2 October 2017

Unaudited Interim Results for the six months ended 30 June 2017

Avocet Mining PLC ("Avocet" or "the Company") today announces its unaudited interim results for the six months ended 30 June 2017. The results are discussed under the paragraph headed operational and financial results for the first six months 30 June 2017.

This reporting period has been dominated by the discussions with certain of the financial and trade creditors ('the Major Creditors') of the Company's subsidiary Société des Mines de Bélahouro SA ('SMB') that operates the Inata gold mine in Burkina Faso about the restructuring of its balance sheet.

These discussions started at the beginning of April and are still ongoing with the objective of reaching a consensual restructuring solution (even though the standstill agreement has expired). This has been made possible due to the willingness of certain of the creditors to provide limited funding.

Currently, the Major Creditors are considering two potential transactions which have been proposed by potential third party investors. These transactions are different in terms of structure, potential recovery for the creditors, the impact on the Company's shareholders, and the post-transaction group structure.

The directors have assessed the two possible transactions. They believe that the probability of a successful implementation of the two proposals differs between each proposal. Nonetheless, the Major Creditors wish to explore each transaction further.

Although discussions regarding both potential transactions continue, there can be no certainty that either of these will result in a final agreement being reached on a consensual restructuring of SMB's balance sheet: amongst other risks, creditors may end funding before agreement has been reached; the creditors may not be able to agree on the transaction to be implemented; or investors may withdraw their proposals, for instance in case of any further security incidents. In the absence of successful implementation of an agreed proposal, it is likely that SMB will enter into insolvency proceedings.

Many employees have expressed their support for a successful conclusion of the restructuring and the Company is grateful for their continuing support in these difficult times.

The Company deeply regrets the recent loss of lives and serious injuries affecting the gendarmes who were protecting our employees and assets. Initial reports indicate that the gendarme escort was itself the target of the attack. The Company is reviewing its security measures and is continuing to take appropriate steps to ensure the safety of the mine and its employees in Burkina Faso.

Another important event that took place in this reporting period is the completion of the first closing of the Tri-K transaction on 22 May 2017. After clearing certain legal formalities, the Company and Managem will hold a 60 per cent and a 40 per cent interest in the project respectively.

On completion of (a) the agreed work programme of at least US$10.0 million worth of drilling, analysis and documentation work within 12 months and (b) the delivery of an independent feasibility study, Managem's interest in the project will increase at a second closing to 70 per cent of the equity (and Avocet will be diluted to 30 per cent), subject to ore reserves increasing to at least 1 million ounces. At present, Managem is expected to meet the conditions to the second closing within the time frame set in the transaction documentation.

FOR FURTHER INFORMATION PLEASE CONTACT

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NOTES TO EDITORS

Avocet Mining PLC ("Avocet" or the "Company") is an unhedged 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 per cent of the Inata Gold Mine. The Inata Gold Mine poured its first gold in December 2009 and produced 72,485 ounces of gold in 2016. Other assets in Burkina Faso include five 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.

OPERATIONAL AND FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

Total gold sold in H1 2017 amounted to 21,377 ounces with an average price of US$1,235, compared with 42,752 in the first half of 2016 with an average price of US$1,213. As the Company started discussions regarding the restructuring of SMB, the mine started to experience shortage of certain critical supplies, causing stoppage of the mine's production processes.

In order to lower its fixed costs during stoppage and to provide the operational flexibility to react to the changing availability of supplies, the majority of its workers have been put in technical unemployment during May for a period of three months. This period was subsequently extended in August.

The lower production, sales and the loss for the period are a result of these factors.

On 22 May the Company received the decree signed by the Guinean President ratifying the Mining Convention for the Tri-K project earlier that month. Following this, the so-called 'First Closing' was completed and the Company received from Managem US$ 4 million for 40 per cent of its interest in the project. The receipt of the funds had a positive impact on the cash flow.

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

BOUDEWIJN WENTINK
Chief Executive Officer

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2017

	Note	Six months ended 30 June 2017 Unaudited	30 June 2016 Unaudited
		US$000	US$000
Revenue	2	**26,402**	51,845
Cost of sales	2	**(27,499)**	(44,207)
Gross loss		**(1,097)**	7,638
Administrative expenses		**(898)**	(954)
Transaction costs		**(237)**	(12)
Impairment of mining and exploration assets	3,8	**-**	-
Loss from operations		**(2,232)**	6,672
Finance items			
Exchange losses/(gains)		**(923)**	(160)
Finance expense		**(2,325)**	(2,621)
Loss before taxation		**(5,480)**	3,891
Analysed as:			
(Loss)/profit before taxation and exceptional items		**(5,243)**	3,891
Exceptional items	3	**(237)**	-
(Loss)/Profit before taxation		**(5,480)**	3,891
Taxation		**-**	(79)
(Loss)/profit for the period		**(5,480)**	3,812
Attributable to:			
Equity shareholders of the parent company		**(5,173)**	3,227
Non-controlling interest		**(307)**	585
		(5,480)	3,812
Earnings per share			
- basic (cents per share)	5	**(24.75)**	15.44
- diluted (cents per share)	5	**(24.75)**	15.44
EBITDA [1]	4	**(1,995)**	6,864

[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 STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2017

		Six months ended	
		30 June 2017	30 June 2016
	Note	**Unaudited**	Unaudited
		US$000	US$000
(Loss)/profit for the period		**(5,480)**	3,812
Total comprehensive income for the period		**(5,480)**	3,812
Attributable to:			
Equity holders of the parent company		**(5,173)**	3,227
Non-controlling interest		**(307)**	585
Total comprehensive income for the period		**(5,480)**	3,812

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	Note	**30 June 2017 Unaudited**	31 December 2016 Audited
		US$000	US$000
Non-current assets			
Intangible assets	6	**18,781**	18,781
Property, plant and equipment	7	**-**	-
		18,781	18,781
Current assets			
Inventories	9	**10,612**	15,369
Trade and other receivables	10	**5,914**	4,550
Cash and cash equivalents – unrestricted		**1,929**	1,118
Cash and cash equivalents - restricted	11	**1,969**	3,784
		20,424	24,821
Current liabilities			
Trade and other payables		**44,033**	36,551
Other financial liabilities	12	**46,931**	46,588
		90,964	83,139
Non-current liabilities			
Financial liabilities	12	**1,587**	8,775
Deferred tax liabilities	13	**1,586**	1,586
Provisions		**16,150**	15,704
		19,323	26,065
Net liabilities		**(71,082)**	(65,602)
Equity			
Issued share capital		**17,072**	17,072
Share premium		**146,391**	146,391
Other reserves		**17,895**	17,895
Retained earnings		**(216,458)**	(211,285)
Total equity attributable to the parent		**(35,100)**	(29,927)
Non-controlling interest		**(35,982)**	(35,675)
Total equity		**(71,082)**	(65,602)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2017

	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 2016 (Audited)	**17,072**	**146,391**	**17,895**	**(211,285)**	**(29,927)**	**(35,675)**	**(65,602)**
Loss for the period	-	-	-	(5,173)	(5,173)	(307)	(5,480)
Total comprehensive income for the period	**-**	**-**	**-**	**(216,458)**	**(35,100)**	**(35,982)**	**(71,082)**
Share based payments	-	-	-	-	-	-	-
At 30 June 2017 (Unaudited)	**17,072**	**146,391**	**17,895**	**(216,458)**	**(35,100)**	**(35,982)**	**(71,082)**

Six months ended 30 June 2016

	Share capital	Share premium	Other reserves	Retained earnings	Total attributable to the parent	Non-controllin g interest	Total equity
	US$000	**US$000**	**US$000**	**US$000**	**US$000**	**US$000**	**US$000**
At 31 December 2015 (Audited)	**17,072**	**146,391**	**17,895**	**(214,932)**	**(33,574)**	**(36,847)**	**(70,421)**
Loss for the period	-	-	-	3,227	3,227	585	3,812
Total comprehensive income for the period	**-**	-	**-**	**(211,705)**	**(30,347)**	**(36,262)**	**(66,609)**
Share based payments	-	-	-	12	12	-	12
At 30 June 2016 (Unaudited)	**17,072**	**146,391**	**17,895**	**(211,693)**	**(30,335)**	**(36,262)**	**(66,597)**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2017

		Six months ended	
		30 June 2017	30 June 2016
	Note	**Unaudited**	
		US$000	US$000
Cash flows from operating activities			
Profit/(loss) for the period		**(5,480)**	3,812
Adjusted for:			
Depreciation of non-current assets	2,7	**-**	192
Impairment of mining and exploration assets	8	**-**	-
Share based payments		**-**	12
Taxation in the income statement	13	**-**	79
Non-operating items in the income statement		**239**	3,892
		(5,241)	7,987
Movements in working capital			
Decrease in inventory		**4,757**	2,516
Decrease/(increase) in trade and other receivables		**(1,364)**	1,817
Increase/(decrease) in trade and other payables		**7,482**	(1,123)
Net cash generated by operations		**5,634**	11,197
Interest paid		**(1,149)**	(1,633)
Taxation paid		**-**	(167)
Net cash generated by operating activities		**4,485**	9,397
Cash flows from investing activities			
Payments for property, plant and equipment	7	**-**	(149)
Receipt Tri-K transaction		**3,820**	-
Exploration and evaluation expenses		**-**	-
Net cash used in investing activities		**3,820**	(149)
Cash flows from financing activities			
Proceeds from new loans	12	**-**	1,350
Net loan repayments	12	**(10,110)**	(11,998)
Payments in respect of finance lease	12	**(122)**	(132)
Net cash (used in) financing activities		**(10,232)**	(10,780)
Net cash movement		**(1,927)**	(1,532)
Exchange gains		**923**	(20)
Total decrease in cash and cash equivalents		**(1,004)**	(1,552)
Cash and cash equivalents at start of the period		**4,902**	5,856
Cash and cash equivalents at end of period		**3,898**	4,304

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 2016, 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 2017 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 2017. 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 2016, 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 2017. These have not had a material impact on the Group.

The Company's statutory financial statements for the year ended 31 December 2016 are available on the Company's website www.avocetmining.com. The auditor's report on those financial statements was qualified with respect to opening inventories. The company also received an emphasis of matter relating to going concern and the carrying value of the Burkina Faso assets, refer to note 1 of the Company's statutory financial statements

Going Concern

Continued financial support from Elliott

The Company has loans totalling US$28.2 million on 30 September 2017, due to an affiliate of Elliott Associates, its largest shareholder. These loans are described in detail in Note 12 below.

These loans are repayable on demand and if repayment was requested by Elliott, the Company is unlikely to be able to raise the external financing needed to settle these amounts in full.

Since 2014, the cashflow shortages resulting from gold prices and lower production at the Inata mine meant the Company has relied primarily on loan financing from Elliott in order to meet its running costs of its head office and Guinea administrative functions.

These loans represent short-term facilities with high interest rates (between 11% and 14%). In order to become financially secure, the Company will need to negotiate a restructuring of these loans with Elliott.

Accordingly, the Company is reliant on the continuing support of the Elliott Lender.

In addition, the interest burden of the Elliott Loans, which is in excess of US$200k per month, cannot currently be met out of Company funds and therefore it will be necessary to restructure these loans in order to put the Company on a sustainable financial footing. Discussions with Elliott in this regard have commenced. An investment in the Group or in certain of its assets by a third party financier, if any, will likely determine the available restructuring solution.

Notwithstanding the need to restructure the terms of these loans, it is not yet possible to be certain as to the means through which this repayment might be achieved. However, the Company believes funds generated through its interest in Tri-K to be the most likely means of repaying its debts to Elliott.

Should Elliott request the repayment of these loans, the Company would be obliged at short notice to seek alternative funding, which would be a considerable challenge. However, the Board does not believe Elliott currently intends to demand repayment of their loans.

Support from Inata's creditors

The Inata gold mine at 30 September 2017 had around US$34 million in trade creditors and around US$20 million in bank and other debt facilities and around US$2.5 million in obligations to employees. The majority of the balances are overdue.

Shortly after new management joined Avocet in April this year, they started discussions with the trade creditors, banks and government to stabilize SMB and with a view to restructure its debts.

During the period of these discussions the mine started to experience shortage of certain critical supplies, causing stoppage of the mine's production processes.

In order to lower its fixed costs during the stoppage and to provide the operational flexibility to react to the changing availability of supplies, the majority of its workers were put in technical unemployment during May for a period of three months. This period was subsequently extended in August 2017.

On 31 May SMB, its major trade creditors and its principal bank (together representing approximately seventy per cent of SMB's debt) agreed the terms of a standstill agreement for the duration of two months as strategic options were explored in connection with a financial, debt and corporate restructuring of the company.

Pursuant to this agreement, SMB's major trade creditors and its bank were to refrain from exercising their rights and remedies, and taking any legal action to protect and preserve such rights and remedies, in relation to their outstanding debts.

On 1 August the Company announced that the standstill agreement was extended until 14 August, on request of the Major Creditors. The Standstill Agreement was then subsequently extended three more times until 1 September.

On 4 September the Company informed the market that the Major Creditors amongst themselves could not agree on an extension of the standstill agreement.

However the Major Creditors have expressed their continuing intention to come to a consensual restructuring of SMB's balance sheet. These creditors have continued to be in discussions with SMB with a view to agree to such a restructuring.

Currently, the Major Creditors are considering two potential transactions which have been proposed by potential third party investors. These transactions are different in terms of structure, potential recovery for the creditors, the impact on the Company's shareholders, and the post-transaction group structure. Given the current status of discussions, it is unclear whether agreement on a restructuring of the balance sheet can be reached before SMB has exhausted all available sources of financing.

All stakeholders (including financial creditors, shareholders, government, key operational stakeholders and employees) will need to contribute to achieve a consensual restructuring solution.

The directors have assessed the two possible transactions. They believe that the probability of a successful implementation of the two proposals differs between each proposal. Nonetheless, the Major Creditors wish to explore each transaction further. The directors are unable to assess whether either transaction will be successfully implemented and, if so, which.

If either transaction is implemented, it is likely that SMB will continue as a going concern, either as a part of the Avocet Group, or outside of the Group. In the absence of successful implementation of an agreed proposal, it is likely that SMB will enter into insolvency proceedings.

The directors believe that implementation of a restructuring plan is in the interests of all stakeholders, but cannot be confident that such a restructuring will be implemented.

In event that the SMB exhausts all available sources of financing, it is possible that Avocet may be able to realise value from its interest in the exploration permits, particularly Souma. However even in the event that this were not possible, none of the debts in the Group's Burkina Faso entities have any recourse to the Company's interests in Guinea or in the UK. The loss of the Group's Burkinabe assets would not by itself lead to the insolvency or discontinuation of the rest of the Group.

Head Office creditors

Head office creditors are primarily related to the Elliott loans and general Head Office costs.

The Company relied until recently on management fees out of the Inata mine and the funds received from the Tri-K transaction.

The Avocet cash flow forecasts show that after payment of the outstanding obligations, the company can continue operating for a short period of time, during which it will attempt to secure financing for future Head Office costs. Possible sources of finance include, inter alia:

- Sale of the shares or assets, including the exploration licenses, of Goldbelt Resources West Africa SARL
- Sale of the remaining stake in Tri-K
- Sale of other assets

In the event that none of these transactions could be agreed, the directors might have to consider an orderly wind down of the Company.

Gold price

The profitability of both the Tri-K project and, when production is restarted, the Inata gold mine (including surrounding deposits) depends on the gold price.

The cash costs at Inata during 2016 and into 2017 have ranged between US$900 and US$1,100 per ounce and therefore a modest fall in gold prices from current levels would result in margins becoming extremely tight, which would make the servicing of the mine's debts and creditors challenging.

The Company has no control over the gold price and is not in a position to enter into any hedging arrangements in view of its financial difficulties.

The sensitivities of Tri-K's cashflows to different gold prices cannot be determined with any confidence before the completion of its Bankable Feasibility Study, however, as with any gold mine, its profitability and value are likely to be heavily dependent on the gold price.

In financial forecasts, the Company uses US$1,200 per ounce. The Board believes this to be a reasonable long term price, in line with market consensus forecasts.

Nevertheless, it remains clear that a sustained fall in the gold price would put severe pressure on the operations at Inata and would also threaten the economic viability of the Tri-K project – as well as the Avocet Group as a whole.

Souma permit

If SMB secures funding for its current requirements, the future of the Inata gold mine beyond 2019 will rely upon the successful completion of a Feasibility Study for the Souma deposit, located 20km north-east of the Inata plant.

The work needed to complete the study, which is expected to cost between US$5-7 million, must be completed in order for an application for a mining permit to be submitted by July 2018.

The Company is currently in negotiation with its financiers and potential third party investors with regards to the funding of this activity. However, until any financing package is negotiated, there can be no guarantee that this funding will be made available.

Conclusion

The above areas of risk represent material uncertainties that may cast significant doubt over the ability of the Group to continue as a Going Concern and that it may be unable to realise all of its assets and discharge all of its liabilities in the normal course of business.

Nevertheless, the Directors have a reasonable expectation that these risks can be managed, or will not come to pass, and accordingly the Interim Financial Statements have been prepared on a Going Concern basis and do not include the adjustments that would result if the Group were unable to continue as a going concern.

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 2016, with the exception of those highlighted in the exceptional items and impairments notes to these financial statements.

Principal risks and uncertainties

Avocet Mining PLC is exposed to a variety of risks and uncertainties which may have a financial, operational or reputational impact on the Group.

The principal risks and uncertainties facing the Group at the year end were set out in detail in the Directors and Governance section of the Annual Report 2016 (pages 15-and 16), and have not changed significantly since.

Key headline risks relate to the following:

- Continued financial support from Elliott
- Adverse action undertaken by key suppliers and creditors of Inata
- Operating issues at Inata
- Gold prices
- Civil unrest and terrorism
- Loss of Souma permit

The Annual Report 2016 is available on the Group's website www.avocetmining.com.

On 27 September 2017, the Company reported that a convoy carrying fuel to the Inata Mine was subject to a security incident which resulted in two fatalities and two wounded from among the gendarme escort. Initial reports indicate that the gendarme escort was itself the target of the attack. The Company will be reviewing its security measures and continue to take appropriate steps to ensure the safety of the mine and its employees. The risk remains high as reported in our annual report.

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, Burkina Faso operations (which includes the Inata gold mine as well as exploration activity within the Inata and wider Bélahouro licence areas), and Guinea (which includes the Tri-K project and its support functions).

For the six months ended 30 June 2017 (unaudited)	UK	Burkina Faso	Guinea	Total
	US$000	US$000	US$000	US$000
INCOME STATEMENT				
Revenue	-	26,402	-	26,402
Cost of Sales	(1)	(27,231)	(267)	(27,499)
Gross loss	**(1)**	**(829)**	**(267)**	**(1,097)**
Administrative expenses and share based payments	(898)	-	-	(898)
Transaction cost	(237)	-	-	(237)
Share based payments	-	-	-	-
Impairment of mining and exploration assets	-	-	-	-
Loss from operations	**(1,136)**	**(829)**	**(267)**	**(2,232)**
Exchange (gains)/losses	153	(1,076)	-	(923)
Net finance items	(1,181)	(1,144)	-	(2,325)
Loss before taxation	**(2,164)**	**(3,049)**	**(267)**	**(5,480)**
Taxation	-	-	-	-
Loss for the period	**(2,164)**	**(3,049)**	**(267)**	**(5,480)**
Attributable to:				
Equity shareholders of parent company	(2,164)	(2,742)	(267)	(5,173)
Non-controlling interest	-	(307)	-	(307)
Loss for the period	**(2,164)**	**(3,049)**	**(267)**	**(5,480)**

2. Segmental Reporting (continued)

At 30 June 2017 (unaudited)	UK	Burkina Faso	Guinea	Total
	US$000	**US$000**	**US$000**	**US$000**
STATEMENT OF FINANCIAL POSITION				
Non-current assets	-	-	18,781	18,781
Inventories	-	10,606	6	10,612
Trade and other receivables	464	5,217	233	5,914
Cash and cash equivalents	1,884	2,010	4	3,898
Total assets	**2,348**	**17,833**	**19,024**	**39,205**
Current liabilities	(32,128)	(58,516)	(320)	(90,964)
Non-current liabilities	(71)	(19,252)	-	(19,323)
Total liabilities	**(32,199)**	**(77,768)**	**(320)**	**(110,287)**
Net (liabilities)/assets	**(29,851)**	**(59,935)**	**18,704**	**(71,082)**

For the six months ended 30 June 2017 (unaudited)		UK	Burkina Faso	Guinea	Total
		US$000	**US$000**	**US$000**	**US$000**
CASH FLOW STATEMENT					
Loss for the period		(2,164)	(3,049)	(267)	(5,480)
Adjustments for non-cash and non-operating items	(a)	(1,958)	2,059	138	239
Movements in working capital		2,294	8,458	123	10,875
Net cash (used in)/generated by operations		**(1,828)**	**7,468**	**(6)**	**5,634**
Net interest paid		-	(1,149)	-	(1,149)
Investing – Tri-K transaction		3,820	-	-	3,820
Financing – finance lease		-	(122)	-	(122)
Financing costs – loan repayments		-	(10,110)	-	(10,110)
Other cash movements	(b)	(153)	1,076	-	923
Total (decrease)/increase in cash and cash equivalents		**1,839**	**(2,837)**	**(6)**	**(1,004)**

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

2. Segmental Reporting (continued)

For the six months ended 30 June 2016 (unaudited)	UK	Burkina Faso	Guinea	Total
	US$000	**US$000**	**US$000**	**US$000**
INCOME STATEMENT				
Revenue	**-**	**51,845**	**-**	**51,845**
Cost of Sales	**-**	**(43,689)**	**(518)**	**(44,207)**
Gross profit/(loss)	**-**	**8,156**	**(518)**	**7,638**
Administrative expenses	(954)	-	-	(954)
Share based payments	(12)	-	-	(12)
Loss from operations	**(966)**	**8,156**	**(518)**	**6,672**
Exchange loss	(21)	(139)	-	(160)
Net finance items	(928)	(1,693)	-	(2,621)
Loss before taxation	**(1,915)**	**6,324**	**(518)**	**3,891**
Taxation	-	(79)	-	(79)
Loss for the period	**(1,915)**	**6,245**	**(518)**	**3,812**
Attributable to:				
Equity shareholders of parent company	(1,915)	5,660	(518)	3,227
Non-controlling interest	-	585	-	585
Loss for the period	**(1,915)**	**6,245**	**(518)**	**3,812**

At 30 June 2016 (unaudited)	UK	Burkina Faso	Guinea	Total
	US$000	**US$000**	**US$000**	**US$000**
STATEMENT OF FINANCIAL POSITION				
Non-current assets	-	-	18,855	18,855
Inventories	-	14,703	55	14,758
Trade and other receivables	222	4,281	119	4,622
Cash and cash equivalents	200	4,072	32	4,304
Total assets	**422**	**23,056**	**19,061**	**42,539**
Current liabilities	(26,678)	(59,991)	(286)	(86,955)
Non-current liabilities	(164)	(22,017)	-	(22,181)
Total liabilities	**(26,842)**	**(82,008)**	**(286)**	**(109,136)**
Net (liabilities)/assets	**(26,420)**	**(58,952)**	**18,775**	**(66,597)**

For the six months ended 30 June 2016 (unaudited)		UK	Burkina Faso	Guinea	Total
		US$000	**US$000**	**US$000**	**US$000**
CASH FLOW STATEMENT					
Loss for the period		(1,915)	6,245	(518)	3,812
Adjustments for non-cash and non-operating items	(a)	1,152	2,709	314	4,175
Movements in working capital		(1,184)	4,128	266	3,210
Net cash (used in)/generated by operations		**(1,947)**	**13,082**	**62**	**11,197**
Net interest paid		-	(1,633)	-	(1,633)
Purchase of property, plant and equipment		-	(167)	-	(167)
Deferred exploration expenditure		-	(149)	-	(149)
Financing costs – loan repayments		1,350	-	-	1,350
Financing – VAT advances		-	(11,998)	-	(11,998)
Other cash movements	(b)	624	(622)	(154)	(152)
Total increase/decrease in cash and cash equivalents		**27**	**(1,487)**	**(92)**	**(1,552)**

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

3. Exceptional items

	30 June 2017 (six months) Unaudited	30 June 2016 (six months) Unaudited
	US$000	US$000
Transactional costs	**237**	-
Exceptional loss	**237**	-

Exceptional items contain costs for advisors relating to the Standstill agreement in SMB and will be part of a settlement once a deal is completed.

Impairments of Inata mining assets at 30 June 2017

No impairments were recognised during the six months to June 2017.

Impairments of Inata mining assets at 30 June 2016

No impairments were recognised during the six months to June 2016.

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.

	30 June 2017 (six months) Unaudited	30 June 2016 (six months) Unaudited
	US$000	US$000
Profit/(loss) before taxation	**(5,480)**	3,891
Exceptional items	**237**	-
Depreciation	**-**	192
Exchange (loss)/gain	**923**	160
Net finance expense	**2,325**	2,621
EBITDA	**(1,995)**	6,864

5. Earnings per Share

Earnings per share are analysed in the table below.

	30 June 2017 (six months) Unaudited	30 June 2016 (six months) Unaudited
	Shares	Shares
Weighted average number of shares in issue for the period		
- number of shares with voting rights	**20,905,470**	20,905,470
- effect of share options in issue[1]	**-**	-
- total used in calculation of diluted earnings per share	**20,905,470**	20,905,470

	US$000	US$000
Earnings per share		
Loss for the period	**(5,480)**	3,812
Less non-controlling interest	**(307)**	585
Loss for the period attributable to equity shareholders of the parent	**(5,173)**	3,227
Loss per share		
- basic (cents per share)	**(24.75)**	15.44
- diluted (cents per share)	**(24.75)**	15.44

The number of shares with voting rights reduced in 2016 as a result of the 10:1 share consolidation which came into effect on 10 June 2016. There were no other movements in share capital in the period. For this reason the comparative number of shares has been restated.

As the strike price of all share options in issue was below the market share price, in calculating the diluted earnings per share the effect of share options in issue has been ignored for the 6 months ended 30 June 2017 and for the 6 months ended 30 June 2015.

6. Intangible assets

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

	Burkina Faso	**Guinea**	**Total**
	US$000	**US$000**	**US$000**
At 1 January 2017 (audited)	-	18,781	18,781
Movement	-	-	-
At 30 June 2017 (unaudited)	**-**	**18,781**	**18,781**

Intangible assets in Guinea consist of capitalised exploration and development costs in respect of the Tri-K project. No costs were capitalised during the six months to 30 June 2017.

On 22 May first closing took place and the Company received US$4 million in cash. After clearing some legal formalities, the Company and Managem will hold a 60 per cent and a 40 per cent interest in the project respectively. The US$4 million is currently booked under current liabilities.

The Company's exploration assets in Burkina Faso and Mali were impaired to nil in previous periods.

7. Property, plant and equipment

		Mining					
		Mine development costs	Plant and Machinery	Vehicles, fixtures, & equipment	Exploration property & plant	Office equipment	
	Note	Burkina Faso	Burkina Faso	Burkina Faso	Guinea	UK	Total
		US$000	**US$000**	**US$000**	**US$000**	**US$000**	**US$000**
Cost							
At 1 January 2017 (audited)		76,420	37,798	42,181	3,123	770	160,292
Additions		-	-	-	-	-	-
Impairment of mining assets	8	-	-	-	-	-	-
At 30 June 2017 (unaudited)		**76,420**	**37,798**	**42,181**	**3,123**	**770**	**160,292**
Depreciation							
At 1 January 2017 (audited)		76,420	37,798	42,181	3,123	770	160,292
Charge for the period		-	-	-	-	-	-
At 30 June 2017 (unaudited)		**76,420**	**37,798**	**42,181**	**3,123**	**770**	**160,292**
Net Book Value							
At 30 June 2017 (unaudited)		-	-	-	**-**	**-**	**-**
At 1 January 2017 (audited)		-	-	-	-	-	-

8. Impairments

Impairments at 30 June 2017

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 asset 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, and net current assets excluding cash.

No impairments were recognised during the six months to 30 June 2017 and the same period last year. In spite of a rally in the gold price, there remain sufficient uncertainties around production and cashflows to suggest that a reversal would not be appropriate at the present time.

9. Inventories

	30 June 2015 Unaudited	31 December 2016 Audited
	US$000	US$000
Consumables	**446**	1,845
Stockpile	**8,966**	8,446
Work in progress	**1,200**	2,428
Finished goods	**-**	2,650
	10,612	15,369

Consumables represent stocks of mining supplies, reagents, lubricants and spare parts held on site. US$0.4 million is deemed to be the realisable value of the spares and consumables held on site at year end and represents less than 10% of the historic cost.

10. Trade and other receivables

	30 June 2017 Unaudited	31 December 2016 Audited
	US$000	US$000
Payments in advance and deposits	**590**	597
VAT	**5,324**	3,806
Prepayments	**-**	147
	5,914	4,550

11. Cash and cash equivalents

	30 June 2017 Unaudited	31 December 2016 Audited
	US$000	US$000
Cash at bank and in hand — unrestricted	**1,929**	1,118
Cash at bank and in hand — restricted	**1,969**	3,784
Cash and cash equivalents	**3,898**	4,902

Included within cash at 30 June 2017 was around US$2 million of restricted cash, relating to amounts held on restricted deposit in Burkina Faso for the purposes of environmental rehabilitation work under the terms of the Inata mining licence.

The restricted cash as per 31 December 2016 held in relation to the Ecobank loan, was offset during the Standstill period against two instalments of the Ecobank loan.

12. Other financial liabilities

	30 June 2017 Unaudited	31 December 2016 Audited
	US$000	US$000
Current liabilities		
Interest-bearing debt	**46,228**	45,763
Finance lease liabilities	**703**	825
Total current other financial liabilities	**46,931**	46,588

	30 June 2017 Unaudited	31 December 2016 Audited
	US$000	US$000
Non-current liabilities		
Interest-bearing debt	**1,073**	8,261
Finance lease liabilities	**514**	514
Total non-current other financial liabilities	**1,587**	8,775
Total other financial liabilities	**48,518**	55,363

Interest-bearing debt

Interest-bearing debt includes US$27.6 million in respect of loans due to an affiliate of Elliott Associates, the Company's largest shareholder, US$ 14.5 million in respect of a loan due to Ecobank, and US$ 4.2 million of net advances from Ecobank, secured on VAT recoverable amounts which have been confirmed but not yet settled by the Burkina Faso government.

Elliott loan

At 30 June 2017 the Company had debts totalling US$27.6 million (30 June 2016: US$25.0 million) due to Manchester Securities Corp, an affiliate of Elliott Management (the 'Elliott loans'). The Elliott Loan balance is made up of three individual loans, which are the subject of separate loan agreements, with different interest rates and security, as summarised in the table below:

	First Loan	**Second Loan**	**Third Loan**	**Total**
	US$000	**US$000**	**US$000**	**US$000**
Principal at 1 January 2017	15,000	3,050	2,450	**20,500**
Accrued interest at 1 January 2017	4,955	532	409	**5,896**
Total Elliott loans due at 1 January 2017	**19,955**	**3,582**	**2,859**	**26,396**
Loans drawn down in period	-	-	-	**-**
Accrued interest in period	818	211	146	**1,175**
Principal at 30 June 2017	15,000	3,050	2,450	**20,500**
Accrued interest at 30 June 2017	5,773	743	555	**7,071**
Total Elliott loans due at 30 June 2017	**20,773**	**3,793**	**3,005**	**27,571**

First Loan

The First Loan was entered into in March 2013. The original repayment date was 31 December 2013. However, the Company was unable to meet this repayment obligation and since this time, the loan has been in default and therefore repayable on demand. The interest rate applicable to this loan is 11 per cent per annum and the loan has been secured against the Company's interests in Tri-K.

Second Loan

The Second Loan began as a US$1.5 million loan that was drawn down in January 2015. This facility was increased by US$0.75 million in January 2016 and again by US$0.8 million in April 2016 in order to provide working capital for corporate and head office activities during 2016. The last tranche of this facility was drawn down on 25 July 2016.

The Second Loan has an interest rate of 14 per cent per annum, is unsecured and is repayable on demand.

Third Loan

The Third Loan was entered into in April 2015 and comprises three tranches, all of which have been fully drawn down in respect of an aggregate amount of US$2.4 million. The loan is secured over a number of Group assets outside Guinea, including almost all shareholdings and intra-group loans, the exploration permits in Burkina Faso (including Souma) and the gold in circuit and in transit at Inata.

The Third Loan has an interest rate of 12 per cent per annum and is repayable on demand.

Ecobank Inata loan

At 30 June 2017, a loan balance of US$15.5 million (31 December 2016: US$20.4 million) was due in respect of a medium term loan facility with Ecobank Burkina Faso ('Ecobank'), which was drawn down in October 2013. The loan amount was provided and held in Francs de la Communauté Financière d'Afrique ('FCFA'), which is the legal currency of Burkina Faso. The Ecobank loan was provided to the Company's 90% subsidiary, Société des Mines de Bélahouro SA ('SMB'), which owns the Inata mine.

The Ecobank facility has a five year term and bears an interest rate of 8% per annum. Ecobank has the right to secure the balance against certain of the fixed assets of SMB. Monthly debt service payments of 0.6 billion FCFA (currently equal to approximately US$1.1 million) comprising interest and principal will continue for the 60 month duration of the loan. The facility requires that an amount equal to two months' payments, 1.3 billion FCFA (US$2.1 million), be held as a debt service reserve account. Subject to the debt service reserve account requirement, there are no restrictions on SMB's use of loan proceeds or cash flow generated, including the transfer of funds from SMB to Avocet for corporate purposes. The Ecobank loan facility has no hedge requirement.

During H1 2017, payments were made in respect of this loan until the end of April. In May the Standstill Agreement came into effect and no further payments were made since then. The funds in the restricted accounts were offset against the outstanding instalments.

Ecobank VAT advance

Included within current interest bearing debt is a balance of US$4.2 million due to Ecobank as short-term loans secured on VAT recoverable amounts. Under an agreement with Ecobank, SMB is able to draw down a cash advance of up to 80% of any VAT rebates confirmed as payable by the Burkina Faso tax department. On receipt of the rebate, the advance is repayable.

Coris bank Inata loan

On 28 October 2016, the Company agreed a short-term loan of 2.5 billion CFA (US$4.2 million) with Coris Bank International. The proceeds of the loan were used to address temporary working capital shortages at the Inata mine in Burkina Faso following the temporary shutdown in October 2016. The loan amount was provided and held in FCFA, carries a coupon rate of 9% and was repaid in full on 3 April 2017.

Finance lease liabilities

Also included within other financial liabilities are liabilities in respect of assets held under finance lease, US$1.3 million of which is included within current financial liabilities, and US$0.6 million is included within non-current financial liabilities.

13. Deferred tax

As at 30 June 2017, the Group recorded a deferred tax liability of US$1.6 million in relation to the withholding tax (WHT) and interest tax (IRVM) that would be due in Burkina Faso on settlement of intragroup management fees and loan interest invoices.

14. Related party transactions

The table below sets out charges in the six month period and balances at 30 June 2017 between the Company (Avocet Mining PLC) and Group companies that were not wholly owned, in respect of management fees and interest on loans.

	Avocet Mining PLC		Wega Mining AS	
	Charged in six months ended 30 June 2017	Balance at 30 June 2017	Charged in six months ended 30 June 2017	Balance at 30 June 2017
	US$000	US$000	US$000	US$000
Société des Mines de Bélahouro SA (90%)	481	135,480	-	58,080

15. Contingent liabilities

PT Lebong Tandai claim

In the Annual Report for the year ended 31 December 2016, note 30 to the financial statements contains a description of Indonesian law suits brought by PT Lebong Tandai against Avocet and other parties. The Company is unaware of any new developments in the Indonesian case since the publication of the Annual Report on 6 June 2017.

The Board remains confident that all the actions taken in respect of the transaction have been in accordance with prevailing rules and regulations and there are no grounds for any such legal action by PT LT. As any financial settlement with PT LT is considered to be remote, this matter does not constitute a contingent liability, however the matter is disclosed in these financial statements to replicate statements already made by the Company.

The buyer, J&Partners, notified Avocet that in the event PT LT were successful in actions against J&Partners, J&Partners would make a claim for damages against Avocet. The basis for the claim would be that Avocet had breached a warranty in the sales agreement, which is governed by English law, in which it stated that it was selling the assets free of encumbrance. Avocet strongly disagreed that there was any such breach and initiated arbitration in the English courts to have any such claim dismissed.

The arbitration hearing took place in London in January 2015 and the verdict was delivered in December 2015. Although the verdict was partial and certain areas remained unresolved, the Company does not believe there to be any further contingent liabilities with regard to the arbitration.

No further developments in respect of this case have taken place since the arbitration verdict and the Company believes it is highly unlikely that any successful action can now be brought against it by PT LT.

Claim for Repayment of VAT

In March 2016, the Company received a notification from HM Revenue and Customs that its VAT position had been challenged. The Company believes that it holds appropriate evidence to defend its VAT position and is in ongoing correspondence with HM Revenue and Customs. In the event that the challenge from HM Revenue and Customs is successful, the total VAT reclaimed that would be repayable by the Company would be approximately £950,000 (US$1.4 million).