Improved Inata mine plan and Unaudited Interim Results for the quarter ended 30 June 2013

Improved Inata life of mine plan & Tri-K feasibility study

- Stronger cash generation from Inata - US$65m in hedge period, US$190m thereafter;
- New life of mine plan with 36% increase in recovered ounces over the life of mine;
- Life of mine total cash costs and all-in cash costs (incl. capex) reduced to US$906/oz and US$958/oz respectively;
- Inata cash flows to fund US$6 million carbon blinding circuit with completion by mid-2014;
- Capex reduced to an average of US$7 million per annum over the next five years, including construction of the new carbon blinding circuit; and
- Tri-K feasibility study on track – ESIA and project summary presented to Guinea government in July.

Q2 results

- Q2 production of 31,245 ounces at cash cost (including royalties) of US$1,238 per ounce;
- Milestone of four million hours without a lost time injury reached during June;
- Access to higher grade, high recovery Minfo East oxide ore in Q2 - recovery of 91% achieved in June and 12,072 ounces recovered;
- Monthly production for H2 to be in line with June with processing of oxide ore until mid-2014;
- Mining costs to fall in Q3 after end of waste catch-up campaign and standing down of mining contractor during Q2; and
- Impairment of US$73.3 million driven by revised gold price assumptions – partially compensated by US$60.8 million decrease in hedge liability.

KEY FINANCIAL METRICS **Period**	**Quarter ended 30 June 2013 Unaudited**	Quarter ended 30 June 2012 Unaudited	Quarter ended 31 March 2013 Unaudited	Six months ended 31 June 2013 Unaudited
Gold production (ounces)	**31,245**	32,917	30,481	61,726
Average realised gold price (US$/oz)	**1,304**	1,439	1,422	1,361
Total cash production cost (US$/oz)	**1,238**	1,006	1,169	1,204
(Loss)/profit before tax and exceptional items (US$000)	**(8,422)**	2,458	181	(8,241)
(Loss)/profit before tax (US$000)	**(20,907)**	2,458	(44,792)	(65,699)
(Loss)/earnings per share (US cents per share)	**(9.48)**	0.81	(20.30)	(29.78)
EBITDA (US$000)	**844**	8,679	6,748	7,592
Net cash (used in)/generated by operating activities (US$000)	**(10,615)**	20,717	(15,374)	(25,989)

David Cather, Chief Executive Officer, commented:

"The Q2 results announced today are in line with expectations and the mine's performance in June in particular has shown encouraging progress. The new life of mine plan at Inata is an important step forward for Avocet, as it positions us to produce over a third more ounces than the previous plan, at lower costs. Key to this progress is the planned carbon blinding circuit, which will allow processing of

carbonaceous ore at significantly higher recoveries. This is the main driver behind the improved life of mine plan and will dictate Inata's performance for all types of ore. In adjusting to lower gold prices, Inata pits have been optimised with lower mining volumes, cost savings and a reduction in capex as we focus on positive cash generation. Longer term, I fully expect ore from the Souma deposit, when permitted, to improve Inata's life of mine plan even further. In Guinea, the feasibility work at Tri-K remains on track for completion in H2 2013, which we are targeting to be Avocet's next new mine."

Management Conference Call

The Company will host a presentation at the offices of its PR Consultant (Pelham Bell Pottinger) for investors and analysts at 9am (UK) on Thursday 8 August 2013 to discuss both this release and the new Inata life of mine plan, which was also released today in a separate release. This presentation will be made available on Avocet's website (www.avocetmining.com) ahead of this meeting taking place.

A conference call facility is also available for this call; dial in details are as follows:

UK: 0800 6940257
Norway: 21563013
Alternative number: +44 (0)1452 555 566

Conference ID # 14084368

A recording of the conference call will also be made available on the Avocet website later on the same day.

FOR FURTHER INFORMATION PLEASE CONTACT

Avocet Mining PLC	Pelham Bell Pottinger Financial PR Consultants	J.P. Morgan Cazenove Corporate Broker	Arctic Securities Financial Adviser & Market Maker	SEB Enskilda Financial Adviser & Market Maker
David Cather, CEO Mike Norris, FD Rob Simmons, IR	Daniel Thöle	Michael Wentworth-Stanley	Arne Wenger Petter Bakken	Fredrik Cappelen
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NOTES TO EDITORS

Avocet Mining PLC is a gold mining and exploration company listed on the London Stock Exchange (ticker: AVM.L) and the Oslo Børs (ticker: AVM.OL). The Company's principal activities are gold mining and exploration in West Africa.

In Burkina Faso the Company owns 90% of the Inata Gold Mine. The deposit at Inata currently comprises a Mineral Resource of 4.7 million ounces and an Ore Reserve of 0.9 million ounces. The Inata Gold Mine poured its first gold in December 2009 and produced 135,189 ounces of gold in 2012.

Other assets in Burkina Faso include eight exploration permits surrounding the Inata Gold Mine in the broader Bélahouro region. The most advanced of these projects is Souma, some 20 kilometres from the Inata Gold Mine, where there is a Mineral Resources estimate of 0.8 million ounces.

In Guinea, Avocet owns exploration licences in the north east of the country. Mineral Resource development has been ongoing since 2005 and the Tri-K project is the most advanced project, which is currently in the feasibility study stage.

CHIEF EXECUTIVE OFFICER'S REVIEW

Improved Inata life of mine

Today we announce a new life of mine plan for Inata, which shows an expected increase of 36% in the life of mine gold ounces produced, compared to that shown in the mine plan announced in March. The new plan reflects significant improvements to gold recoveries and includes near-surface Inferred oxide material identified since the previous life of mine plan. The mining schedule has been optimised so that waste mining is spread more evenly over the life of mine and at a lower annual rate, despite which annual gold production has increased 21% from an average of 96,000 ounces to 116,000 ounces over the presently defined 8 year mine life. Inata's life of mine cash costs and all-in costs including capex have fallen to US$906 per ounce and US$958 per ounce respectively, from US$964 per ounce and US$1,028 per ounce. As a result, the net cash generated is significantly higher than the previous mine plan, especially in the next four years, even at gold prices lower than current spot levels.

Importantly, this new mine plan demonstrates that the steps we have taken to adapt to a lower gold price environment will ensure Inata remains cash generative, despite the fall in the gold price from US$1,600 per ounce at the start of the period to current levels of US$1,300 per ounce.

As set out in more detail in the separate life of mine release issued today, the main driver of improvement has been the metallurgical work completed by our team at Inata. This has confirmed that a new carbon blinding circuit will achieve significantly higher recoveries when processing the carbonaceous ore found at depth in some of Inata's pits. The higher recovery rates alone equate to over 60,000 additional ounces of gold production. A further benefit of the blinding circuit is that high grade ore previously excluded from the mine plan due to high PRI (carbon) values is now economic. Together with the inclusion of areas containing Inferred Mineral Resources previously excluded, these factors mean that the life of mine gold produced has increased by 36%.

Unlike previous work which indicated that such improvements would require a complex solution with significantly higher capital expenditure, the planned new carbon blinding circuit is a simple project with an estimated capital cost of US$6 million. This investment will be met from Inata's own cash generation. Orders have already been placed for the longest lead time items and the project is scheduled to be complete by mid-2014.

The new life of mine plan is based on the same pit shell price assumption of US$1,200 per ounce as the previous mine plan announced in March. Importantly, however, the Company has identified changes it could make to Inata's life of mine plan, if necessary, to increase grades and reduce cash costs in order to remain cash generative at prices as low as US$800 per ounce, albeit with a shorter life of mine and a reduction in life of mine ounces produced.

Although Souma continues to show promise as a satellite feed of ore for later years at Inata, the new plan announced today does not include any ore feed from Souma. During 2013, work at Souma has focussed on additional targets for a 2014 exploration campaign, but in response to lower gold prices, further exploration at Souma has been deferred until 2014 (subject to sufficient free cash flow from Inata). However, to preserve its upside options, the Company has commenced the low cost work stream of preparing an Environmental and Social Impact Assessment ('ESIA') to facilitate a mining licence application for Souma in 2014/2015.

Tri-K project in Guinea

The Tri-K feasibility study is on track for completion and application for a mining permit. The required drilling for the project's maiden Ore Reserve was completed during the quarter and subsequent resource and reserve estimation work is nearing completion. The ESIA report was completed and submitted to the Guinean government in July. A presentation on the project was also given to the government in July at the start of the assessment process expected to culminate in the grant of a mining permit following completion of the feasibility study in H2 2013. The Company intends to provide a full technical update to the market in H2 when the mining permit application is submitted to the Guinean government.

Financing

During March 2013, Avocet announced that it had reached agreement with Elliott Management, its largest shareholder, and Macquarie Bank Limited ('MBL'), as a result of which an affiliate of Elliott agreed to provide a loan of US$15.0 million, to be drawn down in three equal tranches, repayable by 31 December 2013. This agreement was subsequently approved by Avocet's shareholders at an EGM on 28 May 2013. Discussions on financing, including the repayment of the Elliott loan, are ongoing with a number of parties. These are being progressed with a view to a refinancing by the end of the year, predicated on the new improved life of mine plan at Inata announced today and a successful feasibility study at Tri-K.

Results for the quarter ended 30 June 2013

Avocet's underlying operational performance in the quarter was broadly in line with expectations with gold production for the quarter of 31,245 ounces. Total cash costs (including royalties) in the period were US$1,238 per ounce, an increase compared to the prior quarter reflecting the timing of maintenance in the mine and plant and higher drill and blast costs, as well as the impact of changes in gold in circuit which benefited the Q1 but reduced Q2 production.

A highlight in the quarter was the accessing of high grade oxide ore in the Minfo East pit, which yields higher recoveries and plant throughput than other ore types. During June recoveries averaged in excess of 90% and over 12,000 ounces were recovered. With further oxide ore scheduled to be available for the rest of 2013, monthly gold production in H2 2013 is expected to average approximately 12,000 ounces per month. During the quarter, the waste catch-up campaign initiated in mid-2012 came to an end and the mining contractor used in the campaign was demobilised. As a result of lower mining rates and the absence of mining contractor costs, together with higher gold production and cost savings in the rest of the year, cash costs are expected to be significantly lower in H2 2013.

The safety of our employees and contractors is key to a successful operation, and our safety record at Inata remains strong, with the milestone of four million hours without a lost time injury reached during June.

The Company's financial results were impacted by lower gold prices in the quarter, with prices falling below US$1,200 per ounce in June. The overall fall in prices from approximately US$1,600 per ounce at the start of Q2 to US$1,192 per ounce at the end also resulted in two large non-cash accounting adjustments, with an impairment of Inata's fixed assets of US$73.3 million being partially compensated by a US$60.8 million reduction in the hedge liability.

INATA OPERATIONAL REVIEW

Gold production and cash costs

	2012					2013		
	Q1	Q2	Q3	Q4	FY 2012	Q1	**Q2**	H1
Ore mined (k tonnes)	578	610	559	906	2,653	817	**971**	1,788
Waste mined (k tonnes)	7,240	6,689	7,565	8,980	30,474	9,127	**8,700**	17,827
Total mined (k tonnes)	7,818	7,299	8,124	9,886	33,127	9,944	**9,670**	19,614
Ore processed (k tonnes)	608	651	643	654	2,556	616	**620**	1,236
Average head grade (g/t)	2.36	1.82	1.62	2.03	1.95	1.65	**1.84**	1.75
Process recovery rate	87%	86%	91%	83%	87%	82%	**87%**	84%
Gold Produced (oz)	38,296	32,917	33,067	30,909	135,189	30,481	**31,245**	61,726

Cash costs (US$/oz)	Q1	Q2	Q3	Q4	FY 2012	Q1	**Q2**	H1
Mining	332	402	374	562	412	542	**582**	562
Processing	283	332	279	350	309	360	**371**	366
Administration	122	145	167	219	161	163	**188**	176
Royalties	113	127	117	115	118	104	**97**	100
	850	1,006	937	1,246	1,000	1,169	**1,238**	1,204

Year to date gold production of 61,726 ounces is in line with expectations. H2 production is expected to be higher than H1 as a result of mining higher grade oxide ores at the Minfo East pit. Waste stripping at Minfo East commenced on 25 April and June was the first full month of ore mining from this pit.

Ore mined during the quarter came from the Inata North, Inata Central, Minfo East and Sayouba pits, with mining focused on the latter two pits towards the end of the quarter as sources of oxide ore. Total tonnes mined in Q2 remained in line with Q1 at 9.7 million tonnes; this figure is expected to decrease during Q3 and Q4 as the period of high waste stripping has come to an end. Strip ratios during Q2 dropped 20% compared to Q1 to 8.96 as a result of ore mining commencing in new areas (Minfo East and Sayouba). Rental equipment belonging to mining contractor African Mining Services was stood down at the end of the quarter following the completion of a period of increased wasted stripping in late 2012 and early 2013.

Processing for the quarter totalled 620,000 tonnes and is in line with expectations for the year, despite maintenance being undertaken on the crusher and mills. As guided at the end of Q1, the mining of ore from Minfo East during Q2 has resulted in an increase in head grade to 1.84 g/t Au. The oxide nature of the ore from Minfo East has also resulted in the quarter’s average recovery increasing to 87% (including June at 91%), compared to 82% in Q1 when ore was predominantly sourced from more carbonaceous ore sources.

Q2 cash costs of US$1,238 per ounce were higher than the previous quarter. Mining costs were US$582 per ounce, or US$1.88 per tonne mined, an increase compared to US$1.66 per tonne in Q1, including the effect of timing of mobile maintenance and higher drill and blast costs.

Plant costs were US$371 per ounce, or US$18.70 per tonne milled, which was slightly higher than US$17.81 per tonne in the first quarter, largely due to mill liner changes and higher lime prices.

Souma exploration project, Burkina Faso

Work undertaken at Souma during H1 focussed on additional targets for an exploration campaign in 2014. RC drilling was conducted during Q1, and to a lesser extent Q2, to scout drill potential extensions to the orebody. A geophysical survey over the full extent of the Souma trend has given an improved understanding of the region's geology and shows a distinct IP chargeability anomaly along which mineralisation is associated.

In the current gold price environment, the decision has been taken to scale back exploration for the remainder of the year. Souma continues to show promise as a prospective satellite feed of ore for later years at Inata, and low level work conducted during the remainder of 2013 is aimed at identifying targets for drilling in 2014, subject to sufficient cash flow from Inata. To preserve its upside options, the Company has commenced the low cost work stream of an ESIA as part of a mining licence application in 2014/2015.

Tri-K development project, Guinea

Work in Guinea in Q2 included infill drilling of the Inferred mineral resource estimate at Kodiéran, heap leach column testwork and development of a maiden reserve and mining schedule for both Koulékoun and Kodiéran deposits.

Significant intercepts from infill drilling during Q2 at Kodiéran were published on 3 July. Highlights from this work included:

- KD000575: 36 metres @ 6.84 g/t Au from surface;
- KD000508: 21 metres @ 9.29 g/t Au from 27 metres depth, and 11 metres @ 12.10 g/t Au from 49 metres depth; and
- KD000639: 34 metres @ 8.45 g/t Au from 24 metres depth.

The Tri-K feasibility work envisages an initial heap leach project on the oxide portion of the resource, and the study will form part of the Company's application for a mining licence in H2 2013. All drilling was completed during the quarter and this work will be incorporated into the feasibility study, as well as contributing to a maiden reserve. In addition, an ESIA was completed over the project footprint during the quarter, which will form a key part of the licence application. Technical studies are ongoing with Tenova Bateman in South Africa. The Company will provide a full technical update to the market when the mining licence application is submitted.

COST SAVING MEASURES

In light of the prevailing gold price environment, the Company has sought to reduce costs throughout its activities.

At Inata, full year capital expenditure guidance is now US$18m, including US$3m of costs relating to the carbon blinding project. Excluding this new project, total capex is some US$5 million below original guidance, as a result of savings on the new tailings management facility, construction of which has been completed earlier than planned, as well as reduced mobile plant component changes to the mobile fleet in H2 2013 as mining volumes decrease. The decision to stand down the mining contractor African Mining Services will reduce monthly costs by approximately US$1.1 million per month going forward. Total reductions of 25% have also been made in expatriate staff numbers both within the mine and exploration teams, with exploration activities curtailed for the remainder of 2013 except for resource definition drilling within the Inata mining licence.

In London, cost saving initiatives have resulted in the total of full time equivalent positions being reduced by five.

Costs for the Tri-K feasibility study were largely as budgeted for H1, and the main aspects of this study are either complete or nearing completion. It is not envisaged that Tri-K will require material investment during the second half of this year.

FINANCIAL REVIEW

Revenue in the quarter was US$39.6 million, reflecting sales of 30,368 ounces of gold at an average realised price of US$1,304 per ounce (including 8,250 ounces of gold delivered into forward contracts at US$937 per ounce), compared with revenue of US$40.9 million in Q1 2013, representing 28,751 ounces at an average realised price of US$1,422 per ounce (including 8,250 ounces of gold delivered into forward contracts at US$949 per ounce).

EBITDA for the quarter totalled US$0.8 million compared with US$6.7 million in Q1 2013.

The fall in gold price during the period led to a review of the value of the Inata assets for impairment, particularly since the impairment of US$135.3 million recognised in 2012 had been partially reversed at 31 March 2013 as a consequence of the recognition on the balance sheet of the forward gold contract liability. As a result of this review, which was based on updated production estimates and revised consensus gold prices, an impairment of US$73.3 million has been recognised in respect of Inata assets as an exceptional item. This is discussed in greater detail in note 9 to the accounts.

Since the market value of the forward contracts was recognised in the balance sheet on 31 March 2013, the fall in the gold price led to a US$60.8 million reduction in the value of this liability at 30 June 2013. This movement was recognised as a gain in the Q2 results, but is not included in operating profit.

The loss from operations in the quarter was US$80.6 million, which included the effect of the impairment, compared with a US$73.6 million profit in Q1 2013, which included the effect of the reversal of the 2012 impairment. Excluding the impairment and impairment reversal, the operating loss in Q2 2013 would have been US$7.3 million compared with an operating profit of US$1.4 million in Q1 2013.

The loss before tax for the quarter, including exceptional items, was US$20.9 million, compared with a loss of US$44.8 million in Q1 2013. Excluding exceptional items, the pre-tax loss was US$8.4 million compared with a pre-tax profit of US$0.2 million in Q1 2013.

Net cash consumed by operating activities in the quarter was US$10.6 million due to adverse working capital movements, namely increases of US$5.4 million in stockpile inventory and US$1.1 million in spare parts and gold inventory, and a reduction in trade creditors of US$5.6 million.

Other cash flow items in the quarter included capex of US$4.0 million (26% lower than Q1), US$5.1 million of capitalised exploration costs (US$2.1 million in Burkina Faso and US$3.0 million in Guinea), as well as the US$5.0 million drawn down of the second tranche of the Elliott Loan.

Total cash decreased in the quarter by US$15.3 million, with closing cash standing at US$17.7 million, and US$15.0 million of external debt (US$5.0 million due to Macquarie Bank Limited and US$10.0 million due to Elliott).

OUTLOOK

Over the remainder of 2013, Avocet will be focussed on optimising cash flow at Inata, while meeting its targeted production full year guidance of 135,000 ounces. Work will continue on both the Tri-K feasibility study and the planning of the carbon blinding project.

Refinancing will also remain a key priority, with discussions centred on the key projects described above, and the Company will provide updates as appropriate.

DAVID CATHER
Chief Executive Officer

DIRECTORS RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU;
- The interim management report includes a fair review of the information required by:
  i) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  ii) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

DAVID CATHER
Chief Executive Officer

CONDENSED CONSOLIDATED INCOME STATEMENT
For the three months ended 30 June 2013

		Three months ended	
	Note	**30 June 2013 Unaudited**	30 June 2012 Unaudited
		US$000	US$000
Revenue	2	**39,603**	49,255
Cost of sales	2	**(44,375)**	(42,734)
Gross (loss)/profit		**(4,772)**	6,521
Administrative expenses		**(2,419)**	(3,166)
Share based payments		**(65)**	(471)
Impairment of mining assets	3,9	**(73,300)**	-
(Loss)/profit from operations		**(80,556)**	2,884
Change in fair value of forward contracts		**60,815**	-
Finance items			
Exchange (losses)/gains		**(8)**	219
Finance expense		**(1,172)**	(743)
Finance income		**14**	98
(Loss)/profit before taxation		**(20,907)**	2,458
Analysed as:			
(Loss)/profit before taxation and exceptional items		**(8,422)**	2,458
Exceptional items	3	**(12,485)**	-
(Loss)/profit before taxation		**(20,907)**	2,458
Taxation		**-**	(589)
(Loss)/profit for the period		**(20,907)**	1,869
Attributable to:			
Equity shareholders of the parent company		**(18,885)**	1,611
Non-controlling interest		**(2,022)**	258
		(20,907)	1,869
Earnings per share			
- basic (cents per share)	5	**(9.48)**	0.81
- diluted (cents per share)	5	**(9.48)**	0.81
EBITDA [1]	4	**844**	8,679

(1) EBITDA represents earnings before exceptional items, finance items, taxation, depreciation and amortisation. EBITDA is not defined by IFRS but is commonly used as an indication of underlying cash generation.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2013

	Note	Six months ended 30 June 2013 Unaudited	30 June 2012 Unaudited
		US$000	US$000
Continuing operations			
Revenue	2	**80,488**	109,511
Cost of sales	2	**(81,124)**	(78,741)
Gross (loss)/profit		**(636)**	30,770
Administrative expenses		**(4,554)**	(5,320)
Share based payments		**(394)**	(1,030)
Partial reversal of impairment of mining assets	3,8	**72,200**	-
Impairment of mining and exploration assets	3,9	**(73,616)**	-
(Loss)/profit from operations		**(7,000)**	24,420
Gain and loss on financial instruments			
Restructure of forward contracts	3	**(20,225)**	-
Loss on recognition of forward contracts	3	**(96,632)**	-
Change in fair value of forward contracts	3	**60,815**	-
Finance items			
Exchange (losses)/gains		**(122)**	364
Finance expense		**(2,551)**	(1,601)
Finance income		**16**	114
(Loss)/profit before taxation from continuing operations		**(65,699)**	23,297
Analysed as:			
(Loss)/profit before taxation and exceptional items		**(8,241)**	23,297
Exceptional items	3	**(57,458)**	-
(Loss)/profit before taxation from continuing operations		**(65,699)**	23,297
Taxation		**37**	(7,473)
(Loss)/profit for the period from continuing operations		**(65,662)**	15,824
Discontinued operations			
Loss on disposal on subsidiaries[1]	3	**-**	(105)
(Loss)/profit for the period		**(65,662)**	15,719
Attributable to:			
Equity shareholders of the parent company		**(59,301)**	14,103
Non-controlling interest		**(6,361)**	1,616
		(65,662)	15,719
Earnings per share			
- basic (cents per share)	5	**(29.78)**	7.09
- diluted (cents per share)	5	**(29.78)**	7.02
EBITDA [2]	4	**7,592**	36,780

(1) During 2011, the Group disposed of all of its trading subsidiaries which were classified as discontinued operations. All operations for 2012 are continuing. Refer to note 3 for further information.

(2) EBITDA represents earnings before exceptional items, finance items, taxation, depreciation and amortisation. EBITDA is not defined by IFRS but is commonly used as an indication of underlying cash generation.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three months ended 30 June 2013

		Three months ended	
		30 June 2013	30 June 2012
	Note	**Unaudited**	Unaudited
		US$000	US$000
(Loss)/profit for the period		**(20,907)**	1,869
Revaluation of other financial assets	10	**(166)**	(684)
Total comprehensive income for the period		**(21,073)**	1,185
Attributable to:			
Equity holders of the parent company		**(19,051)**	927
Non-controlling interest		**(2,022)**	258
Total comprehensive income for the period		**(21,073)**	1,185
Total comprehensive income for the period attributable to owners of the parent arising from:			
Continuing operations		**(19,051)**	927
Discontinued operations		**-**	-
		(19,051)	927

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2013

		Six months ended	
		30 June 2013	30 June 2012
	Note	**Unaudited**	Unaudited
		US$000	US$000
(Loss)/profit for the period		**(65,662)**	15,719
Revaluation of other financial assets	10	**(372)**	(604)
Total comprehensive income for the period		**(66,034)**	15,115
Attributable to:			
Equity holders of the parent company		**(59,673)**	13,499
Non-controlling interest		**(6,361)**	1,616
Total comprehensive income for the period		**(66,034)**	15,115
Total comprehensive income for the period attributable to owners of the parent arising from:			
Continuing operations		**(59,673)**	13,604
Discontinued operations		**-**	(105)
		(59,673)	13,499

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	Note	**30 June 2013 Unaudited**	31 March 2013 Unaudited	31 December 2012 Audited
		US$000	US$000	US$000
Non-current assets				
Intangible assets	6	**53,016**	55,081	49,442
Property, plant and equipment	7	**147,910**	217,910	145,653
Other financial assets	10	**227**	393	599
		201,153	273,384	195,694
Current assets				
Inventories	11	**69,440**	62,904	56,949
Trade and other receivables	12	**27,614**	28,387	25,124
Cash and cash equivalents	13	**17,671**	32,933	54,888
		114,725	124,224	136,961
Current liabilities				
Trade and other payables		**44,867**	50,408	42,023
Other financial liabilities	14	**27,518**	46,159	6,105
		72,385	96,567	48,128
Non-current liabilities				
Other financial liabilities	14	**26,439**	63,551	2,434
Deferred tax liabilities		**-**	-	37
Other liabilities		**6,383**	6,317	6,251
		32,822	69,868	8,722
Net assets		**210,671**	231,173	275,805
Equity				
Issued share capital		**16,247**	16,247	16,247
Share premium		**146,040**	146,040	146,040
Other reserves		**15,769**	15,911	16,117
Retained earnings		**47,796**	66,134	106,221
Total equity attributable to the parent		**225,852**	244,332	284,625
Non-controlling interest		**(15,181)**	(13,159)	(8,820)
Total equity		**210,671**	231,173	275,805

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2012

	Share capital	Share premium	Other reserves	Retained earnings	Total attributable to the parent	Non-controlling interest	Total equity
	US$000	**US$000**	**US$000**	**US$000**	**US$000**	**US$000**	**US$000**
At 31 December 2011 (Audited)	**16,247**	**149,915**	**15,273**	**208,129**	**389,564**	**991**	**390,555**
Profit for the period	-	-	-	14,103	14,103	1,616	15,719
Revaluation of other financial assets	-	-	(604)	-	(604)	-	(604)
Total comprehensive income for the period	**-**	**-**	**(604)**	**14,103**	**13,499**	**1,616**	**15,115**
Share based payments	-	-	-	1,425	1,425	-	1,425
Release of treasury and own shares	-	-	914	(865)	49	-	49
Final dividend	-	-	-	(13,505)	(13,505)	-	(13,505)
At 30 June 2012 (Unaudited)	**16,247**	**149,915**	**15,583**	**209,287**	**391,032**	**2,607**	**393,639**

Six months ended 30 June 2013

	Share capital	Share premium	Other reserves	Retained earnings	Total attributable to the parent	Non-controlling interest	Total equity
	US$000	**US$000**	**US$000**	**US$000**	**US$000**	**US$000**	**US$000**
At 31 December 2012 (Audited)	**16,247**	**146,040**	**16,117**	**106,221**	**284,625**	**(8,820)**	**275,805**
Loss for the period	-	-	-	(59,301)	(59,301)	(6,361)	(65,662)
Revaluation of other financial assets	-	-	(372)	-	(372)	-	(372)
Total comprehensive income for the period	**-**	-	**(372)**	**(59,301)**	**(59,673)**	**(6,361)**	**(66,034)**
Share based payments	-	-	-	779	779	-	779
Release of treasury and own shares	-	-	24	97	121	-	121
At 30 June 2013 (Unaudited)	**16,247**	**146,040**	**15,769**	**47,796**	**225,852**	**(15,181)**	**210,671**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the three months ended 30 June 2013

	Note	Three months ended 30 June 2013	30 June 2012
		Unaudited	
		US$000	US$000
Cash flows from operating activities			
(Loss)/profit for the period		**(20,907)**	1,869
Adjusted for:			
Depreciation of non-current assets	2,7	**8,100**	5,795
Impairment of mining assets	9	**73,300**	-
Share based payments		**65**	471
Taxation in the income statement		**-**	589
Change in fair value of forward contracts		**(60,815)**	-
Non-operating items in the income statement		**1,166**	1,036
		909	9,760
Movements in working capital			
Increase in inventory		**(6,536)**	(2,324)
Decrease in trade and other receivables		**773**	1,971
(Decrease)/increase in trade and other payables		**(5,589)**	11,556
Net cash (used in)/generated by operations		**(10,443)**	20,963
Interest received		**-**	72
Interest paid		**(172)**	(318)
Net cash (used in)/ generated by operating activities		**(10,615)**	20,717
Cash flows from investing activities			
Payments for property, plant and equipment		**(4,046)**	(7,067)
Exploration and evaluation expenses		**(5,116)**	(13,980)
Net cash (used in)/generated by investing activities		**(9,162)**	(21,047)
Cash flows from financing activities			
Proceeds from debt		**5,000**	-
Financing costs		**(352)**	-
Payments in respect of finance lease		**(123)**	(371)
Net exercise of share options settled in cash		**-**	(141)
Loans repaid		**-**	(6,000)
Final dividend		**-**	(13,166)
Financing costs		**-**	-
Net cash generated by/(used in) financing activities		**4,525**	(19,678)
Net cash movement		**(15,252)**	(20,008)
Exchange losses		**(10)**	(120)
Total decrease in cash and cash equivalents		**(15,262)**	(20,128)
Cash and cash equivalents at start of the period		**32,933**	100,508
Cash and cash equivalents at end of period		**17,671**	80,380

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2013

	Note	Six months ended 30 June 2013 Unaudited US$000	30 June 2012 US$000
Cash flows from operating activities			
(Loss)/profit for the period		**(65,662)**	15,719
Adjusted for:			
Depreciation of non-current assets	2,7	**13,176**	12,360
Partial reversal of impairment of mining assets	8	**(72,200)**	-
Impairment of mining and exploration assets	9	**73,616**	-
Share based payments		**394**	1,030
Taxation in the income statement		**(37)**	7,473
Loss on recognition of forward contracts		**96,632**	-
Change in fair value of forward contracts		**(60,815)**	-
Non-operating items in the income statement		**1,657**	1,950
Discontinued operations	3	**-**	105
		(13,239)	38,637
Movements in working capital			
Increase in inventory		**(12,491)**	(12,194)
Increase in trade and other receivables		**(2,491)**	(341)
Increase in trade and other payables		**2,469**	9,056
Net cash (used in)/generated by operations		**(25,752)**	35,158
Interest received		**2**	138
Interest paid		**(239)**	(727)
Net cash (used in)/ generated by operating activities		**(25,989)**	34,569
Cash flows from investing activities			
Payments for property, plant and equipment		**(9,449)**	(13,716)
Exploration and evaluation expenses		**(10,787)**	(22,036)
Disposal of discontinued operation, net of cash disposed of	3	**-**	1,980
Net cash (used in)/generated by investing activities		**(20,236)**	(33,772)
Cash flows from financing activities			
Proceeds from debt		**10,000**	-
Net exercise of share options settled in cash		**-**	(141)
Final dividend		**-**	(13,166)
Financing costs		**(502)**	-
Payments in respect of finance lease		**(366)**	(371)
Loans repaid	13	**-**	(12,000)
Net cash generated by/(used in) financing activities		**9,132**	(25,678)
Net cash movement		**(37,093)**	(24,881)
Exchange (losses)/gains		**(124)**	25
Total decrease in cash and cash equivalents		**(37,217)**	(24,856)
Cash and cash equivalents at start of the period		**54,888**	105,236
Cash and cash equivalents at end of period		**17,671**	80,380

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The condensed consolidated interim financial statements, which are unaudited, have been prepared in accordance with the requirements of International Accounting Standard 34 as adopted for use in the European Union. This condensed interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this condensed report is to be read in conjunction with the Annual Report for the year ended 31 December 2012, which has been prepared in accordance with IFRS as adopted by the European Union, and any public announcements made by the Group during the interim reporting period.

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The unaudited condensed financial statements for the six months ended 30 June 2013 have been drawn up using accounting policies and presentation expected to be adopted in the Group's full financial statements for the year ending 31 December 2013. The accounting policies are not different to those set out in note 1 to the Group's audited financial statements for the year ended 31 December 2012, with the exception of certain amendments to accounting standards or new interpretations issued by the International Accounting Standards Board, which were applicable from 1 January 2013. These have not had a material impact on the Group.

The Company's statutory financial statements for the year ended 31 December 2012 are available on the Company's website www.avocetmining.com. The auditor's report on those financial statements was unqualified and did not contain a statement under sections 498(2) or (3) of the Companies Act 2006.

Going Concern

On 25 March 2013, the Company announced that it had concluded financing agreement with an affiliate of its largest shareholder, Elliott Management ("Elliott"). On 28 May 2013 this agreement was approved by shareholders at an Extraordinary General Meeting.

The Elliott loan facility of US$15m will be due for repayment 31 December 2013. Further finance will be required in order to repay the Elliott Lender at that date and provide working capital for 2014. The directors have concluded that obtaining the required finance represents a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern and that, therefore, the possibility exists that the Company could be unable to repay amounts owed to the Elliott Lender and to fund its corporate activities in 2014.

As a gold mining company, Avocet's cash generation is inevitably dependent on the prevailing gold price, along with prices of a number of other input costs (eg fuel/oil prices). However, the recent fall in gold prices has highlighted the risk that, if the gold price were to fall further below current production cost levels, and remain at a lower price level for a sustained period, then it is possible that a number of the covenants in respect of the loan and forward sales agreement with MBL would be breached. The consequences of this might be that further negotiations would be necessary with MBL and/or an alternative finance provider which, if unsuccessful, would represent a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

Discussions continued during the quarter with potential sources of finance. These discussions have been constructive and will be assisted by the improved Inata life of mine plan which demonstrates significantly higher gold production and cash generation.

The directors therefore have a reasonable expectation that the Company will obtain sufficient funding prior to 31 December 2013 and that consequences of the gold prices will be remedied. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Estimates

Certain amounts included in the condensed consolidated interim financial statements involve the use of judgement and/or estimation. These are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience. However, judgements and estimations regarding the future are a key source of uncertainty and actual results may differ from the amounts included in the financial statements.

In preparing these condensed interim financial statements, 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 applied to the consolidated financial statements for the year ended 31 December 2012, with the exception of those highlighted in the exceptional items in notes of these statements.

2. Segmental reporting

IFRS 8 requires the disclosure of certain information in respect of reportable operating segments. One of the criteria for determining reportable operating segments is the level at which information is regularly reviewed by the Chief Operating Decision Maker (CODM) for the purposes of making economic decisions. In this report, operating segments for continuing operations are determined as the UK, West Africa mining operations (which includes exploration activity within the Inata mine licence area), and West Africa exploration (which includes exploration projects in Burkina Faso, Guinea and Mali). Discontinued operations for 2012 represent the disposal of one of the remaining assets in South East Asia that was subject to the agreement with J&Partners L.P. (note 3).

2. Segmental Reporting

For the three months ended 30 June 2013		UK	West Africa mining operations	West Africa exploration	Total
		US$000	**US$000**	**US$000**	**US$000**
INCOME STATEMENT					
Revenue		**-**	**39,603**	**-**	**39,603**
Cost of Sales		**745**	**(43,974)**	**(1,146)**	**(44,375)**
Cash production costs:					
- mining		-	(18,193)	-	(18,193)
- processing		-	(11,606)	-	(11,606)
- overheads		-	(5,861)	-	(5,861)
- royalties		-	(3,023)	-	(3,023)
		-	(38,683)	-	(38,683)
Changes in inventory		-	5,109	-	5,109
Expensed exploration and other cost of sales	(a)	765	(2,320)	(1,146)	(2,701)
Depreciation and amortisation	(b)	(20)	(8,080)	-	(8,100)
Gross profit/(loss)		**745**	**(4,371)**	**(1,146)**	**(4,772)**
Administrative expenses and share based payments		(2,484)	-	-	(2,484)
Impairment of mining assets		**-**	(73,300)	-	(73,300)
(Loss)/profit from operations		**(1,739)**	**(77,671)**	**(1,146)**	**(80,556)**
Change in fair value of forward contracts		-	60,815	-	60,815
Net finance items		(382)	(784)	-	(1,166)
Loss before taxation		**(2,121)**	**(17,640)**	**(1,146)**	**(20,907)**
Taxation		-	-	-	-
Loss for the period		**(2,121)**	**(17,640)**	**(1,146)**	**(20,907)**
Attributable to:					
Equity shareholders of parent company		(2,121)	(15,618)	(1,146)	(18,885)
Non-controlling interest		-	(2,022)	-	(2,022)
(Loss)/profit for the period		**(2,121)**	**(17,640)**	**(1,146)**	**(20,907)**
EBITDA	(c)	**(1,719)**	**3,709**	**(1,146)**	**844**

(a) Other cost of sales represents costs not directly attributable to production, including exploration expenditure expensed;
(b) Includes amounts in respect of the amortisation of mine closure provision at Inata;
(c) EBITDA represents earnings before exceptional items, finance items, tax, depreciation and amortisation. EBITDA is not defined by IFRS but is commonly used as an indication of underlying cash generation.

2. Segmental Reporting (continued)

At 30 June 2013	UK	West Africa mining operations	West Africa exploration	Total
	US$000	**US$000**	**US$000**	**US$000**
STATEMENT OF FINANCIAL POSITION				
Non-current assets	757	143,329	57,067	201,153
Inventories	-	69,171	269	69,440
Trade and other receivables	521	23,447	3,646	27,614
Cash and cash equivalents	3,328	13,816	527	17,671
Total assets	**4,606**	**249,763**	**61,509**	**315,878**
Current liabilities	(12,999)	(56,181)	(3,205)	(72,385)
Non-current liabilities	(430)	(32,392)	-	(32,822)
Total liabilities	**(13,429)**	**(88,573)**	**(3,205)**	**(105,207)**
Net assets	**(8,823)**	**161,190**	**58,304**	**210,671**

For the three months ended 30 June 2013		UK	West Africa mining operations	West Africa exploration	Total
		US$000	**US$000**	**US$000**	**US$000**
CASH FLOW STATEMENT					
Loss for the period		(2,121)	(17,640)	(1,146)	(20,907)
Adjustments for non-cash and non-operating items	(d)	466	21,485	(135)	21,816
Movements in working capital		(932)	(9,671)	(749)	(11,352)
Net cash used by operations		**(2,587)**	**(5,826)**	**(2,030)**	**(10,443)**
Net interest paid		-	(172)	-	(172)
Purchase of property, plant and equipment		-	(3,925)	(121)	(4,046)
Deferred exploration expenditure		-	-	(5,116)	(5,116)
Proceeds from debt		5,000	-	-	5,000
Financing costs		(352)	-	-	(352)
Other cash movements	(e)	(4,916)	(2,149)	6,932	(133)
Total decrease in cash and cash equivalents		**(2,855)**	**(12,072)**	**(335)**	**(15,262)**

(d) Includes depreciation and amortisation, share based payments, taxation in the income statement, and other non-operating items in the income statement;
(e) Other cash movements include cash flows from financing activities, intragroup transfers, and exchange gains or losses.

2. Segmental Reporting (continued)

For the three months ended 30 June 2012		UK	West Africa mining operations	West Africa exploration	Total
		US$000	**US$000**	**US$000**	**US$000**
INCOME STATEMENT					
Revenue		**-**	**49,255**	**-**	**49,255**
Cost of Sales		**1,031**	**(41,878)**	**(1,887)**	**(42,734)**
Cash production costs:					
- mining		-	(13,225)	**-**	(13,225)
- processing		-	(10,914)	**-**	(10,914)
- overheads		-	(4,789)	**-**	(4,789)
- royalties		-	(4,182)	**-**	(4,182)
		-	(33,110)	**-**	(33,110)
Changes in inventory		-	(97)	**-**	(97)
Expensed exploration and other cost of sales	(a)	1,064	(2,909)	(1,887)	(3,732)
Depreciation and amortisation	(b)	(33)	(5,762)	-	(5,795)
Gross profit/(loss)		**1,031**	**7,377**	**(1,887)**	**6,521**
Administrative expenses and share based payments		(3,637)	-	-	(3,637)
(Loss)/profit from operations		**(2,606)**	**7,377**	**(1,887)**	**2,884**
Net finance items		426	(843)	(9)	(426)
(Loss)/profit before taxation		**(2,180)**	**6,534**	**(1,896)**	**2,458**
Taxation		-	(589)	-	(589)
(Loss)/profit for the period		**(2,180)**	**5,945**	**(1,896)**	**1,869**
Attributable to:					
Equity shareholders of parent company		(2,180)	5,687	(1,896)	1,611
Non-controlling interest		-	258	-	258
(Loss)/profit for the period		(2,180)	5,945	(1,896)	1,869
EBITDA	(c)	**(2,573)**	**13,139**	**(1,887)**	**8,679**

(a) Other cost of sales represents costs not directly attributable to production, including exploration expenditure expensed;
(b) Includes amounts in respect of the amortisation of mine closure provision at Inata;
(c) EBITDA represents earnings before exceptional items, finance items, tax, depreciation and amortisation. EBITDA is not defined by IFRS but is commonly used as an indication of underlying cash generation.

2. Segmental Reporting (continued)

At 30 June 2012	UK	West Africa mining operations	West Africa exploration	Total
	US$000	US$000	US$000	US$000
STATEMENT OF FINANCIAL POSITION				
Non-current assets	1,816	267,862	45,282	314,960
Inventories	-	52,352	356	52,708
Trade and other receivables	531	24,089	4,582	29,202
Cash and cash equivalents	43,019	36,584	777	80,380
Total assets	**45,366**	**380,887**	**50,997**	**477,250**
Current liabilities	(3,529)	(43,958)	(6,701)	(54,188)
Non-current liabilities	(430)	(28,993)	-	(29,423)
Total liabilities	**(3,959)**	**(72,951)**	**(6,701)**	**(83,611)**
Net assets	**41,407**	**307,936**	**44,296**	**393,639**

For the three months ended 30 June 2012		UK	West Africa mining operations	West Africa exploration	Total
		US$000	US$000	US$000	US$000
CASH FLOW STATEMENT					
(Loss)/profit for the period		(2,180)	5,945	(1,896)	1,869
Adjustments for non-cash and non-operating items	(d)	78	7,583	230	7,891
Movements in working capital		484	8,965	1,754	11,203
Net cash (used in)/generated by operations		**(1,618)**	**22,493**	**88**	**20,963**
Net interest received/(paid)		72	(318)	-	(246)
Purchase of property, plant and equipment		(47)	(6,892)	(128)	(7,067)
Loans repaid		-	(6,000)	-	(6,000)
Deferred exploration expenditure		-	(104)	(13,876)	(13,980)
Final dividend		(13,166)	-	-	(13,166)
Other cash movements	(e)	(7,008)	(6,995)	13,371	(632)
Total (decrease)/ increase in cash and cash equivalents		**(21,767)**	**2,184**	**(545)**	**(20,128)**

(d) Includes depreciation and amortisation, share based payments, taxation in the income statement, and other non-operating items in the income statement;

(e) Other cash movements include cash flows from financing activities, intergroup transfers; and exchange gains or losses.

2. Segmental Reporting (continued)

For the six months ended 30 June 2013		UK	West Africa mining operations	West Africa exploration	Total
		US$000	US$000	US$000	US$000
INCOME STATEMENT					
Revenue		**-**	**80,488**	**-**	**80,488**
Cost of Sales		**1,478**	**(80,236)**	**(2,366)**	**(81,124)**
Cash production costs:					
- mining		-	(34,688)	-	(34,688)
- processing		-	(22,576)	-	(22,576)
- overheads		-	(10,844)	-	(10,844)
- royalties		-	(6,194)	-	(6,194)
		-	(74,302)	-	(74,302)
Changes in inventory		-	9,183	-	9,183
Expensed exploration and other cost of sales	(a)	1,511	(1,974)	(2,366)	(2,829)
Depreciation and amortisation	(b)	(33)	(13,143)	-	(13,176)
Gross profit/(loss)		**1,478**	**252**	**(2,366)**	**(636)**
Administrative expenses and share based payments		(4,948)		-	(4,948)
Partial reversal of impairment of mining assets		-	72,200	-	72,200
Impairment of mining and exploration assets		-	(73,300)	(316)	(73,616)
(Loss)/profit from operations		**(3,470)**	**(848)**	**(2,682)**	**(7,000)**
Change in fair value of forward contracts		-	(96,632)	-	(96,632)
Restructure of forward contracts		-	(20,225)	-	(20,225)
Change in fair value of forward contracts		-	60,815	-	60,815
Net finance items		(1,111)	(1,528)	(18)	(2,657)
Loss before taxation		**(4,581)**	**(58,418)**	**(2,700)**	**(65,699)**
Taxation		**-**	**37**	**-**	**37**
Loss for the period		**(4,581)**	**(58,381)**	**(2,700)**	**(65,662)**
Attributable to:					
Equity shareholders of parent company		(4,581)	(52,020)	(2,700)	(59,301)
Non-controlling interest		-	(6,361)	-	(6,361)
(Loss)/profit for the period		**(4,581)**	**(58,381)**	**(2,700)**	**(65,662)**
EBITDA	(c)	**(3,437)**	**13,395**	**(2,366)**	**7,592**

(a) Other cost of sales represents costs not directly attributable to production, including exploration expenditure expensed;
(b) Includes amounts in respect of the amortisation of mine closure provision at Inata;
(c) EBITDA represents earnings before exceptional items, finance items, tax, depreciation and amortisation. EBITDA is not defined by IFRS but is commonly used as an indication of underlying cash generation.

2. Segmental Reporting (continued)

For the six months ended 30 June 2012		UK	West Africa mining operations	West Africa exploration	Continuing operations total	Dis-continued operations	Total
		US$000	US$000	US$000	US$000	US$000	US$000
INCOME STATEMENT							
Revenue		**-**	**109,511**	**-**	**109,511**	**-**	**109,511**
Cost of Sales		**1,858**	**(77,515)**	**(3,084)**	**(78,741)**	**-**	**(78,741)**
Cash production costs:							
- mining		-	(25,932)	-	(25,932)	-	(25,932)
- processing		-	(21,741)	-	(21,741)	-	(21,741)
- overheads		-	(9,474)	-	(9,474)	-	(9,474)
- royalties		-	(8,521)	-	(8,521)	-	(8,521)
		-	(65,668)	-	(65,668)	-	(65,668)
Changes in inventory		-	5,066	-	5,066	-	5,066
Expensed exploration and other cost of sales	(a)	1,924	(4,619)	(3,084)	(5,779)	-	(5,779)
Depreciation and amortisation	(b)	(66)	(12,294)	-	(12,360)	-	(12,360)
Gross profit/(loss)		**1,858**	**31,996**	**(3,084)**	**30,770**	**-**	**30,770**
Administrative expenses and share based payments		(6,350)	-	-	(6,350)	-	(6,350)
(Loss)/profit from operations		**(4,492)**	**31,996**	**(3,084)**	**24,420**	**-**	**24,420**
Loss on disposal of subsidiaries		-	-	-	-	(105)	(105)
Net finance items		429	(1,567)	15	(1,123)	-	(1,123)
(Loss)/profit before taxation		**(4,063)**	**30,429**	**(3,069)**	**23,297**	**(105)**	**23,192**
Taxation		-	(7,473)	-	(7,473)	-	(7,473)
(Loss)/profit for the period		**(4,063)**	**22,956**	**(3,069)**	**15,824**	**(105)**	**15,719**
Attributable to:							
Equity shareholders of parent company		(4,063)	21,340	(3,069)	14,208	(105)	14,103
Non-controlling interest		-	1,616	-	1,616	-	1,616
(Loss)/profit for the period		(4,063)	22,956	(3,069)	15,824	(105)	15,719
EBITDA	(c)	**(4,426)**	**44,290**	**(3,084)**	**36,780**	**-**	**36,780**

(a) Other cost of sales represents costs not directly attributable to production, including exploration expenditure expensed;
(b) Includes amounts in respect of the amortisation of mine closure provisions at Inata;
(c) EBITDA represents earnings before exceptional items, finance items, tax, depreciation and amortisation. EBITDA is not defined by IFRS but is commonly used as an indication of underlying cash generation.

2. Segmental Reporting (continued)

For the six months ended 30 June 2013		UK	West Africa mining operations	West Africa exploration	Total
		US$000	US$000	US$000	US$000
CASH FLOW STATEMENT					
(Loss)/profit for the period		(4,581)	(58,381)	(2,700)	(65,662)
Adjustments for non-cash and non-operating items	(d)	1,537	50,467	419	52,423
Movements in working capital		(1,059)	(11,826)	372	(12,513)
Net cash used in operations		**(4,103)**	**(19,740)**	**(1,909)**	**(25,752)**
Net interest received/(paid)		2	(239)	-	(237)
Purchase of property, plant and equipment		(1)	(9,228)	(220)	(9,449)
Deferred exploration expenditure		-	-	(10,787)	(10,787)
Proceeds from debt		10,000	-	-	10,000
Financing costs		(502)	-	-	(502)
Other cash movements	(e)	(9,461)	(3,903)	12,874	(490)
Total decrease in cash and cash equivalents		**(4,065)**	**(33,110)**	**(42)**	**(37,217)**

For the six months ended 30 June 2012		UK	West Africa mining operations	West Africa exploration	Continuing operations total	Dis-continued operations	Total
		US$000	US$000	US$000	US$000	US$000	US$000
CASH FLOW STATEMENT							
(Loss)/profit for the period		(4,063)	22,956	(3,069)	15,824	(105)	15,719
Adjustments for non-cash and non-operating items	(d)	667	22,192	(46)	22,813	105	22,918
Movements in working capital		(4,095)	(2,188)	2,804	(3,479)	-	(3,479)
Net cash (used in)/ generated by operations		**(7,491)**	**42,960**	**(311)**	**35,158**	**-**	**35,158**
Net interest received/(paid)		138	(727)	-	(589)	-	(589)
Purchase of property, plant and equipment		(164)	(11,773)	(1,779)	(13,716)	-	(13,716)
Deferred exploration expenditure		-	(367)	(21,669)	(22,036)	-	(22,036)
Net proceeds from disposal of discontinuing operations		1,980	-	-	1,980	-	1,980
Loans repaid		-	(12,000)	-	(12,000)	-	(12,000)
Final dividend		(13,166)	-	-	(13,166)	-	(13,166)
Other cash movements	(e)	(14,032)	(10,224)	23,769	(487)	-	(487)
Total (decrease)/increase in cash and cash equivalents		**(32,735)**	**7,869**	**10**	**(24,856)**	**-**	**(24,856)**

(d) Includes depreciation and amortisation, share based payments, movement in provisions, taxation in the income statement, and other non-operating items in the income statement;
(e) Other cash movements include deferred consideration paid, cash flows from financing activities, and exchange gains or losses;

3. Exceptional items

	30 June 2013 (three months) Unaudited	30 June 2012 (three months) Unaudited	**30 June 2013 (six months) Unaudited**	30 June 2012 (six months) Unaudited
	US$000	US$000	**US$000**	US$000
Restructure of forward contracts	**-**	-	**(20,225)**	-
Loss on recognition of forward contracts	**-**	-	**(96,632)**	-
Change in fair value of forward contracts	**60,815**	-	**60,815**	-
Partial reversal of impairment of mining assets	**-**	-	**72,200**	-
Impairment of Mali exploration asset	**-**	-	**(316)**	-
Impairment of Inata mining assets	**(73,300)**	-	**(73,300)**	-
Loss on disposal of subsidiaries	**-**	-	**-**	(105)
Exceptional loss	**(12,485)**	-	**(57,458)**	(105)

Change in fair value of forward contracts

The forward contracts are required to be valued at each reporting date and the movement recognised through the income statement. Based on a spot price of $1,192 per ounce, the forward contract as at 30 June 2013 had a fair value of $35.8 million. This represented a decrease of $60.8 million, which was recognised as a gain in the period.

Impairments of Inata mining assets

In June 2013 Avocet recognised an impairment of non–current mining assets in respect of the Inata Gold Mine driven by a reduction in the forecasted gold price. Further details are provided in note 9.

Restructure and recognition of forward contracts

On 25 March 2013, Avocet announced the restructure of the Macquarie forward contracts for delivery of gold bullion. The restructure consisted of eliminating 29,020 ounces under the forward contracts at a cost of US$20.2 million and shortening the delivery profile of the remaining ounces by 18 months so that all ounces are delivered by December 2016.

The recognition of the liability is in accordance with IAS 39 (see note 14 for more information), and reflects that the recent buy back demonstrates a practice of cash-settling forward contracts. Under IAS 39, this means that the own-use exemption previously applied is no longer appropriate. The fair value of the forward contracts has been recognised at 31 March 2013 at $96.6m. Further details are provided in note 14.

Partial reversal of impairment on mining assets

In March 2013 Avocet recognised a partial reversal of impairment of non–current mining assets in respect of the Inata Gold Mine driven by the requirement to recognise the forward contract liability. Further details are provided in note 8.

Impairment of Mali exploration asset

During Q1 the company decided to discontinue operations at the N'tjila permit located in the Republic of Mali. As a result the $0.3m capitalised in relation to the permit has been impaired and recognised as an exceptional item.

Loss on disposal of subsidiaries

Completion of one of the last two exploration assets occurred on 16 February 2012 for proceeds of US$2.0 million, resulting in a loss of US$0.1 million. There are no remaining assets or liabilities recognised in the Group statement of financial position in respect of the last remaining South East Asian exploration company, which the Company no longer expects to sell.

4. EBITDA

Earnings before interest, tax, depreciation and amortisation (EBITDA) represents profit before depreciation/amortisation, interest and taxes, as well as excluding any exceptional items and profit or loss from discontinued operations and changes in fair value of forward contracts.

	30 June 2013 (three months) Unaudited	30 June 2012 (three months) Unaudited	**30 June 2013 (six months) Unaudited**	30 June 2012 (six months) Unaudited
	US$000	US$000	**US$000**	US$000
(Loss)/profit before taxation	**(20,907)**	2,458	**(65,699)**	23,297
Exceptional Items	**12,485**	-	**57,458**	-
Depreciation	**8,100**	5,795	**13,176**	12,360
Exchange (gain)/losses	**8**	(219)	**122**	(364)
Net finance income	**(14)**	(98)	**(16)**	(114)
Net finance expense	**1,172**	743	**2,551**	1,601
EBITDA	**844**	8,679	**7,592**	36,780

5. Earnings per Share

Earnings per share are analysed in the table below, presenting earnings per share for continuing and discontinued operations.

	30 June 2013 (three months) Unaudited	30 June 2012 (three months) Unaudited	**30 June 2013 (six months) Unaudited**	30 June 2012 (six months) Unaudited
	Shares	Shares	**Shares**	Shares
Weighted average number of shares in issue for the period				
- number of shares with voting rights	**199,014,701**	198,968,407	**199,104,701**	198,965,402
- effect of share options in issue[1]	**-**	974,247	**155,764**	1,952,498
- total used in calculation of diluted earnings per share	**199,014,701**	199,942,654	**199,260,465**	200,917,900

	US$000	US$000	**US$000**	US$000
Earnings per share from continuing operations				
(Loss)/profit for the period from continuing operations	**(20,907)**	1,869	**(65,662)**	15,824
Less non-controlling interest	**2,022**	(258)	**6,361**	(1,616)
(Loss)/profit for the period attributable to equity shareholders of the parent	**(18,885)**	1,611	**(59,301)**	14,208
(Loss)/earnings per share				
- basic (cents per share)	**(9.48)**	0.81	**(29.78)**	7.14
- diluted (cents per share) [1]	**(9.48)**	0.81	**(29.78)**	7.07

5. Earnings per Share (cont)

Earnings per share from discontinued operations	30 June 2013 (three months) Unaudited	30 June 2012 (three months) Unaudited	30 June 2013 (six months) Unaudited	30 June 2012 (six months) Unaudited
	US$000	US$000	**US$000**	US$000
Profit/(loss) for the period	**-**	-	**-**	(105)
Less non-controlling interest	**-**	-	**-**	-
Profit/(loss) for the period attributable to equity shareholders of the parent	**-**	-	**-**	(105)
Earnings/(loss) per share				
- basic (cents per share)	**-**	-	**-**	(0.05)
- diluted (cents per share)	**-**	-	**-**	(0.05)
Total (loss)/earnings per share				
- basic (cents per share)	**(9.48)**	0.81	**(29.78)**	7.09
- diluted (cents per share) [1]	**(9.48)**	0.81	**(29.78)**	7.02

[1] As a result of the loss for the period, in calculating the diluted earnings per share the effect of share options in issue has been ignored for the 3 months and 6 months ending 30 June 2013.

6. Intangible assets

Intangible assets represent deferred exploration expenditure. The movement in the period is analysed below:

	US$000
At 1 January 2013 (audited)	**49,442**
Additions	**10,786**
Capitalised depreciation[1]	**590**
Impairment of Mali exploration assets	**(316)**
Transfer of exploration assets	**(7,486)**
At 30 June 2013 (unaudited)	**53,016**

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
	US$000	US$000
Burkina Faso	**24,728**	26,577
Guinea	**28,288**	22,574
Mali	**-**	291
Total	**53,016**	49,442

[1] Capitalised depreciation represents the depreciation of items of property, plant, and equipment which are used exclusively in the Group's exploration activities. The consumption of these assets is capitalised as an intangible asset, in accordance with accounting standards and industry practice.

7. Property, plant and equipment

Six months ended 30 June 2013	Note	Mining property and plant: Mine development costs	Mining property and plant: Plant and Machinery	Mining property and plant: Vehicles, fixtures, and equipment	Exploration property and plant	Office equipment	
		West Africa	West Africa	West Africa	West Africa	UK	Total
		US$000	US$000	US$000	US$000	US$000	US$000
Cost							
At 1 January 2013 (audited)		96,789	87,589	55,568	5,242	1,121	246,309
Additions		5,489	3,438	177	237	1	9,342
Addition to mine closure provision		295	-	-	-	-	295
Transfer from exploration intangibles	6	7,486	-	-	-	-	7,486
Partial reversal of impairment on mining assets	8	72,200	-	-	-	-	72,200
Impairment of mining assets	9	(73,300)	-	-	-	-	(73,300)
At 30 June 2013 (unaudited)		**108,959**	**91,027**	**55,745**	**5,479**	**1,122**	**262,332**
Depreciation							
At 1 January 2013 (audited)		56,958	23,624	18,677	822	575	100,656
Charge for the period		7,182	3,791	2,186	-	17	13,176
Charge for the period – capitalised[1]		-	-	-	590	-	590
At 30 June 2013 (unaudited)		**64,140**	**27,415**	**20,863**	**1,412**	**592**	**114,422**
Net Book Value							
At 30 June 2013 (unaudited)		**44,819**	**63,612**	**34,882**	**4,067**	**530**	**147,910**
At 1 January 2013 (audited)		39,831	63,965	36,891	4,420	546	145,653

[1] Capitalised depreciation represents the depreciation of items of property, plant, and equipment which are used exclusively in the Group's exploration activities. The consumption of these assets is capitalised as an intangible asset, in accordance with accounting standards and industry practice.

8. Partial reversal of impairment on mining assets as at 31 March 2013

At 31 December 2012, the Group recognised an impairment of $135.3m in respect of mining assets at Inata. In accordance with IAS 36 Impairment of Assets, an entity is required to assess at the end of each reporting period whether there is any indication that a previous impairment loss may no longer exist or may have decreased. If such an indication exists, the entity should estimate the recoverable amount of that asset.

The forward contract liability at fair value in March 2013 was excluded from both the carrying amount of the cash generating unit ('CGU') and the cash flows of the value in use ('VIU') calculation. This avoids double counting of the liability's cash flow and provides a more stable basis to assess the CGU's fair value. The Company concluded that the requirements of an indication of a reversal of impairment were identified in relation to the Inata mining assets. An assessment was therefore carried out of the fair value of Inata's assets, using the discounted cash flows of Inata's latest estimated life of mine plan to calculate the VIU. As a result of the review, a pre-tax partial reversal of impairment losses of $72.2m was recorded in Q1 2013 and allocated to mine development costs.

When calculating the VIU, certain assumptions and estimates were made. Changes in these assumptions can have a significant effect on the recoverable amount and therefore the value of the impairment recognised. The key assumptions are outlined below:

Assumption	Judgements	Sensitivity[2]
Timing of cash flows	Cash flows are forecast over the expected life of the mine. The current life of mine plan forecasts mining activities to continue until 2017, with a further 3 years during which stockpiles will be processed and rehabilitation costs will be incurred.	An extension or shortening of the mine life would result in a corresponding increase or decrease in reversal of impairment, the extent of which it is not possible to quantify.
Production costs	Production costs are forecast based on detailed assumptions, including staff costs, consumption of fuel and reagents, maintenance, and administration and support costs.	A change in production costs of 10% would increase or decrease the pre-tax reversal of impairment attributable by US$37.4 million[1].
Gold price	Analyst consensus prices were used for the forecast of revenue from gold sales, based on an average consensus at March 2013 for the period 2013–2020. Prices range from US$1,775 per ounce in 2013 to US$1,293 per ounce from 2017.	A change of 10% in the gold price assumption would increase or decrease the pre-tax reversal of impairment recognised in the year by US$79.1 million[1].
Discount rate	A discount rate of 10% (pre-tax) has been used in the VIU estimation.	A change in the discount rate of one percentage point would increase or decrease the pre-tax reversal of impairment recognised in the year by US$6.0 million[1].
Ore Reserves and gold production	The life of mine plan is based on Ore Reserves of 0.92 million for the Inata Mine as at 31 December 2012, less the Q1 2013 production. The Ore Reserve is estimated in accordance with the principles the JORC Code and was reviewed and approved by Clayton Reeves (refer to page 22 of the 31 December 2012 Annual Report).	A 10% increase or decrease in ounces produced, compared with the current Ore Reserve, would increase or decrease the pre-tax reversal of impairment recognised in the year by US$79.1 million[1].

[1]Sensitivities provided are on a 100% basis, pre-tax. 10% of the post-tax impairment would be attributed to the non-controlling interest.

[2]The impairment reversal on the Inata mining assets would be limited to US$130.1 million, being the previous impaired value less the impact on depreciation as a result of the impairment.

9. Impairment of mining assets

In accordance with IAS 36 Impairment of Assets, at each reporting date the Company assesses whether there are any indicators of impairment of non-current assets. When circumstances or events indicate that non-current assets may be impaired, these assets are reviewed in detail to determine whether their carrying value is higher than their recoverable value, and, where this is the result, an impairment is recognised. Recoverable value is the higher of value in use ('VIU') and fair value less costs to sell. VIU is estimated by calculating the present value of the future cash flows expected to be derived from the cash generating unit ('CGU'). Fair value less costs to sell is based on the most reliable information available, including market statistics and recent transactions. The Inata Mine has been identified as the CGU. This includes all tangible non-current assets, intangible exploration assets within the mine licence area, and net current assets (excluding cash). The CGU does not include exploration assets at Souma or in Guinea, these assets are held in different entities and there have not been any indications of impairment.

As a result of the review of impairment indicators, the Company has concluded that the recent fall in spot price and market forecasts is considered to be an indicator for impairment. An assessment was therefore carried out of the fair value of Inata's assets, using the discounted cash flows of Inata's latest estimated life of mine plan to calculate their VIU. As a result of this review, a pre-tax impairment loss of US$73.3 million has been recorded in June 2013, being an impairment of mine development costs.

When calculating the VIU, certain assumptions and estimates are made. Changes in these assumptions can have a significant effect on the recoverable amount and therefore the value of the impairment recognised. Should there be a change in the assumptions which indicated the impairment, this could lead to a revision of recorded impairment losses in future periods. The key assumptions are outlined below:

Assumption	**Judgements**	**Sensitivity**
Timing of cash flows	Cash flows are forecast over the expected life of the mine. The current life of mine plan forecasts mining activities to continue until 2018, with a further 17 months during which stockpiles will be processed and rehabilitation costs will be incurred.	An extension or shortening of the mine life would result in a corresponding increase or decrease in impairment, the extent of which it is not possible to quantify.
Production costs	Production costs are forecast based on detailed assumptions, including staff costs, consumption of fuel and reagents, maintenance, and administration and support costs.	A change in production costs of 10% would increase or decrease the pre-tax impairment attributable by US$56.5 million[1].
Gold price	Analyst consensus prices were used for the forecast of revenue from gold sales, based on an average consensus at July 2013 for the period 2013–2021. Prices range from US$1,278 per ounce in 2013 to US$1,230 in 2015, and US$1,260 per ounce from 2016.	A change of 10% in the gold price assumption would increase or decrease the pre-tax impairment recognised in the year by US$69.0 million[1].
Discount rate	A discount rate of 10% (pre-tax) has been used in the VIU estimation.	A change in the discount rate of one percentage point would increase or decrease the pre-tax impairment recognised in the year by US$6.7 million[1].
Gold production	The life of mine plan is based on gold production of 0.96 million for the Inata Mine.	A 10% increase or decrease in ounces produced, compared with the life of mine gold production, would increase or decrease the pre-tax impairment recognised in the year by US$81.8 million[1].

1 Sensitivities provided are on a 100% basis, pre-tax. 10% of the post-tax impairment would be attributed to the non-controlling interest.

10. Other financial assets

	30 June 2013 (3 months) Unaudited	30 June 2012 (3 months) Unaudited	30 June 2013 (6 months) Unaudited	30 June 2012 (6 months) Unaudited
	US$000	US$000	**US$000**	US$000
At 1 January/1 April	**393**	1,908	**599**	1,828
Fair value adjustment	**(166)**	(684)	**(372)**	(604)
At 30 June	**227**	1,224	**227**	1,224

Other financial assets represent available for sale financial assets which are measured at fair value. The fair value adjustment is the periodic re-measurement to fair value, with gains or losses on re-measurement recognised in equity.

Other financial assets relate to shares in Golden Peaks Resources Limited. The shares were acquired as consideration for the disposal of two of the Group's assets in South East Asia in 2011. In January 2012 Golden Peaks announced that it had changed its name to Reliance Resources. Reliance Resources is listed on the Toronto Stock Exchange.

11. Inventories

	30 June 2013 Unaudited	31 December 2012 Audited
	US$000	US$000
Consumables	**37,153**	33,844
Work in progress	**26,905**	20,001
Finished goods	**5,382**	3,104
	69,440	56,949

Work in progress includes ore in stockpiles and gold in circuit, while finished goods represents gold in transit or undergoing refinement, prior to sale.

12. Trade and other receivables

	30 June 2013 Unaudited	31 December 2012 Audited
	US$000	US$000
Payments in advance to suppliers	**6,631**	9,524
VAT	**18,606**	14,766
Prepayments	**2,377**	834
	27,614	25,124

13. Cash and cash equivalents

Included in US$17.7 million cash and cash equivalents at 30 June 2013 is US$13.4 million of restricted cash (31 December 2012: US$38.4 million), representing a minimum account balance held in Macquarie Bank Limited of US$12.0 million, a condition of the Inata project finance facility, and US$1.4 million (31 December 2012: US$1.4 million) relating to amounts held on restricted deposit in Burkina Faso for the purposes of environmental rehabilitation work, as required by the terms of the Inata mining licence.

In relation to the minimum account balance held in Macquarie Bank Limited of US$12.0 million, there are no restrictions on the use of funds above the minimum amount by SMB. Restrictions apply to the other companies in the Group regarding access to the surplus funds above the US$12.0m, as set out per the press release on 25 March 2013.

14. Other financial liabilities

	30 June 2013 Unaudited	31 December 2012 Audited
	US$000	US$000
Current liabilities		
Warrant on company equity	**131**	-
Interest bearing debt	**15,000**	5,000
Finance lease liabilities	**895**	1,105
Forward contracts – held for trading	**11,492**	-
Total current other financial liabilities	**27,518**	6,105

	30 June 2013 Unaudited	31 December 2012 Audited
	US$000	US$000
Non-current liabilities		
Finance lease liabilities	**2,113**	2,434
Forward contracts – held for trading	**24,326**	-
Total non-current other financial liabilities	**26,439**	2,434

Interest bearing debt

Interest bearing debt includes the remaining balance under the Macquarie Inata project finance facility of US$5.0 million (31 December 2012: US$5.0 million) and the Elliott Lender loan of US$10.0 million (31 December 2012: US$nil).

As announced on in the press release on 25 March 2013, the remaining balance of US$5.0 million under the Macquarie Inata project finance facility, previously due on 31 March 2013, was re-negotiated as part of the hedge restructure and is now due by 30 September 2013.

The Elliott facility of is payable 30 December 2013. The facility is US$15.0 million, as at 30 June 2013 US$10.0 million had been drawn down.

Warrants over Company shares

During the quarter, 4 million warrants over shares in Avocet Mining PLC were issued to the Elliott Lender as consideration for the loan facility. The warrants have been treated as a financial instrument rather than a share based payment on the basis that the warrants were issued as part of the loan and not as a result of services provided. Furthermore, the warrants have been considered to be a liability rather than equity, on the basis that the exercise price is quoted in GBP, and therefore the cash payment from Elliott would not be fixed when accounted for by the Company, whose functional currency is USD.

These warrants have a strike price of GBP 0.40 and expires three years from issuance on 28 May 2013. The warrants have been valued using a Black-Scholes model based on the 30 June 2013 closing share price of GBP 0.0681.

Forward contracts

On 25 March 2013, Avocet announced a restructure of the Macquarie forward contracts for delivery of gold bullion. The partial settlement of the contract means that the remaining forward contracts no longer qualifying for the 'own use exemption' and are therefore now within the scope of IAS 39 financial instruments. Under IAS 39 the forward contracts are classified as a financial liability designated at fair value through profit or loss (FVTPL) as they meet the requirements to be classified as held-for-trading.

The fair value of the forward contracts were assessed to be US$35.8 million based on a closing spot rate of US$1,192 per ounce, analysed between current (US$11.5 million) and non-current (US$24.3 million) in accordance with the schedule delivery of forward sold ounces.

	30 June 2013 (3 months) Unaudited	30 June 2012 (3 months) Unaudited	**30 June 2013 (6 months) Unaudited**	30 June 2012 (6 months) Unaudited
	US$000	US$000	**US$000**	US$000
At 1 January/1 April	**96,632**	-	**-**	-
Recognition	**-**	-	**96,632**	-
Fair value adjustment	**(60,815)**	-	**(60,815)**	-
At 30 June	**35,817**	-	**35,817**	-

Finance lease liabilities
Also included within other financial liabilities are liabilities in respect of assets held under finance lease, US$0.9 million of which is included within current financial liabilities, and US$2.1 million is included within non-current financial liabilities.

15. Deferred tax

	30 June 2013 US$000	31 December 2012 US$000
Liabilities		
At 1 January	**37**	14,566
Income statement movement	**(37)**	(14,529)
At 30 June/31 December	**-**	37

At 31 December 2012 the Group had deferred tax liabilities of less than US$0.1 million (31 December 2011: US$14.6 million) in relation to continuing operations. This liability relates to temporary differences on the Inata mine development costs and property, plant, and equipment. The reduction in the liability during 2012 reflects the impairment of mining assets, net of additions to mining property and plant during the year and of tax allowances on capital items used in the period.

16. Related party transactions

The table below sets out charges in the three month period and balances at 31 March 2013 between the Company (Avocet Mining PLC) and Group companies that were not wholly owned, in respect of management fees and interest on loans. There were no other related party transactions in the period requiring disclosure.

	Avocet Mining PLC		**Wega Mining AS**	
	Charged in six months to 30 June 2013	**Balance at 30 June 2013**	**Charged in six months to 30 June 2013**	**Balance at 30 June 2013**
	US$000	US$000	US$000	US$000
Société des Mines de Bélahouro SA (90%)	380	139,165	2,468	111,204

Compensation paid to key management of the Group during the first half of 2013 was US$2.0 million, including pension contributions of US$0.06 million. A share based payment expense of US$0.4 million was recognised in the six months till June 2013 in respect of awards made under the Performance Share Plan, the details of which were reported in the announcement made on 13 March 2012. No dividends were received by Directors during the period in respect of shares held in the Company.

During 2013 the Company entered into a US$15.0 million loan agreement with Manchester Securities Corp. ("the Elliott Lender"), an affiliate of Avocet's largest shareholder, Elliott Management. Under the UK listing rules, the Elliott Lender and Elliott Management are related parties to the Company. US$5.0m was drawn down in March 2013 under the initial facility in accordance with the loan agreement. The terms of the initial facility, which is unsecured are considered to be normal commercial terms. The availability of the second facility under the agreement, which is secured, was approved by the shareholders at a GM held on 28 May 2013. The amounts owing on the initial facility was subsequently transferred to the second facility and a further US$5.0m was drawn down on the facility. Attached to the second facility is a warrant for 4 million ordinary shares of the Company, further details are provided in note 14.

17. Contingent liabilities

Burkina Faso tax claim

As disclosed in note 13 of the Company's financial statements for the year ended 31 December 2012, during 2012, Société des Mines de Bélahouro SA ('SMB', the subsidiary in Burkina Faso which operates the Inata mine) underwent a tax audit in respect of the fiscal years 2009, 2010, and 2011. The initial assessment of this tax audit, which was undertaken by the tax department of the Burkina Faso government, was that a total of US$25.5 million was due in taxes and penalties. Approximately US$16 million of the claim relates to SMB's gold hedge, with the tax audit claiming that SMB's taxable profits should be increased to reflect deemed revenue on hedged sales calculated at spot prices instead of the lower hedge price that was actually received. At the time of the year end financial statements SMB and its tax advisers viewed this and the treatment of other matters as an incorrect interpretation of the Burkina Faso tax code and expected that with the exception of some minor items which were settled without delay, the claim amount would be rescinded on review and discussion with the Burkina Faso Director General of Taxes.

Similar audits and outcomes were experienced by all other foreign-owned gold mining companies in Burkina Faso.

Following a meeting with the Director General of Taxes in June 2013, the decision was communicated to SMB on 2 July 2013 that US$22 million of taxes and penalties would be claimed from SMB, including the US$16 million in respect of the hedge sales, and that the Company's arguments had therefore been rejected.

SMB's strong objection to this verdict was communicated to the government. SMB and its advisers continue to believe that the claim represents incorrect application and interpretation of the Burkina Faso tax code in respect of the hedge and other matters, and therefore no amount has been provided in the financial statements. However, as the meeting with the Burkina Faso Director General of Taxes did not result in the claim being rescinded as previously expected, the Company believes it is appropriate to disclose the tax claim as a contingent liability in the Q2 financial statements.

PT Lebong Tandai claim

Note 32 to the financial statements for the year ended 31 December 2012 contains a description of the Indonesian civil cases being brought by PT Lebong Tandai against Avocet and other parties, and the reader is therefore referred to the Company's Annual Report for 2012 for further details. The Company is not aware of any change in circumstances and as any financial settlement is considered to be remote, this matter does not constitute a contingent liability.

18. Unaudited quarterly income statement for continuing operations

	Quarter ended 31 March 2013 (Unaudited)	Quarter ended 30 June 2013 (Unaudited)	Half year end 30 June 2013 (Unaudited)	Year ended 31 December 2012 (Audited)
	US$000	**US$000**	**US$000**	US$000
Revenue	**40,885**	**39,603**	**80,488**	204,110
Cost of sales	**(36,749)**	**(44,375)**	**(81,124)**	(168,694)
Cash production costs:				
- mining	**(16,495)**	**(18,193)**	**(34,688)**	(55,659)
- processing	**(10,970)**	**(11,606)**	**(22,576)**	(41,772)
- overheads	**(4,983)**	**(5,861)**	**(10,844)**	(21,762)
- royalties	**(3,171)**	**(3,023)**	**(6,194)**	(15,945)
	(35,619)	**(38,683)**	**(74,302)**	(135,138)
Changes in inventory	**4,074**	**5,109**	**9,183**	10,202
Expensed exploration and other cost of sales	**(128)**	**(2,701)**	**(2,829)**	(15,762)
Depreciation and amortisation	**(5,076)**	**(8,100)**	**(13,176)**	(27,996)
Gross profit/(loss)	**4,136**	**(4,772)**	**(636)**	35,416
Administrative expenses	**(2,135)**	**(2,419)**	**(4,554)**	(13,002)
Share based payments	**(329)**	**(65)**	**(394)**	(2,067)
Impairment of mining and exploration assets	**(316)**	**(73,300)**	**(73,616)**	(135,300)
Reversal of impairment of mining assets	**72,200**	**-**	**72,200**	-
Profit/(loss) from operations	**73,556**	**(80,556)**	**(7,000)**	(114,953)
Loss on recognition of forward contracts	**(96,632)**	**-**	**(96,632)**	-
Restructure of forward contracts	**(20,225)**	**-**	**(20,225)**	-
Change in fair value of forward contract	**-**	**60,815**	**60,815**	-
Net finance costs	**(1,491)**	**(1,166)**	**(2,657)**	(2,072)
(Loss)/profit before taxation	**(44,792)**	**(20,907)**	**(65,699)**	(117,025)
Analysed as:				
Profit before taxation and exceptional items	**181**	**(8,422)**	**(8,241)**	18,275
Exceptional items	**(44,973)**	**(12,485)**	**(57,458)**	(135,300)
Loss before taxation	**(44,792)**	**(20,907)**	**(65,699)**	(117,025)
Taxation	**37**	**-**	**37**	14,529
Loss for the period	**(44,755)**	**(20,907)**	**(65,662)**	(102,496)
Attributable to:				
Equity shareholders of the parent company	**(40,416)**	**(18,885)**	**(59,301)**	(92,685)
Non-controlling interest	**(4,339)**	**(2,022)**	**(6,361)**	(9,811)
	(44,755)	**(20,907)**	**(65,662)**	(102,496)
EBITDA [1]	**6,748**	**844**	**7,592**	48,343

[1]EBITDA represents earnings before exceptional items, finance items, tax, depreciation and amortisation. EBITDA is not defined by IFRS but is commonly used as an indication of underlying cash generation.