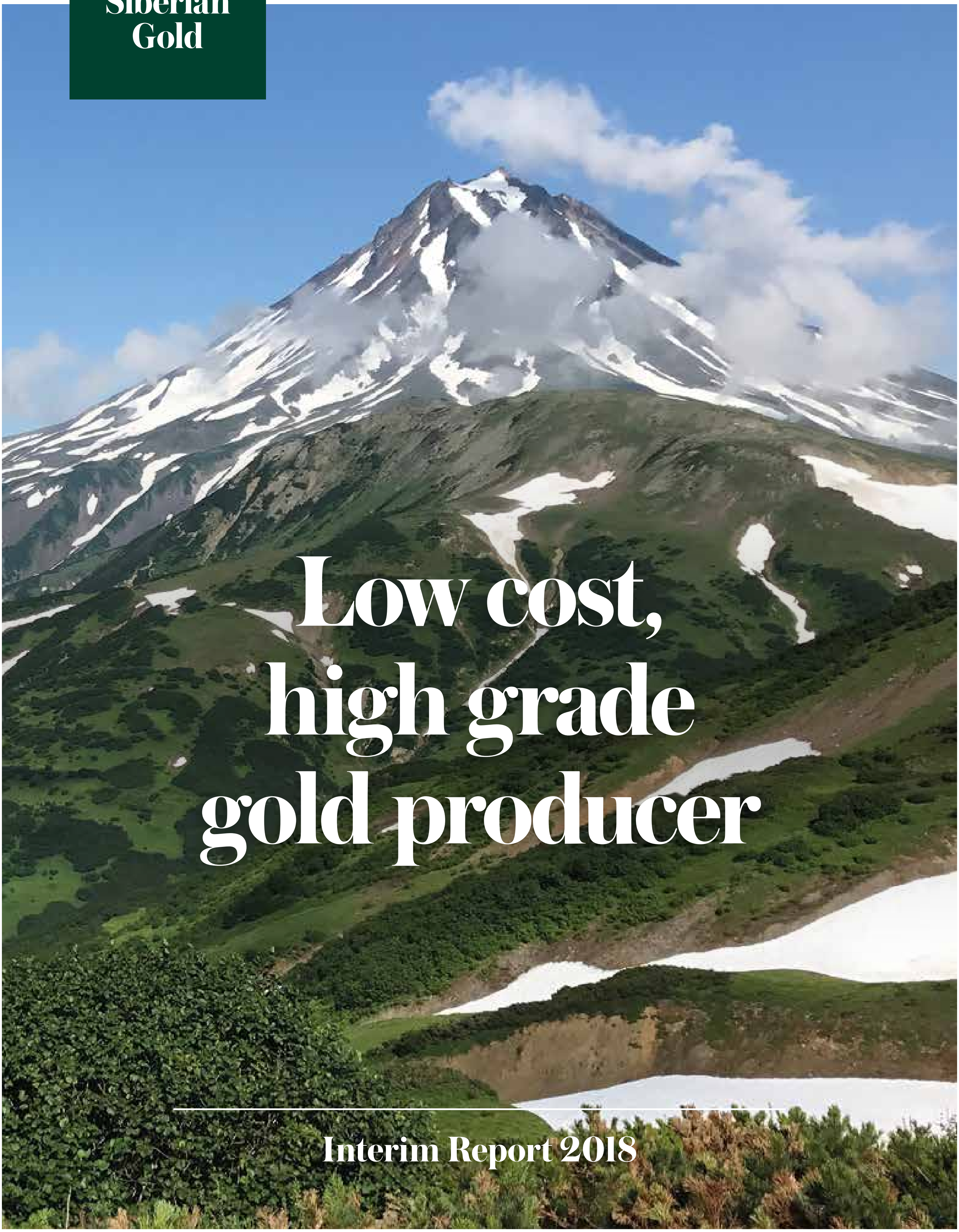
Trans-Siberian Gold



Low cost, high grade gold producer

Interim Report 2018

Trans·Siberian Gold

Financial Highlights

- Record H1 revenue generation of approximately $27.6 million (H1 2017: $18.8 million)
- Profit before tax $3.2 million (H1 2017: $0.5 million)
- Cost of sales $975/oz. and cash costs $644/oz. net of silver credits (H1 2017: $864/oz. and $553/oz. respectively)
- EBITDA $8.8 million (H1 2017 $5.4 million)
- Interim dividend of $1.0 million resulting in payment of $0.009 per share (H1 2017: $0.036 per share)

Operational Highlights

- Gold dore increased by 25% to 17,361 oz. (H1 2017: 13,897 oz.)
- Refined gold production 20,698 oz. (H1 2017: 15,007 oz.)
- Mine development 2,802 metres (H1 2017: 2,625 metres)
- Asacha plant processed average 15,370 tonnes per month, 2.3% above H1 2017
- Gold grade 6.2 g/t (H1 2017: 5.1 g/t)

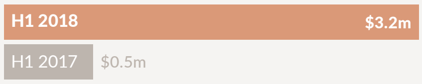
Contents

Introduction

Profit before tax

$3.2m +540%

(H1 2017: $0.5m)



Revenue

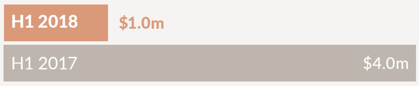
$ 27.6m +47%

(H1 2017: $18.8m)

Interim Dividend

$1.0m -75%

(H1 2017: $4m)



Gold in dore

17,361 oz. +25%

(H1 2017: 13,897 oz.)

- Record H1 revenue generation of approximately $27.6 million (H1 2017: $18.8 million)
- Profit before tax $3.2 million (H1 2017: $0.5 million)
- Interim dividend of $1.0 million resulting payment of $0.009 per share (H1 2017: $0.036 per share)
- Average gold grade: 6.2g/t (H1 2017: 5.1g/t)
- Gold in dore 17,361 oz. (H1 2017: 13,897 oz.), silver in dore 42,118 oz. (H1 2017: 20,078 oz.)
- Production at refinery 20,698 oz. gold (H1 2017: 15,007 oz.), 46,152 oz. silver (H1 2017: 22,212 oz.)
- Average gold selling price of $1,324/oz. (H1 2017: $1,237/oz.)
- Cash cost per oz. gold sold $644 (H1 2017: $553)
- EBITDA $8.8 million (H1 2017: $5.4 million)

Strategy

At a glance

Trans-Siberian Gold plc ("TSG", the "Company" or the "Group") is a UK-based resources company, established in 2000 and listed on the AIM market of the London Stock Exchange.

TSG's 100%-owned subsidiary, ZAO Trevozhnoye Zarevo ("TZ") holds a 24 square kilometre licence in the southern part of the Kamchatka peninsula, including the Asacha gold deposit.

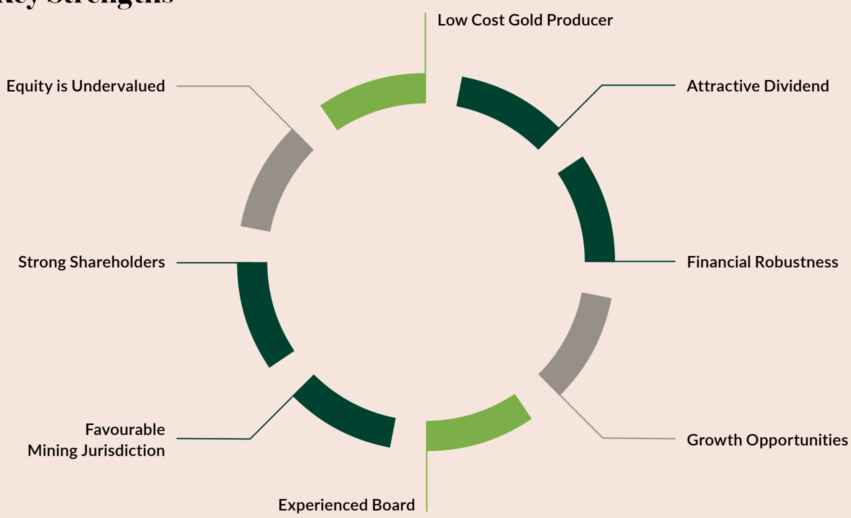
- **Focused on low cost, high grade mining operations and stable gold production**
- **A highly-regarded management team with significant experience in developing and operating gold mines in Russia**
- **Committed to maintaining our licence to operate through acting responsibly in relation to our people, the environment and the communities which we interact with**

Strategy

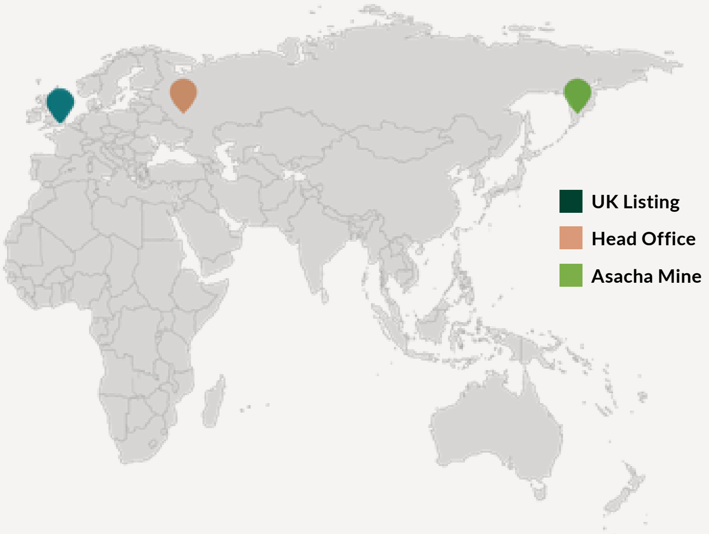
The Group seeks to provide investors with access to a company capable of generating industry-leading shareholder returns, while maintaining a commitment to operational excellence and its social and environmental responsibilities.

The Group's current corporate strategy focuses on the following aspects:

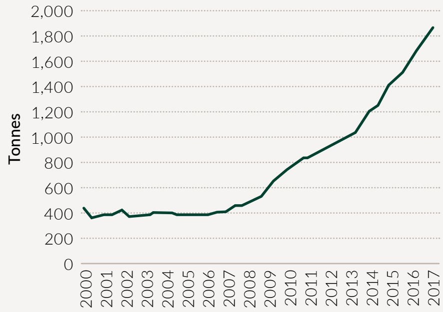
Key Strengths



Corporate & Operational Footprint



Russia is the largest official purchaser of gold in the world.

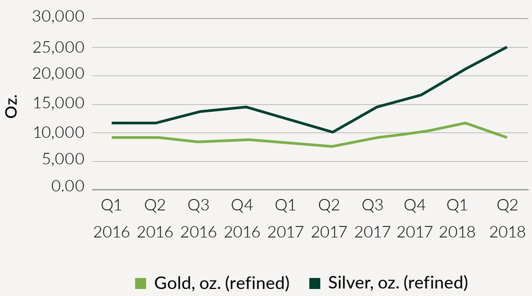


Source: World Gold Council; IMF

Asacha Gold Mine

An epithermal gold/silver deposit located on a tertiary volcanic arc typical of ore systems found along the Pacific Rim. The main ore zone at Asacha consists of five steeply dipping veins with two principal veins averaging over two metres in width. Veins are characterised by low sulphidation quartz-adularia occurring predominately in dacite domes.

- **Established gold mine in Far East Russia**
- **High grade underground operation**
- **Gold in dore production: 17,361 oz. (H1 2017: 13,897 oz.)**
- **Low Cash Cost operation: $644/oz. (H1 2017: $553/oz.)**



Chief Executive Officer's Review

"I am pleased to present the Company's interim report for the 6 months ended 30 June 2018"

Alexander Dorogov
CEO

Gold in dore

17,361 oz. **+25%**

(H1 2017: 13,897 oz.)

Operational Review

In the six months to 30 June 2018, the Asacha Gold Mine produced 20,698 oz. (H1 2017: 15,007 oz.) of refined gold and 46,152 oz. (H1 2017: 22,212 oz.) of refined silver. Our total cash cost of $644/oz. (H1 2017: $553/oz.) remains competitive amongst our industry peers globally.

The average realised gold price increased to $1,324/oz., compared to $1,237/oz. in H1 2017. Production of gold in dore increased by 25% to 17,361 oz. (H1 2017: 13,897 oz.), silver in dore increased by 110% to 42,118 oz. (H1 2017: 20,078 oz.).

The average processed ore gold grade was 6.2 g/t, representing a 22% increase above the H1 2017 average of 5.1g/t, with further improvement in July (6.5 g/t) and August (7.9 g/t). Whilst this is a significant year-on-year improvement, the processed gold grade reflected the need to process some lower grade stockpile ore in order to maintain high plant throughput. We are committed to increasing the average gold grade and realise the potential of the orebody. The preparation of new ore blocks is gradually catching up with the stoping ore volume requirements. In H1 2018, stoping ore accounted for 54% of the total ore volume delivered to the plant (H1 2017: 43%).

The steps to address water ingress are on track. All of the major equipment for the main pumping station at level 150m has been delivered to the site. Construction works are progressing well both in the mine and on the surface. Operational testing is being conducted.

The gateway to the adit of Vein 25 is completed, providing access to a new orebody. Decline development is scheduled for 2019 with stoping works to start in 2020 while mining operations of the main deposit continue.

The Asacha plant processed 92,217 tonnes (a run-rate significantly above its designed annual capacity of 150,000 tonnes) and achieved 94.4% average gold recovery (H1 2017: 94.1%). We continue to blend higher grade stoping ore with lower grade stockpiled ore to ensure our processing capacity is fully utilized.

Gold production in H2 2018 is expected to improve as the effects of the installation of additional pumping equipment are felt. Accordingly, the Company's total gold production guidance range of 36,000 - 40,000 oz. for 2018 remains unchanged (2017: 33,872 oz.). The upper end of the range represents a year-on-year increase of approximately 9% in total gold production.

We are committed to an attractive and stable dividend pay-out.

Mining and production data for H1 2018 at the Asacha Gold Mine is shown in the following table:

Metric	H1 2018	H1 2017	Year on year % Change
Mine development, m	**2,802**	2,625	6.7%
Ore extracted, tonnes	**95,518**	93,693	1.9%
Ore processed, tonnes	**92,217**	90,177	2.3%
Grade, gold, g/t	**6.2**	5.1	21.6%
Grade, silver, g/t	**19.0**	9.0	111.1%
Recovery, gold, %	**94.4**	94.1	0.3%
Recovery, silver, %	**76.4**	76.3	0.1%
Gold in dore (oz.)	**17,361**	13,897	24.9%
Silver in dore (oz.)	**42,118**	20,078	109.8%
Gold refined (oz.)	**20,698**	15,007	37.9%
Silver refined (oz.)	**46,152**	22,212	107.8%
Gold sold (oz.)	**20,472**	14,954	36.9%
Silver sold (oz.)	**30,790**	21,845	40.9%
Gold price, $/oz.	**1,324**	1,237	7.0%
Silver price, $/oz.	**16.9**	16.5	2.4%

Employees and Safety

Our employees and their safety are our highest priority.

At 30 June 2018 TSG's subsidiary ZAO Trevozhnoye Zarevo ("TZ") employed 699 staff in Kamchatka (31 December 2017: 711).

The Group adopts a continuous improvement approach to advance health and safety standards at Asacha. During the Period, employees have attended various training courses, including labour and fire safety, accident response and emergency management, electric safety and the safety of hydro-technical facilities.

Unfortunately, on 20 April 2018 there was a fatal accident in the underground mine. A miner fell into a pipeway passage in the upraise from a pump chamber at level 100 to level 150. Investigation procedures involving the regulatory authorities and TZ staff have commenced. TZ is providing support to the miner's family.

During H1 2018 no other injuries were reported.

Asacha Mining Licence

In June 2018, and in line with expectations, the Russian State Subsoil Agency ("Rosnedra") approved TZ's application to extend the existing mining licence at the Asacha Gold Mine for a further six-year period. The extended mining licence will expire on 31 December 2024.

Financial Performance

H1 2018 generated record revenue of approximately $27.6 million (H1 2017: $18.8 million) and a profit before tax of $3.2 million (H1 2017: $0.5 million). The Group will continue to seek efficiencies to reduce our key cost metrics and thereby improve our financial performance wherever practicable.

Interim Dividend

In line with our commitment to make attractive and sustainable dividend payouts to shareholders, I am pleased to report that the Board has declared an interim 2018 dividend of $0.009 per share equal to approximately $1.0 million (H1 2017: $4.0 million).

Interim Dividend

$1.0m **-75%**

(H1 2017: $4.0m)

The Board reviews its dividend policy on a regular basis.

Board & Senior Management

In line with the Company's succession plan, the Board of Directors appointed Alexander Dorogov as Chief Executive Officer in July 2018. Mr. Dorogov succeeded Dmitry Khilov who had been CEO since October 2009 and led TSG through significant moments in its history including bringing the Asacha Gold Mine into production. Mr Dorogov was formerly the Company's Chief Financial Officer.

During H1 2018 and afterwards, a number of senior management appointments have also been made.

In March 2018, Konstantin Kornienko was appointed as Managing Director of TZ. Mr. Kornienko has more than 15 years of experience working at gold-processing plants, of which a decade has been in managerial positions. His previous experience includes building and operating gold-processing plants at Pervenets-Verninskoe (Polyus), Vysochaishy (GV Gold) and Severnoe Zoloto (Kinross Gold). Since 2011 he has been responsible for the gold-processing plant at the Asacha Gold Mine.

Chief Executive Officer's Review

Gold refined sales

20,472 oz.

(H1 2017: 14,954 oz.)

Profit

$3.2m

(H1 2017: $0.5m)

In June 2018, Alexey Malevanov was appointed as Chief Engineer of TZ. Mr. Malevanov has more than 15 years of experience in the mining industry, mainly in managerial positions in underground mining operations located in Far-East Russia. Prior to joining TZ, he was Deputy Executive Director at Berezitovy Mine in the Amur Region (Nordgold) between 2016 and 2018. He was Deputy Director of the Severny Rudnik mine (Norilsk Nickel) between 2014 and 2016, and Chief Engineer of Irtysh Rudnik (Kazakhstan, Kazakhmys Corporation) between 2011 and 2013. His previous experience includes managerial positions at the Julietta, Karalveem and Mnogovershinnoe mines.

In August 2018, Eugene Antonov was appointed as Chief Operating Officer of the Company's wholly owned subsidiary Trans-Siberian Gold Management LLC ("TSGM"). Mr. Antonov has more than 20 years of experience in the mining industry, mainly in managerial positions with responsibility for mine site operations and finance. In his previous appointments, he has established a track record of leading change, financial management and harnessing technology to drive operational efficiencies. Most recently he spent 11 years at Kinross Gold Corporation and was an integral part of the leadership team at the Kupol Mine in Far East Russia which generated the largest annual cash flow and achieved the lowest operating cost across the Kinross group. Between 1999 and 2007, he was employed at Bema Gold Corporation in Canada in various executive finance roles, including Director of Finance, until its acquisition by Kinross. His previous experience includes managerial positions at Teck in Canada.

Mr. Antonov has more than 20 years of experience in the mining industry, mainly in managerial positions with responsibility for mine site operations and finance.

These key leadership appointments are focused on driving operational efficiencies and improvements.

Outlook and priorities

Our number one priority is to enhance our existing mining operations at Asacha.

At the same time, we are well positioned to exploit future growth opportunities. We have a strong investment case and believe our commitment to an attractive and stable dividend pay-out should increase interest in the Company's shares and the Company more widely.

We are 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 2018 generated record revenue of approximately $27.6 million (H1 2017: $18.8 million).

Sales of 20,472 oz. of refined gold (H1 2017: 14,954 oz.) and 30,790 oz. of refined silver (H1 2017: 21,845 oz.) were $27.1 million and $0.5 million respectively (H1 2017: $18.4 million and $0.4 million).

Average realised prices were $1,324 per oz. gold and $17 per oz. silver (H1 2017 $1,233 per oz. gold and $17 per oz. silver).

Cost of sales was $19.9 million (H1 2017: $13.3million), reflecting the 37% increase of gold sold and 9% increase in the cost of sales per oz.

Cash cost per oz. gold excluding depletion, net of the silver credit and excluding royalty, was $644 (H1 2017: $553). The variance is attributable to higher fuel prices and consumption as well as higher staff costs. Depletion of mining properties is normally treated as a non-cash cost, however the Group has previously also reported cash cost per oz. including depletion because, in the early years of production, some mining properties costs were amortised over short periods. The Group now only reports cash cost per oz. excluding depletion.

The Group recorded an operating profit for the period of $ 3.6 million (H1 2017: $1.3 million), driven by higher volumes of gold sold (H1 2018: 20,472 oz. vs. H1 2017: 14,954 oz.) and higher average selling price (H1 2018: $1,324/oz. vs. H1 2017: $1,237/oz.).

Total administrative expenses were stable at $3.9 million (H1 2017: $3.9 million).

Finance expense reduced to $0.5 million (H1 2017: $0.9 million), reflecting the lower interest rate of 6.2% on the loan facilities with VTB Bank which were entered into in June 2017. The Group's previous loan facilities had an average interest rate of approximately 10%.

The profit for the period was $2.6 million (H1 2017: $29,000) net of exchange gains of $0.3 million (H1 2017: $0.2 million). The profit for the period included a tax charge of $0.6 million (H1 2017: $0.5 million).

Financial Position

Total equity was $78.3 million at 30 June 2018 compared to $78 million at 31 December 2017.

Capital expenditure amounted to $10.2 million (H1 2017: $8.7 million) relating primarily to active mine development at level 100m to secure stoping mining in 2019-2020 and achieving strategic goal of plant feed with high-grade ore as well as construction of underground pumping station at level 150m to address water ingress.

Ore stocks are stated net of impairment provisions of $4.5 million (31 December 2017: $4.0 million), representing the difference between the ore stockpile's expected net realisable value at a gold price of $1,250/oz. (H1 2017: $1,243/oz.) and cost, including processing, refining and royalties.

Cash generated from operations before working capital changes has increased from $5.7 million in H1 2017 to $12.3 million in H1 2018 reflecting the record level of revenue generated in the period. The cash balance reduced from $7.5 million at 31 December 2017 to $5.7 million mainly due to the repayment of borrowings.

Loans and borrowings reduced from $19.8 million at 31 December 2017 to $16.0 million at 30 June 2018 mostly due to $4.7 million repayment in the period off-set by $1.0 million of a further draw-down from the available facility.

Events after the reporting date

As previously stated, the Company executed its CEO succession plan with the appointment of Mr. Dorogov and other senior management changes.

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

Alexander Dorogov

Chief Executive Officer

25 September 2018

Key performance indicators

The following table sets out the key performance indicators monitored by TSG's Board of directors:

Refined gold sales

20,472 oz. +36.9%

H1 2018	20,472 oz.
H1 2017	14,954 oz.

Average feed gold grade

6.2 g/t +21.6%

H1 2018	6.2 g/t
H1 2017	5.1 g/t

Average realised gold price

$1,324 +7.0%

H1 2018	$1,324
H1 2017	$1,237

Gold recovery rate

94.4% +0.3%

H1 2018	94.4
H1 2017	94.1

Cash cost per oz. gold

$644 +16.5%

H1 2018	$644
H1 2017	$553

Employee numbers (TZ, Kanchatka)

699 +3.4%

H1 2018	699
H1 2017	676

Ore extracted (tonnes)

95,518 +1.9%

H1 2018	95,518
H1 2017	93,693

Ore processed

92,217 tonnes ('000) +2.3%

H1 2018	92,217
H1 2017	90,177

EBITDA

$8.8m +63%

H1 2018	$8.8m
H1 2017	$5.4m

Consolidated Statement of Comprehensive Income
for the period ended 30 June 2018

	Notes	6 months to 30 June 2018 Unaudited $'000	6 months to 30 June 2017 Unaudited $'000	12 months to 31 December 2017 Audited $'000
Revenue	9	27,605	18,804	43,447
Cost of sales		(19,953)	(13,283)	(30,737)
Ore stock inventory impairment		(445)	(605)	(1,862)
Gross profit		7,207	4,916	10,848
Administrative expenses		(3,905)	(3,937)	(7,392)
Other operating income		30	155	411
Foreign exchange on operating activities		237	160	432
Operating profit		3,569	1,294	4,299
Finance income		15	68	97
Finance expense		(486)	(858)	(1,217)
Foreign exchange on financing activities		59	39	(143)
Profit before taxation		3,157	543	3,036
Income tax on profit		(600)	(514)	(520)
Profit for the period		2,557	29	2,516
Total comprehensive income for the period		2,557	29	2,516
Total comprehensive income for the period is attributable to:				
– Owners of the parent company		2,557	29	2,516
Profit per share attributable to the owners of the parent company (expressed in cents)				
– Basic and diluted	10	2.32	0.03	2.29

Consolidated Statement of Financial Position

as at 30 June 2018

	Notes	30 June 2018 Unaudited $'000	Restated 30 June 2017 Unaudited $'000	31 December 2017 Audited $'000
Non-current assets				
Intangible assets		501	2,179	501
Property, plant and equipment	5	88,412	80,828	84,125
Inventories	6	709	4,681	1,166
		89,622	87,688	85,792
Current assets				
Inventories	6	9,882	7,313	12,884
Trade and other receivables		4,138	2,529	2,484
Current income tax receivable		–	–	281
Cash and cash equivalents		5,704	9,649	7,491
		19,724	19,491	23,140
Total assets		109,346	107,179	108,932
Current liabilities				
Trade and other payables		(9,391)	(5,615)	(5,730)
Current income tax liabilities		(180)	(295)	–
Borrowings	7	(1,181)	(1,948)	(5,031)
		(10,752)	(7,858)	(10,761)
Non-current liabilities				
Borrowings	7	(14,800)	(14,960)	(14,800)
Provisions		(1,327)	(4,090)	(1,327)
Deferred tax liability		(4,189)	(736)	(4,028)
		(20,316)	(19,786)	(20,155)
Total liabilities		(31,068)	(27,644)	(30,916)
Net assets		78,278	79,535	78,016
Capital and reserves attributable to owners of the Company				
Share capital	8	18,988	18,988	18,988
Retained earnings		59,290	60,547	59,028
		78,278	79,535	78,016

Consolidated Statement of Changes in Equity

for the period ended 30 June 2018

	Notes	Share capital $'000	Retained earnings $'000	Total equity $'000
At 1 January 2017 (restated)				
Audited		18,988	60,518	79,506
Profit and total comprehensive income for the period		–	29	29
At 30 June 2017 (restated)				
Unaudited		18,988	60,547	79,535
Profit and total comprehensive income for the period		–	2,487	2,487
Dividends			(4,006)	(4,006)
At 31 December 2017				
Audited		18,988	59,028	78,016
Profit and total comprehensive income for the period		–	2,557	2,557
Dividends	11	–	(2,295)	(2,295)
At 30 June 2018				
Unaudited		18,988	59,290	78,278

Consolidated Statement of Cash Flows

for the period ended 30 June 2018

	Notes	6 months to 30 June 2018 Unaudited $'000	6 months to 30 June 2017 Unaudited $'000	12 months to 31 December 2017 Audited $'000
Cash flows from operating activities				
Cash generated from operations	12	12,300	5,704	11,982
Interest paid		(590)	(810)	(1,333)
Income taxes paid		–	(15)	(475)
Net cash inflow from operating activities		11,710	4,879	10,174
Investing activities				
Purchase of intangible assets		–	–	(501)
Purchase of property, plant and equipment		(9,507)	(8,299)	(14,192)
Interest received		15	68	97
Net cash used in investing activities		(9,492)	(8,231)	(14,596)
Financing activities				
Proceeds from new bank borrowings		1,035	16,501	19,500
Repayment of bank borrowings		(4,700)	(16,500)	(16,500)
Repayment of finance leases		(150)	(106)	(314)
Dividends paid		–	–	(4,006)
Net cash used in financing activities		(3,815)	(105)	(1,320)
Net decrease in cash and cash equivalents		(1,597)	(3,457)	(5,742)
Cash and cash equivalents at beginning of period		7,491	13,097	13,097
Exchange (losses)/gains on cash and cash equivalents		(190)	9	136
Cash and cash equivalents at end of period		5,704	9,649	7,491

Notes to the Consolidated Interim Financial Information

for the period ended 30 June 2018

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 2017 Annual Report.

The consolidated interim financial information for the six months ended 30 June 2018 and 30 June 2017 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 2017 has been derived from the statutory financial statements for that year. Statutory financial statements for the year ended 31 December 2017 were approved by the Board of Directors on 29 May 2018 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 $3.6 million. The Directors have reviewed the Group's cash flow forecast for the period to 31 December 2019 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.

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 2017.

2.3 New standards, interpretations and amendments adopted by the Group

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 2017, except for the adoption of new standards effective as of 1 January 2018. However, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these new standards.

The following new standards and interpretations became effective on 1 January 2018 and have been adopted by the Group:

IFRS 15 has replaced IAS 18 Revenue and IAS 11 Construction Contracts as well as various interpretations previously issued by the IFRS Interpretations Committee. The Group's accounting policies have remained unchanged from those previously disclosed in the 2017 annual financial statements.

IFRS 9 has replaced IAS 39 Financial Instruments: Recognition and Measurement. All financial assets of the Group continue to be classified and measured at amortised cost. There are no material financial assets subject to the expected credit loss model defined within IFRS 9, except for cash. The level of credit risk that the Group is exposed to has not given rise to material allowances within the expected credit loss model.

3. Restatement

During 2017 accounting errors were identified that required an adjustment of balances reported at 31 December 2016. This effected the opening financial position of the comparative period in this consolidated interim financial information.

These errors principally related to the earlier than intended depreciation of certain plant and machinery assets acquired under finance lease arrangements and the incorrect posting of payments made on initial inception of these arrangements as foreign exchange losses.

The errors have been corrected by restating each of the affected financial statement line items for the prior period, as follows:

Consolidated statement of financial position

	At 30 June 2017		
	As previously reported $'000	**Adjustments $'000**	**As restated $'000**
Non-current assets	87,413	275	87,688
Current assets	19,071	420	19,491
Current liabilities	(7,858)	-	(7,858)
Non-current liabilities	(19,762)	(24)	(19,786)
Net assets	78,864	671	79,535
Share capital	18,988	–	18,988
Retained earnings	59,876	671	60,547
	78,864	671	79,535

4. 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 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 $1.1 million corporate costs (H1 2017: $2.2 million), the numbers in the primary statements reflect the results of the sole operating segment.

5. Property, plant and equipment

	Mining properties $'000	Buildings $'000	Plant and machinery $'000	Office equipment $'000	Motor vehicles $'000	Assets under construction $'000	Total $'000
Cost							
At 1 January 2017 (restated)	65,271	79,028	20,161	451	3,176	1,144	169,231
Additions	6,786	209	402	11	920	421	8,749
Disposals	–	–	(111)	(4)	(51)	–	(166)
At 30 June 2017 (restated)	72,057	79,237	20,452	458	4,045	1,565	177,814
Additions	609	578	1,027	6	2,032	2,821	7,073
Disposals	–	–	(1,315)	(11)	(459)	–	(1,785)
Transfers	–	94	400	–	–	(494)	–
Transferred from intangible assets	2,106	–	–	–	–	–	2,106
At 31 December 2017	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
Depreciation							
At 1 January 2017 (restated)	34,782	43,366	11,203	441	2,371	183	92,346
Depreciation charge	1,260	2,689	618	4	125	–	4,696
Disposals	–	–	(1)	(4)	(51)	–	(56)
At 30 June 2017 (as restated)	36,042	46,055	11,820	441	2,445	183	96,986
Depreciation charge	1,754	2,719	973	4	294	–	5,744
Disposals	–		(1,177)	(11)	(459)	–	(1,647)
At 31 December 2017	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
Carrying amount							
At 1 January 2017 (restated)	30,489	35,662	8,958	10	805	961	76,885
At 30 June 2017 (restated)	36,015	33,182	8,632	17	1,600	1,382	80,828
At 31 December 2017	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

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

Capitalisation of depreciation

- $526,000 (H1 2017: $309,000) of the depreciation charge is included in additions to mining properties
- $23,000 (H1 2017: $35,000) of the depreciation charge is included in additions to assets under construction
- $243,000 (H1 2017 $662,000) of the depreciation charge is charged to inventories

6. Inventories

	30 June 2018 $'000	30 June 2017 $'000	31 December 2017 $'000
Non-current:			
Ore stocks	5,183	7,452	5,194
Less accumulated provision	(4,474)	(2,771)	(4,028)
	709	4,681	1,166
Current:			
Finished gold	58	–	–
Finished silver	55	–	–
Gold in progress	1,890	1,739	4,858
Silver in progress	315	37	1,418
Ore stocks	781	520	505
Raw materials and consumables	6,783	5,017	6,103
	9,882	7,313	12,884
	10,591	11,994	14,050

Ore stocks' impairment provision reflects the difference between their expected net realisable value at a gold price of $1,250/oz. (H1 2017: $1,243/oz.), and cost, including processing, refining and royalties. Gold in progress, silver in progress and ore stocks include mining properties depletion $243,000 (H1 2017: $662,000).

7. Borrowings

	30 June 2018 $'000	Restated 30 June 2017 $'000	31 December 2017 $'000
Current:			
Bank borrowings	1,053	1,718	4,743
Finance lease obligations	128	230	288
	1,181	1,948	5,031
Non-current:			
Bank borrowings	14,800	14,800	14,800
Finance lease obligations	–	160	–
	14,800	14,960	14,800
	15,981	16,908	19,831

Movement in borrowings is analysed as follows:

	30 June 2018 $'000	Restated 30 June 2017 $'000	31 December 2017 $'000
At beginning of period	19,831	16,755	16,755
Increase in borrowings	1,035	16,501	19,500
Repayment of borrowings and accrued interest	(4,706)	(16,507)	(16,507)
Release of debt issue costs	–	221	221
Net movement in finance leases	(179)	(62)	(138)
At end of period	15,981	16,908	19,831

7. Borrowings continued

On 19 June 2017, the Company's wholly owned subsidiary TZ entered into an agreement with VTB Bank for a $15 million 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 million debt facility for a 3-year term, repayable on the loan expiry date.

Both loan facilities bear annual interest at 6.2% and are secured against the equity and fixed assets of TZ only. Additionally, TZ was required to enter into an exclusive gold sales agreement with VTB Bank, which became effective from January 2018.

The new facilities were used to repay TZ's loans with Sberbank amounting to $16.5 million and to provide additional funds for working capital and other corporate purposes.

8. Share capital

Share capital at 30 June 2018 amounted to $18.9 million (31 December 2017: $18.9 million). During the period, no ordinary shares in the Company were issued.

9. Revenue

	6 months to 30 June 2018 $'000	6 months to 30 June 2017 $'000	12 months to 31 December 2017 $'000
Revenue analysed by product:			
Gold	27,086	18,443	42,691
Silver	519	361	756
	27,605	18,804	43,447

10. Earnings per share

The calculation of basic profit per 10p ordinary share is based on the retained profit for the period of $2,557,000 (H1 2017: $29,000) and on 110,053,073 (H1 2017: 110,053,073) ordinary shares, being the weighted average number of ordinary shares in issue and ranking for dividends during the year.

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 year.

11. Dividends paid and proposed

A final dividend of $0.021 per ordinary share, equivalent to approximately $2.3 million, that relates to the period to 31 December 2017 was paid on 25 July 2018.

An interim dividend of $0.009 per ordinary share was declared by the Board of directors on 25 September 2018. It is payable on 26 October 2018 to shareholders who are on the register at 05 October 2018. This interim dividend, amounting to $1 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 2018.

12. Cash generated from operations

	6 months 30 June 2018 $'000	6 months 30 June 2017 $'000	12 months 12 December 2017 $'000
Profit for the period after tax	2,557	29	2,516
Adjustments for:			
Taxation charged	600	514	520
Finance expense	486	858	1,217
Finance income	(15)	(68)	(97)
Loss on disposal of property, plant and equipment	116	110	248
Foreign exchange differences	159	(39)	(152)
Depreciation of property, plant and equipment	4,985	3,690	7,964
Impairment of ore stocks	445	605	1,862
Movements in working capital:			
Decrease/(increase) in inventories	3,254	(748)	(2,882)
Increase in trade and other receivables	(1,654)	(697)	(1,333)
Increase in trade and other payables	1,367	1,450	2,119
Cash generated from operations	12,300	5,704	11,982

13. Contingencies

Management have identified a potential income tax exposure in respect of the taxation of intragroup interest. The directors have obtained specialist advice in this respect and believe that prior years' available tax losses should be sufficient to shelter any possible tax liability. No provision in relation to this possible exposure has been recognised in these consolidated financial statements as the likelihood of a liability arising is considered to be remote.

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 classification of payments for disposal of waste materials following a site inspection in 2016. Having taken appropriate advice, management believe that TZ has a strong legal position and as such, dispute the claim made by RPN. The claim could potentially amount to approximately $2.1 million.

14. Events after the reporting date

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

Company Information

Directors

Charles Ryan
Non-executive Chairman

Alexander Dorogov
Chief Executive Officer

Robert Sasson
Non-executive Director

Stewart Dickson
Non-executive Director

Lou Naumovski
Non-executive Director

Florian Fenner
Non-executive Director

Secretary

Simon Olsen

Company number

01067991

Registered office

39 Parkside
Cambridge CB1 1PN

Business address

P.O. Box 278
St. Neots PE19 9EA

Independent Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Telephone: +44 (0)20 7583 5000

Nominated Adviser & Corporate Broker

Cantor Fitzgerald
Europe One Churchill
Place
London E14 5RB

Telephone: +44 (0)20 7894 7000

Bankers

National Westminster Bank
PLC City of London Office
PO Box 12258
1 Princes Street
London EC2R 8PA

Solicitors

IBB
Solicitors Capital Court
30 Windsor Street
Middlesex UB8 1AB

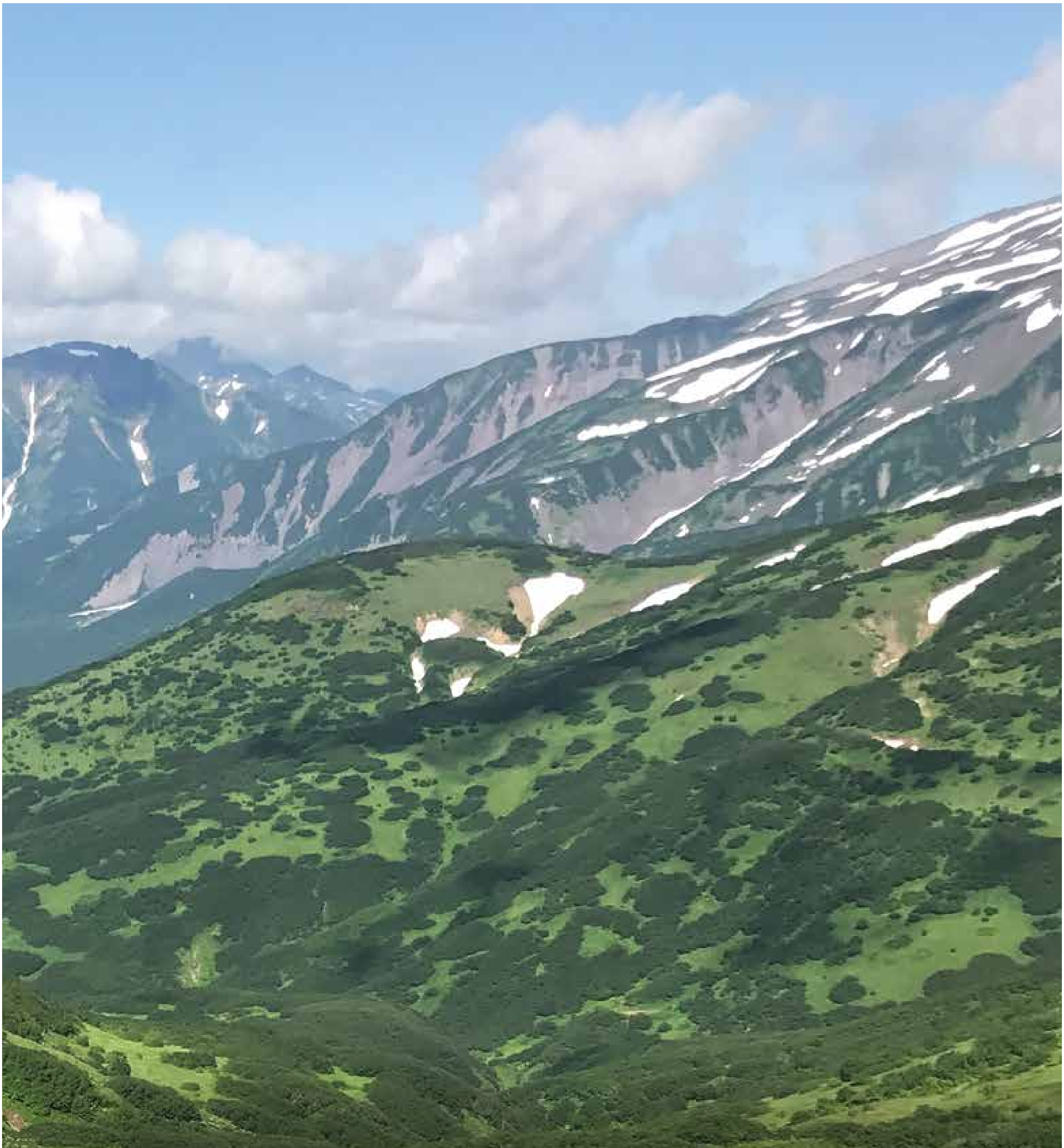
Telephone: +44 (0)84 5638 1381

Registrar

Link Asset Services
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
West Yorkshire HD8 0GA

Telephone: 0871 664 0300
International: +44 208 639 3399

Designed and produced by emperor
Visit us at emperor.works



UK – Registered office
Trans-Siberian Gold plc
39 Parkside Cambridge
CB1 1PN
United Kingdom

UK – Head office
Trans-Siberian Gold plc
P.O. Box 278 St. Neots
PE19 9EA
United Kingdom

Russia – Moscow office
Trans-Siberian Gold
Management, LLC (TSGM)
Office 55
Leninskiy Prospect 15A 119071
Moscow Russian Federation