and a profit before tax of \$8.5 million (H1 2018: \$3.2 million). We will continue to seek further efficiencies to reduce our key cost metrics and thereby improve our overall financial performance wherever practicable.

Interim Dividend

In line with our commitment to make attractive and sustainable dividend pay-outs to shareholders, the Company is pleased to report that the Board has declared an interim 2019 dividend of 2.3 US cents per share equal to approximately \$2.0 million (H1 2018: \$1.0 million).

Board & Senior Management

Eugene Antonov, who was appointed Chief Operating Officer of TSG in a non-Board capacity on 1 August 2018, was promoted to the Board on 31 May 2019, strengthening the depth of the Company's Board, which now comprises two executive and five non-executive directors, two of whom are considered independent.

On 17 June 2019, the Company appointed a new Mine Manager at the Asacha Mine, Evgeny Volkov. Mr Volkov has over 20 years of experience working in the mining industry, most recently as Mine Director at Nordgold's Zun-Khloba mine in Republic of Buryatiya, where he was responsible for developing and implementing the underground mining strategy, geotechnical control and mine production, people management and budget planning, amongst others. Prior to that, Mr Volkov spent eighteen years working at the iron ore subsidiary of Evraz, lately as Chief Engineer and Technical Director.

On 12 July 2019, the Company was also pleased to announce, post period, the appointment of Sergey Kryazhevskih as Chief Financial Officer, a non-Board position. Mr Kryazhevskih has over fifteen years of experience in the mining industry, most recently serving as Chief Financial Officer of JSC Pavlik, a Russian top 10 gold producer operating in Russia's Far East. During his tenure at Pavlik, the company successfully restructured its financial obligations in the amount of US\$ 750 million. Sergey has also held senior positions at Atomredmetzoloto and Evraz, where he was responsible for leading budgeting, investment planning and financial control.

TSG considers these leadership appointments to be key to driving further operational efficiencies and improvements within the Company.

Outlook and priorities

The Company's strategy is to become a premier mid-tier gold producer and developer, a goal we aim to achieve through enhancing our existing operations, utilising our stable platform for future growth opportunities and pursuing selective accretive M&A opportunities to support our strong investment case.

In the first half of 2019 we were pleased to strengthen our asset portfolio through the acquisition of a development and exploration licence for Rodnikova, a high-grade deposit and one of the largest gold fields in South Kamchatka. The Company is currently devising its exploration field work programme to assess the full potential of the deposit and options to potentially initiate early stage production.

We remain committed to acting in a responsible manner, protecting the environment, safeguarding the welfare of our employees and maintaining good relationships with the communities in which we operate.

Financial Review

Results

H1 2019 generated revenues of approximately \$30 million (H1 2018: \$27.6 million).

Sales of 22,062 oz. of refined gold (H1 2018: 20,472 oz.) and 69,266 oz. of refined silver (H1 2018: 30,790 oz.) amounted to \$29 million and \$1 million respectively (H1 2018: \$27.1 million and \$0.5 million).

Average realised prices were \$1,312 per oz. gold and \$15.1 per oz. silver (H1 2018 \$1,324 per oz. gold and \$17 per oz. silver).

Cost of sales reduced by 11.3% to \$17.7 million (H1 2018: \$19.9 million), reflecting improved cost control and favourable currency exchange movement.

During the period, our Total Cash Cost reduced by 24.6% to \$672/oz. (H1 2018: \$891/oz.). All-In Sustaining Cost per oz. gold fell by 38.0% to \$850/oz. (H1 2018: \$1370/oz.). We continue to target a very competitive cost profile amongst our industry peers globally.

The Group recorded a 151.5% increase in operating profit from \$3.6 million in H1 2018 to \$9.0 million in H1 2019. The increase is largely driven by higher volumes of gold sold (H1 2019: 22,062 oz. vs. H1 2018: 20,472 oz.)

Total administrative expenses decreased by 12.2% to \$3.4 million (H1 2018: \$3.9 million).

Finance expense remained consistent period-on-period, amounting to \$0.5 million (H1 2018: \$0.5 million).

Profit for the period increased by 138.8% to \$6.1 million (H1 2018: \$2.6 million).

Financial Position

Total equity decreased by \$9.7 million to \$77.5 million (31 December 2018: \$87.2 million). The decrease is attributed mostly to the share buyback described below.

Capital expenditure amounted to \$3.9 million (H1 2018: \$9.5 million) relating primarily to the active mine development, construction of a new pumping station at level 100m and the acquisition of certain mining equipment.

Cash generated from operations increased from \$12.3 million in H1 2018 to \$13.3 million in H1 2019, reflecting the record level of revenue generated in the period. The cash balance increased by 82.5% from \$9.7 million at 31 December 2018 to \$17.7 million.

Loans and borrowings increased from \$17.1 million at 31 December 2018 to \$27.3 million at 30 June 2019. The increase relates largely to the RUB 800 million credit facility obtained from VTB bank as part of the share buyback described below, off-set by \$2.0 million repayment in the period.

Net Debt increased by \$2.2 million from \$7.4 million at 31 December 2018 to \$9.6 million at 30 June 2019. The Net Debt/ EBITDA ratio increased from 0.31 at 31 December 2018 to 0.33 at 30 June 2019. This is very conservative when benchmarked against a peer group of global gold producers.

Share Buyback

On 2 May 2019, the Company entered into conditional agreements with two of its major shareholders (Destin Investment Management Limited and UFG PE Fund I, L.P) to buy back 22,894,565 of its existing ordinary shares representing approximately 20.8% of the Company's issued share capital by means of an off-market share buyback at a price of 33 pence per share for an aggregate purchase price of £7.6 million.

As part of the transaction a further 11,478,410 of the Company's existing ordinary shares, representing approximately 10.4% of the Company's issued share capital, were sold by the same shareholders to other members of the UFG Group, Directors and to new investors. The buyback was paid out of the Company's existing distributable profits and funded by a term loan of up to RUB 800 million (approximately £9.4 million) facility with VTB Bank, obtained by TZ. The share sales, together

with the buyback, will reduce the dominance by UFG of the share register and benefit shareholders as a whole.

On 12 July 2019, the Company announced that the off-market buyback (as described above) had been completed. The shares subject to the buyback are currently held in treasury.

Events after the reporting date

On 12 July 2019 the Company completed the off-market purchase of 22,894,565 ordinary shares of £0.10 each in the capital of the Company from UFG Private Equity Fund I, L.P and Destin Investment Management Limited at a price of £0.33 per share.

On 12 July 2019 Sergey Kryazhevskih was appointed as Chief Financial Officer.

Post period, 7,500m underground drilling on the Main Zone at depth and 5,000m surface drilling on Vein 25 (East Zone) was successfully completed. Following the completion of the drilling programme, the Company has commenced updating its geological models and interpretation. Preliminary internal estimates indicate the published JORC compliant in-situ resource may be overestimated; as a result, the Directors consider that the operational life of the Asacha Gold Mine beyond 2024 will need to be reviewed.

As the Company does not have published JORC compliant Mineral Reserves this estimate should not be construed as a formal Life of Mine statement.

The Company has engaged Competent Persons to produce updated Mineral Resource Estimations for both Asacha and Rodnikova and expects to publish these during the fourth quarter of the year.

The Asacha licence area and the regional district more widely, remains under-explored which the Directors believe presents an opportunity to define additional mineral resources locally and regionally. Therefore, the Company expects to significantly increase the scope and scale of its exploration and resource definition activities to enhance the operational life of the Asacha Gold Mine.

There were no other significant events after the end of the reporting period.

Alexander Dorogov

Chief Executive Officer

18 September 2019

Consolidated Statement of Comprehensive Income

for the period ended 30 June 2019

	Notes	6 months to 30 June 2019 Unaudited \$'000	6 months to 30 June 2018 Unaudited \$'000	12 months to 31 December 2018 Audited \$'000
Revenue	4	29,999	27,605	59,769
Cost of sales		(17,689)	(19,953)	(37,872)
Ore stock inventory impairment (charge) / reversal		-	(445)	4,028
Gross profit		12,310	7,207	25,925
Administrative expenses		(3,430)	(3,905)	(8,393)
Other operating income		276	30	279
Foreign exchange on operating activities		(180)	237	192
Operating profit		8,976	3,569	18,003
Finance income		45	15	25
Finance expense		(504)	(486)	(1,077)
Foreign exchange on financing activities		-	59	12
Profit before taxation		8,517	3,157	16,963
Income tax on profit		(2,410)	(600)	(4,529)
Profit for the period / year		6,107	2,557	12,434
Total comprehensive income for the period / year		6,107	2,557	12,434
Total comprehensive income for the period is attributable to:				
– Owners of the parent company		6,107	2,557	12,434
Profit per share attributable to the owners of the parent company (expressed in cents)				
– Basic and diluted	5	5.57	2.32	11.30

Consolidated Statement of Financial Position

as at 30 June 2019

	Notes	30 June 2019 Unaudited \$'000	30 June 2018 Unaudited \$'000	31 December 2018 Audited \$'000
Non-current assets				
Intangible assets		3,046	501	-
Property, plant and equipment	7	88,055	88,412	91,122
Inventories	8	3,028	709	2,651
		94,129	89,622	93,773
Current assets				
Inventories	8	13,058	9,882	11,924
Trade and other receivables		3,950	4,138	2,229
Cash and cash equivalents		17,704	5,704	9,725
		34,712	19,724	23,878
Total assets		128,841	109,346	117,651
Current liabilities				
Trade and other payables		(16,164)	(9,391)	(5,167)
Current income tax liabilities		(1,093)	(180)	(834)
Borrowings	9	(8,229)	(1,181)	(6,522)
		(25,486)	(10,752)	(12,523)
Non-current liabilities				
Borrowings	9	(19,058)	(14,800)	(10,571)
Provisions		(1,008)	(1,327)	(1,008)
Deferred tax liability		(5,835)	(4,189)	(6,362)
		(25,901)	(20,316)	(17,941)
Total liabilities		(51,387)	(31,068)	(30,464)
Net assets		77,454	78,278	87,187
Capital and reserves attributable to owners of the Company				
Share capital	10	18,988	18,988	18,988
Treasury shares		(9,442)	-	-
Retained earnings		67,908	59,290	68,199

		77,454	78,278	87,187
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Consolidated Statement of Changes in Equity

for the period ended 30 June 2019

	Notes	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Total equity \$'000
At 1 January 2018					
Audited		18,988	-	59,028	78,016
Profit and total comprehensive income for the period		-	-	2,557	2,557
Dividends		-	-	(2,295)	(2,295)
At 30 June 2018					
Unaudited		18,988	-	59,290	78,278
Profit and total comprehensive income for the period		-	-	9,877	9,877
Dividends		-	-	(968)	(968)
At 31 December 2018					
Audited		18,988	-	68,199	87,187
Profit and total comprehensive income for the period		-	-	6,107	6,107
Share buyback	10	-	(9,442)	-	(9,442)
Dividends	6	-	-	(6,398)	(6,398)
At 30 June 2019					
Unaudited		18,988	(9,442)	67,908	77,454

Consolidated Statement of Cash Flows

for the period ended 30 June 2019

	Notes	6 months to 30 June 2019 Unaudited \$'000	6 months to 30 June 2018 Unaudited \$'000	12 months to 31 December 2018 Audited \$'000
Cash flows from operating activities				
Cash generated from operations	11	13,253	12,300	28,852
Interest paid		(543)	(590)	(1,153)
Income taxes paid		(2,380)	—	(1,255)
Net cash generated from operating activities		10,330	11,710	26,444
Investing activities				
Purchase of intangible assets		(3,046)	—	—
Purchase of property, plant and equipment		(3,942)	(9,507)	(17,816)
Loans granted		(6,072)	—	—
Loans repaid		6,069	—	—
Interest received		45	15	25
Net cash used in investing activities		(6,946)	(9,492)	(17,791)
Financing activities				
Proceeds from new bank borrowings	9	12,312	1,035	4,900
Repayment of bank borrowings	9	(2,118)	(4,700)	(7,330)
Repayment of finance leases		—	(150)	(338)
Dividends paid		(5,643)	—	(3,263)
Net cash generated from / (used in) financing activities		4,551	(3,815)	(6,031)
Net increase / (decrease) in cash and cash equivalents		7,935	(1,597)	2,622
Cash and cash equivalents at beginning of period / year		9,725	7,491	7,491
Exchange gains / (losses) on cash and cash equivalents		44	(190)	(388)

Cash and cash equivalents at end of period / year		17,704	5,704	9,725
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Notes to the consolidated interim financial information

for the period ended 30 June 2019

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.

2. Basis of preparation

The consolidated interim financial information has been prepared using policies based on International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board ("IASB") as adopted for use in the EU. It 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 2018 Annual Report.

The consolidated interim financial information for the six months ended 30 June 2019 and 30 June 2018 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 2018 has been derived from the statutory financial statements for that year. Statutory financial statements for the year ended 31 December 2018 were approved by the Board of Directors on 4 June 2019 and filed with the Registrar of Companies. The Independent Auditors' Report on those financial statements was unqualified.

2.1 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 \$9.0 million. The Directors have reviewed the Group's cash flow forecast for the period to 31 December 2020 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 information on that basis.

2.2 Critical accounting judgements and uncertainties

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2018.

2.3 Standards, interpretations and amendments effective in 2019

The accounting policies adopted in the preparation of the consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019.

The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these new standards, in particular IFRS 16 Leases, which requires lessees to use a single on-balance sheet model and recognise all lease assets and liabilities on the balance sheet. The adoption of IFRS 16 has not had a significant impact on the Group's financial statements as the operating leases held by the Group are of low value and the majority of the existing contracts either relate to service agreements or contain performance obligations based on variable terms and thus do not result in right of use assets or lease liabilities.

3. 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 provided to the chief operating decision makers. The chief operating decision makers have been identified as the Chief Executive Officer, Chief Financial Officer and the non-executive board members.

The Group has one reportable segment, being operations in Russia. 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 \$1.0 million corporate costs (H1 2018: \$1.1 million), the numbers in the primary statements reflect the results of the sole operating segment.

4. Revenue

	6 months to 30 June 2019 \$'000	6 months to 30 June 2018 \$'000	12 months to 31 December 2018 \$'000
Revenue analysed by product:			
Gold	28,951	27,086	58,122
Silver	1,048	519	1,647
	29,999	27,605	59,769

All of the Group's refined gold and silver are sold to Russian bank VTB.

5. Earnings per share

The calculation of basic profit per 10p ordinary share is based on the retained profit for the period of \$6,107,000 (H1 2018: \$2,557,000) and on 109,671,497 (H1 2018: 110,053,073) ordinary shares, being the weighted average number of ordinary shares in issue (excluding treasury shares (note 10)) and ranking for dividends during the period.

The Group had no dilutive potential ordinary shares in either periods that would serve to reduce the profit per ordinary share. There is therefore no difference between the basic and diluted profit per share for either period / year.

6. Dividends paid and proposed

A special interim dividend of 5.2 US cents per ordinary share amounting to \$5.7 million was declared and paid on 22 January 2019.

A final dividend of 1.136 US cents per ordinary share for the year ended 31 December 2018 was declared on 27 June 2019 and paid on 12 July 2019. The final dividend amounted to \$0.8 million.

Under the UK Companies Act, treasury shares are not eligible to be paid a dividend.

An interim dividend of 2.3 US cents per ordinary share was declared by the Board of directors on 18th September 2019. It is payable on 30th October 2019 to shareholders who are on the register at 27th September 2019. This interim dividend, amounting to \$2.0 million, has not been recognised as a liability in this interim financial information. It will be recognised in shareholders' equity in the year to 31 December 2019.

7. Property, plant and equipment

	Mining propert ies \$'000	Buildin gs \$'000	Plant and machin ery \$'000	Office equipm ent \$'000	Motor vehicle s \$'000	Assets under constru ction \$'000	Total \$'000
Cost							
At 1 January 2018	74,772	79,909	20,564	453	5,618	3,892	185,208
Additions	6,621	200	951	-	78	2,330	10,180
Disposals	-	-	(443)	(1)	-	-	(444)
Transfers	-	94	400	-	-	(494)	-
At 30 June 2018	81,393	80,203	21,472	452	5,696	5,728	194,944
Additions	6,939	-	1,504	11	176	-	8,630
Disposals	-	(10)	(768)	(44)	(181)	(435)	(1,438)
Transfers	-	4,222	(302)	-	-	(3,920)	-
Transferred from intangible assets	501	-	-	-	-	-	501
At 31 December 2018	88,833	84,415	21,906	419	5,691	1,373	202,637
Additions	1,532	-	722	2	18	2,238	4,512
Disposals	-	(97)	-	-	-	-	(97)
At 30 June 2019	90,365	84,318	22,628	421	5,709	3,611	207,052
Depreciation							
At 1 January 2018	37,796	48,774	11,616	434	2,280	183	101,083
Depreciation charge	1,986	2,719	642	3	427	-	5,777
Disposals	-	-	(327)	(1)	-	-	(328)
At 30 June 2018	39,782	51,493	11,931	436	2,707	183	106,532
Depreciation charge	1,621	3,140	725	3	447	-	5,936
Disposals	-	-	(736)	(40)	(177)	-	(953)
At 31 December 2018	41,403	54,633	11,920	399	2,977	183	111,515

Depreciation charge	3,297	2,710	1,112	6	454	-	7,579
Disposals	-	(97)	-	-	-	-	(97)
At 30 June 2019	44,700	57,246	13,032	405	3,431	183	118,997
Carrying amount							
At 1 January 2018	36,976	31,135	8,948	19	3,338	3,709	84,125
At 30 June 2018	41,611	28,710	9,541	16	2,989	5,545	88,412
At 31 December 2018	47,430	29,782	9,986	20	2,714	1,190	91,122
At 30 June 2019	45,665	27,072	9,596	16	2,278	3,428	88,055

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

Capitalisation of depreciation

- \$400,000 (H1 2018: \$526,000) of the depreciation charge is included in additions to mining properties
- \$32,000 (H1 2018: \$23,000) of the depreciation charge is included in additions to assets under construction
- \$1,806,000 (H1 2018 \$243,000) of the depreciation and mining properties depletion charge is charged to inventories

8. Inventories

	30 June 2019 \$'000	30 June 2018 \$'000	31 December 2018 \$'000
Non-current:			
Ore stocks	3,028	5,183	2,651
Less accumulated provision	-	(4,474)	-
	3,028	709	2,651
Current:			
Finished gold	-	58	-
Finished silver	-	55	24
Gold in progress	1,767	1,890	1,395
Silver in progress	29	315	47
Ore stocks	4,765	781	2,596
Raw materials and consumables	6,497	6,783	7,862
	13,058	9,882	11,924

	16,086	10,591	14,575
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Finished gold, finished silver, gold in progress, silver in progress and ore stocks include depreciation and mining properties depletion charge \$1,806,000 (H1 2018: \$243,000).

During 2018 the Group commenced significant blending of lower grade ore with higher grades when feeding the processing plant. Consequently, management reassessed their estimate of the maximum values to be realised from the existing ore stockpiles reflecting the planned blended feed of such stockpiles to the mill on the basis that they are blended with future ore mined. The net realisable value tests demonstrate significant headroom with no reasonable sensitivity indicating impairment. As a result, a reversal of the previously recognised impairment provision in the amount of \$4,028,000 was recognised in H2 2018. In previous years, no significant blending of ore grades was practiced, and the net realisable values of ore stockpiles were assessed separately on non-blending basis giving rise to an accumulated impairment provision of \$4,474,000 at 30 June 2018.

9. Borrowings

	30 June 2019 \$'000	30 June 2018 \$'000	31 December 2018 \$'000
Current:			
Bank borrowings	8,229	1,053	6,522
Finance lease obligations	-	128	-
	8,229	1,181	6,522
Non-current:			
Bank borrowings	19,058	14,800	10,571
Finance lease obligations	-	-	-
	19,058	14,800	10,571
	27,287	15,981	17,093

Movement in borrowings is analysed as follows:

	30 June 2019 \$'000	30 June 2018 \$'000	31 December 2018 \$'000
At beginning of period	17,093	19,831	19,831
Increase in borrowings	12,312	1,035	4,900
Repayment of borrowings and accrued interest	(2,118)	(4,706)	(7,330)
Net movement in finance leases	-	(179)	(308)
At end of period	27,287	15,981	17,093

On 15 May 2019, the Company's wholly owned subsidiary TZ entered into an agreement with VTB Bank for a RUB 800 million credit facility agreement for a 4-year term, repayable in equal amounts quarterly with the first repayment effective five calendar quarters after the initial drawdown. The facility bears an annual interest at 10.7% and is secured against certain fixed assets of TZ. The Group is currently in the process of finalising the fixed assets security documentation. The facility was used to repay the inter-group indebtedness of TZ as well as to finance TZ's working capital requirements and other gold exploration and evaluation works.

On 19 June 2017, TZ entered into an agreement with VTB Bank for a \$15,000,000 loan facility for a 5-year term, repayable in equal amounts quarterly with the first repayment effective seven calendar quarters after initial drawdown.

On 21 June 2017, TZ entered into a further agreement with VTB Bank for an additional \$5,000,000 revolving credit facility for a 3-year term.

Both facilities entered in 2017 are used to provide additional working capital, bear annual interest at 6.2% and are secured against the equity and fixed assets of TZ only. The Group is currently in the process of finalising the equity and fixed assets security documentation.

10. Share capital

Share capital at 30 June 2019 amounted to \$18.9 million (31 December 2018: \$18.9 million).

On 2 May 2019, the Company entered into conditional agreements with two of its major shareholders within UFG Asset Management ("UFG") to buy back 22,894,565 of its existing ordinary shares by means of an off-market share buyback at a price of 33 pence per share, representing a discount of 42% to the closing middle market price of a TSG ordinary share on 1 May 2019, for an aggregate purchase price of £7.56 million (\$9.44 million) (the "Buyback").

The Buyback conditions were satisfied and approved on 27 June 2019 at the Annual General Meeting. The Buyback completed on 12 July 2019. At the reporting date the Company recognised an obligation of \$9.44 million to buy back the 22,894,565 ordinary shares with the corresponding increase in the treasury shares reserve.

The Buyback was funded out of the Company's existing distributable profits, facilitated by the repayment of intra-group indebtedness by the Company's wholly owned subsidiary, TZ, utilising a new term loan facility of RUB 800 million obtained by TZ from VTB Bank (note 9).

TSG currently has 87,158,508 ordinary shares in issue and holds 22,89,565 ordinary shares in treasury.

11. Cash generated from operations

	6 months 30 June 2019 \$'000	6 months 30 June 2018 \$'000	12 months 31 December 2018 \$'000
Profit for the period after tax	6,107	2,557	12,434
Adjustments for:			
Taxation charged	2,410	600	4,529
Finance expense	504	486	1,077
Finance income	(45)	(15)	(25)
Loss on disposal of property, plant and equipment	-	116	148

Unrealised foreign exchange differences	(50)	159	341
Depreciation of property, plant and equipment	4,870	4,985	9,968
Impairment / (reversal of impairment) of ore stocks	-	445	(4,028)
Movements in working capital:			
Decrease in inventories	668	3,254	4,716
(Increase) / decrease in trade and other receivables	(2,012)	(1,654)	255
Increase / (decrease) in trade and other payables	801	1,367	(563)
Cash generated from operations	13,253	12,300	28,852

12. Contingencies

The Company's wholly owned subsidiary TZ has received a claim from the Federal Service for Supervision of Use of Natural Resources, RosPrirodNadzor ("RPN") over the payments for disposal of waste materials following a site inspection in 2016. Having taken appropriate advice, the management believe that they have a strong legal position and as such, dispute the claim made by RPN. The claim could potentially amount to approximately \$2.1 million.

13. Events after the reporting date

On 12 July 2019 the Company completed the off-market purchase of 22,894,565 ordinary shares of £0.10 each in the capital of the Company from UFG Private Equity Fund I, L.P and Destin Investment Management Limited at a price of £0.33 per share.

On 12 July 2019 Sergey Kryazhevskih was appointed as Chief Financial Officer.

There were no other significant events after the end of the reporting period.

14. Non-IFRS Measures

The Group uses certain measures in this report that are not defined under IFRS. Non-IFRS financial measures are provided as additional information to investors to assist them with their assessment of the Group's financial position and its operating results. These measures are not in accordance with, or a substitute for, IFRS, and may be different from or inconsistent with non-IFRS financial measures used by other companies. These measures are explained further below:

Cash costs

Cash costs are calculated on consolidated basis and include all costs absorbed into cost of sales, excluding mining tax, depreciation, amortisation and depletion, net of by-product revenue (silver). Cash costs per ounce of gold sold is calculated by dividing the aggregate of these costs by total ounces sold.

	6 months 30 June 2019 \$'000	6 months 30 June 2018 \$'000	12 months 31 December 2018 \$'000
Cost of sales	17,689	19,953	37,872
Adjustments for:			
By-product revenue (silver)	(1,048)	(519)	(1,647)
Mining tax	(2,179)	(1,255)	(2,381)

Depreciation / depletion of owned property, plant and equipment	(5,244)	(4,985)	(9,968)
Loss on disposal of property, plant and equipment	-	(116)	(148)
Cash cost	9,218	13,078	23,728
Gold sold (oz.)	22,062	20,472	45,956
Cash cost (\$) per oz. gold	418	639	516

Total cash costs

Total cash costs are calculated on consolidated basis as cash costs plus mining tax and administrative expenses. Total cash costs per ounce of gold sold is calculated by dividing the aggregate of these costs by total ounces sold.

	6 months 30 June 2019 \$'000	6 months 30 June 2018 \$'000	12 months 31 December 2018 \$'000
Cash costs	9,218	13,078	23,728
Adjustments for:			
Mining tax	2,179	1,255	2,381
Administrative expenses	3,430	3,905	8,393
Total cash costs	14,827	18,238	34,502
Gold sold (oz.)	22,062	20,472	45,956
Total cash cost (\$) per oz. gold	672	891	751

Earnings Before Interest, Tax Depreciation and Amortisation (“EBITDA”)

EBITDA is calculated on consolidated basis as net profit/(loss) for the period excluding income tax expense, finance expense, finance income, foreign exchange movements, depreciation, amortisation and depletion, and impairment charges.

	6 months 30 June 2019 \$'000	6 months 30 June 2018 \$'000	12 months 31 December 2018 \$'000
Revenue	29,999	27,605	59,769
Adjustments for:			
Cost of sales	(17,689)	(19,953)	(37,872)
Administrative expenses	(3,430)	(3,905)	(8,393)
Other operating income	276	30	279
Depreciation/depletion of owned property, plant and equipment	5,244	4,985	9,968
Loss on disposal of property, plant and equipment	-	116	148
EBITDA	14,400	8,878	23,899

All-In Sustaining Costs ("AISC")

AISC reflect the full costs of keeping the mine in business and include adjusted operating expenditure, sustaining corporate and administrative expenditure, and sustaining capital and exploration expenditure. It excludes non-sustaining costs related to new operations and costs that are not related to current operations, as well as taxes, finance costs and working capital adjustments.

	6 months 30 June 2019 \$'000	6 months 30 June 2018 \$'000	12 months 31 December 2018 \$'000
Cash costs	9,379	13,078	23,728
Adjustments for:			
Mining tax	2,179	1,255	2,381
Administrative expenses	3,430	3,905	8,393
Ore stock inventory impairment	-	445	(4,028)
Purchase of property, plant and equipment	3,942	9,507	17,816
Non-sustaining exploration expenditure	(26)	(146)	(210)
Accretion of restoration costs	-	-	131
AISC	18,743	28,044	48,211
Gold sold (oz.)	22,062	20,472	45,956
AISC (\$) per oz. gold	850	1,370	1,049

Company Information

Directors

Charles Ryan
Non-Executive Chairman

Alexander Dorogov
Chief Executive Officer

Eugene Antonov
Chief Operating Officer

Robert Sasson
Non-Executive Director

Stewart Dickson
Non-Executive Director

Lou Naumovski
Non-Executive Director

Florian Fenner
Non-Executive Director

Secretary

Simon Olsen

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The logo for Trans-Siberian Gold, featuring the company name in white text on a dark green square background.

Trans·
Siberian
Gold

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