News Release

For Immediate Release

Date: 27 July 2011

Avocet Mining PLC
3rd Floor 30 Haymarket
London SW1Y 4EX
Tel +44 20 7766 7676
Fax +44 20 7766 7699
Email avocet@avocet.co.uk
www.avocet.co.uk

STRATEGIC UPDATE AND RESULTS FOR THE QUARTER ENDED 30 JUNE 2011

Strategic Update:

- Fully focused on West Africa, strong balance sheet positioned for growth
- Substantial completion of South East Asia asset sale in June 2011 for US$170 million, US$30 million expected in Q3 2011 for remaining assets, conditional on relevant Indonesian approvals being obtained
- Scoping study initiated to significantly increase production at Inata mine in Burkina Faso with a target for early 2013
- Continued development of the resource base within Tri-K in Guinea, with a focus to advance Koulékoun towards feasibility study in Q4 2011
- Adoption of a dividend policy at an initial level of US$20 million per annum, subject to production growth funding requirements - interim dividend declared of 2.1 pence per share, payable 30 September to shareholders on the register at close on 9 September
- Cash at 30 June of US$179 million after repayment of corporate debt of US$25 million to Standard Chartered Bank on 24 June 2011; Inata debt of US$41 million to continue to be repaid at US$6 million per quarter
- Twenty per cent of remaining Inata gold hedge of 292,165 ounces bought back for approximately US$40 million, balance restructured over seven years, doubling exposure to spot prices at current production levels

Q2 2011 Results:

- Q2 2011 Group gold production of 62,803 ounces at a total cash cost of US$802 per ounce; compared with Q1 2011 Group gold production of 71,708 ounces at a total cash of US$678 per ounce
- Inata production of 39,423 ounces at a cash cost of US$677 per ounce, compared with 47,963 ounces at a cash cost of US$533 per ounce in Q1 2011
- Inata Resources increased to 2.12 million ounces in Q2 2011
- EBITDA of US$26.1 million in Q2 2011 compared with US$33.0 million in Q1 2011

Period	Quarter ended 31 March 2010 Unaudited	Quarter ended 31 March 2011 Unaudited	Quarter ended 30 June 2010 Unaudited	**Quarter ended 30 June 2011 Unaudited**
Total gold production (ounces)	44,877	71,708	52,870	**62,803**
Average realised gold price (US$/oz)	1,107	1,241	1,203	**1,292**
Cash production costs (US$/oz)	735	678	701	**802**
EBITDA[1] from continuing operations (US$000)	(4,148)	25,403	18,297	**16,600**
EBITDA from continuing and discontinued operations (US$000)	4,115	32,994	24,559	**26,083**
Profit/(loss) before tax from continuing operations (US$000)	(4,143)	12,570	7,765	**14,862**
Profit before tax (US$000)	196	20,321	10,900	**96,973**

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.

Brett Richards, Chief Executive Officer, commented:

"In addition to our Q2 2011 results released today, I am pleased to announce several strategic initiatives that will position Avocet as a leading West African gold mining and exploration company. These initiatives are designed to deliver additional production at Inata; a new mine in Guinea; increased exposure to the spot price of gold; and an interim dividend, all of which are aimed at generating increased shareholder value."

Board of Directors statement:

The Board of Directors of Avocet Mining PLC would like to extend its deepest sympathies to the people of Norway, and the families and friends affected by the tragic events that occurred in Oslo and on Utoya Island on Friday 22 July 2011. Over thirty five percent of Avocet's shareholders are based in Oslo and throughout Norway, and this terrible event will reach deep into the lives of many for a long time to come. Our thoughts are with all those affected.

The Company has made a donation to the Norwegian Red Cross – Røde Kors.

Avocet Mining will host a conference call on **Wednesday 27 July at 09:30am (London, UK time)** to update investors and analysts on its strategic update Q2 2011 results. Participants may join the call by dialing one of the following three numbers, approximately 10 minutes before the start of the call.

From UK: (toll free) 0800 368 1895
From Norway: (toll free) 800 135 47
From rest of world: +44 (0)203 140 0693
Participant pass code: 175331#

A live audio webcast of the call will be available on:
http://mediaserve.buchanan.uk.com/2011/avocet270711/registration.asp

For further information please contact:

Avocet Mining PLC	Buchanan	Ambrian Partners Limited	J.P. Morgan Cazenove	Arctic Securities	SEB Enskilda
	Financial PR Consultants	NOMAD & Joint Broker	Lead Broker	Financial Adviser & Market Maker	Market Maker
Brett Richards, CEO Mike Norris, FD Hans-Arne L'orange EVP, BD & IR Angela Parr, Investor Relations	Bobby Morse Katharine Sutton	Samantha Harrison Jen Boorer	Michael Wentworth-Stanley Neil Passmore	Arne Wenger Petter Bakken	Fredrik Cappelen
+44 20 7766 7676	+44 20 7466 5000 +44 78 7260 4783	+44 20 7634 4700	+44 20 7588 2828	+47 2101 3100	+47 21008500
www.avocet.co.uk	www.buchanan.uk.com	www.ambrian.com	www.jpmorgancazenove.com	www.arcticsec.no	www.sebenskilda.no

Notes to Editors

Avocet Mining PLC ("Avocet" or "the Company") is a gold mining and exploration company listed on the AIM market of 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 Burkina Faso (as 90 per cent owner of the Inata gold mine) and exploration in Guinea.

In December 2010 Avocet announced that it had signed a binding agreement for the conditional sale of its South East Asian assets to PT Bara Kutai Energi, an affiliate J & Partners L.P., a private company, for US$200 million. On 24 June 2011, the Company announced it had completed the sale of its main South East Asian assets, including its 100 per cent interest in the Penjom Gold Mine ("Penjom") in Malaysia and its 80 per cent interest in PT Avocet Bolaang Mongondow ("PT ABM"), which owns the North Lanut mine and Bakan project in North Sulawesi, Indonesia, for proceeds of US$170 million. The completion of the sale of Avocet's remaining South East Asian assets pursuant to the same sale agreement is expected to occur during Q3 2011.

The substantial completion of this transaction has left Avocet as a West African gold producer and explorer, with a clear strategy for growth in that region. Further details can be found in the press releases dated 24 December 2010 and 27 June 2011, and in the Company's preliminary results statement for 2010, dated 22 February 2011.

Background to Operations

The Inata deposit presently comprises a Mineral Resource of 2.12 million ounces and a Mineral Reserve of 1.08 million ounces. Inata poured its first gold in December 2009 and has now reached a production rate in excess of 13,500 ounces per month. Other assets in West Africa include exploration permits in Burkina Faso (the most advanced being the Souma trend at Bélahouro, some 20 kilometers from Inata, with a Mineral Resource of 561,100 ounces), Guinea and Mali (the most advanced being the Tri-K gold exploration project in Guinea with a Mineral Resource of 1.10 million ounces).

CHIEF EXECUTIVE OFFICER'S STATEMENT AND OPERATIONAL REVIEW

Strategic Update

The substantial completion of the sale of Avocet's South East Asia assets for US$170 million on 24 June marks the beginning of a new chapter for Avocet, with the Company now focused entirely on growing a larger business in West Africa. The Company expects sale completion in respect of the remaining assets for US$30 million to take place during Q3 2011.

Avocet's first priority will be to exploit its existing land packages in Burkina Faso and Guinea, and to expedite new production growth in both countries.

In Burkina Faso, the Souma Trend currently has a resource of 561,000 ounces and will now be subject to a further drilling campaign aimed at increasing the resource and generating a reserve to supplement ore feed at the current Inata processing plant. Inata's reserves are expected to double to 1.8 million ounces as a result of drilling during 2011, notably within the existing pits and from the comprehensive drilling program along the northern strike from Inata's north pit. A drilling shortfall caused by industrial action in May means that the 1.8 million ounce target may now be achieved in two steps, with reserve announcements now planned in September 2011 and January 2012, after exploration drilling resumes following the July to September rainy season.

To support longer term production growth at Inata, the Company will embark on a three year, US$20 million annual commitment to exploration programmes in the Bélahouro region effective immediately. These programmes are intended to increase the resource base in an effort to maintain regional mine life in excess of ten years.

This increase in Mineral Resources and a further commitment to extensive exploration programmes, has provided a platform for a scoping study to be initiated with the aim of adding significant new production capacity at Inata. The study will initially incorporate mineralised areas within the Inata mine license area, as well as the future processing of material from the Souma Trend. The scoping study at Inata will evaluate the potential for future reserves as well as the exact location, configuration and size of new plant capacity. The expansion has a target of 80,000 additional ounces per year with capital expenditure estimated in the region of US$120 million, and with production commencing in early 2013.

In Guinea, drilling is on track to increase resources at Koulékoun by the end of 2011 to underpin a feasibility study of the large, highly mineralised region of the Tri-K district. During the second half of 2011, further infill drilling and metallurgical test work will be accelerated to advance Koulékoun towards a feasibility study before the end of the year. The Company is targeting commencing construction in 2013 and first gold production in 2014, however the Guinean government will be introducing a new mining code in September 2011 for parliamentary adoption, which requires the review and approval of the First Minister (Minister of Mines) before proceeding to the national assembly for vote. At this time, the Guinean Minister of Mines Department has solicited input from mining companies, but the exact timing and final terms and conditions of the new Mining Code, as well as how these could impact any development plans, are not yet clear.

The Company will announce at the appropriate time any commitments it enters into to order long lead time items, as well as the appointment of advisors and consultants to conduct feasibility studies or Engineering, Procurement and Construction Management work in both Burkina Faso and Guinea.

The sale proceeds from South East Asia means that the Company had cash of US$179 million at 30 June 2011, after repaying the Company's US$25 million debt facility from Standard Chartered Bank. Further proceeds of approximately US$30 million are expected in the third quarter of 2011 subject to sale completion of the Company's remaining, minor assets in South East Asia.

The Company has today announced the adoption of a dividend policy at an initial level of US$20 million per annum, or approximately 6.3 pence per share. The Company has today declared an interim dividend of 2.1 pence per share, payable to shareholders on the register at the record date of 9 September 2011 and paid out on 30 September 2011, in accordance with the policy set out below. The Company has therefore adopted the following dividend policy: *"It is the intention of the Company to pay dividends to its shareholders initially at a level totalling approximately US$20 million per annum, with one third to be declared at the interim and two thirds as a final dividend. This level of payment strikes a balance between returning profit to shareholders and being able to invest in the growth of our business. It has been set after taking into account the expected profitability of the business including future growth plans, cash flow requirements to support future production and expansions, and the availability of capital."*

Today, Avocet has also announced that it has restructured Inata's gold hedge, including a partial buy-back, in order to increase the Company's exposure to spot gold prices. Under the restructure, 20 per cent of the hedge book has been eliminated at a cost of approximately US$40 million, and the remaining position of 233,733 ounces previously deliverable at approximately 25,000 ounces per quarter through to June 2014 at a price of US$970 per ounce has been replaced by a new profile spread over the next seven years with deliveries of 8,250 ounces per quarter through to June 2018 at a price of US$950 per ounce. The lower hedge price reflects the funding and credit costs associated with extending the profile by a further four years. As a result of the restructure, the proportion of Inata's annual production in the next three years that is exposed to spot prices will double from 40 per cent to approximately 80 per cent, equivalent to additional EBITDA of approximately US$32 million per annum for the original hedge term of three years, at current gold prices. This percentage is expected to climb to approximately 85 per cent when new production capacity at Inata comes on line.

The Company remains ready and prepared to act on any merger and acquisition opportunities in West Africa that can be demonstrated as accretive, and which will add shareholder value.

Q2 2011 Gold Production and Cash Costs

	2011			
	Gold produced (oz.)		Cash costs (US$/oz.)	
	Q1	Q2	Q1	Q2
Inata	*47,963*	39,423	533	677
Penjom	*11,597*	13,671	*1,194*	1,103
North Lanut	*12,148*	9,709	*759*	890
Total	***71,708***	**62,803**	***678***	**802**

	2010							
	Gold produced (oz.)				Cash costs (US$/oz.)			
	Q1	Q2	Q3	Q4	Q1[1]	Q2	Q3	Q4
Inata	*19,838*	*31,225*	*40,461*	*46,208*	*n/a*	*569*	***526***	***511***
Penjom	*13,669*	*10,461*	*15,020*	*11,934*	*818*	*1,119*	***841***	***1,064***
North Lanut	*11,370*	*11,184*	*12,311*	*12,715*	*635*	*678*	***657***	***722***
Total	***44,877***	***52,870***	***67,792***	***70,857***	***735***	***701***	***619***	***641***

1) Excludes Inata results prior to start of commercial operations on 1 April 2010

Gold production in the quarter totalled 62,803 ounces. As expected, production at Inata was lower than Q1 due to lower grades and the impact of a one week strike in May. In aggregate, Penjom and North Lanut production up to the date of sale (24 June 2011) was in line with Q1, with improved mining at Penjom offsetting a drop in production at North Lanut, largely caused by a five day strike early in the quarter.

The Group's average cost per ounce increased from US$678 in the first quarter to US$802 in Q2, reflecting the combined effects of lower production at Inata and rising input prices which have affected the mining industry in general. Management is implementing initiatives to minimise the impact of increasing costs.

The Group's average realised gold price for Q2 was US$1,292 per ounce, which includes the impact of 24,792 ounces sold into the hedge book at US$970 per ounce. The average realised price on ounces sold at spot in the period was US$1,508 per ounce. On 30 June 2011, the hedge book had reduced to 299,401 ounces, and had subsequently reduced to 292,165 ounces prior to the restructure announced today.

On 24 June 2011, Avocet announced that it had completed the sale of its main South East Asian assets, including its 100 per cent interest in the Penjom gold mine and its 80 per cent interest in PT Avocet Bolaang Mongondow, which owns the North Lanut mine and Bakan project in North Sulawesi, Indonesia for proceeds of US$170 million. This outcome allows Avocet to focus on growing its West African business, while realising a profit on disposal estimated to be US$72.8 million (subject to finalisation of sale completion accounts).

Avocet's remaining assets in South East Asia, including its interests in the exploration projects at Doup, Seruyung and Pani, are expected to be sold during Q3 2011, once relevant government approvals have been obtained. The consideration for these assets has been agreed as US$30 million on a debt-free cash-free basis, and is expected to realise a profit on disposal of approximately US$15 million.

West Africa Region: Inata – Burkina Faso

	2010				2011	
	Q1	Q2	Q3	Q4	Q1	**Q2**
Production statistics[1]						
Ore mined (tonnes)	342,000	418,000	481,000	638,000	618,000	**634,000**
Waste mined (tonnes)	2,005,000	2,437,000	2,619,000	4,369,000	4,673,000	**3,804,000**
Ore and waste mined (tonnes)	2,347,000	2,855,000	3,100,000	5,007,000	5,291,000	**4,438,000**
Ore processed (tonnes)	228,000	389,000	549,000	593,000	645,000	**586,000**
Average ore head grade (g/t Au)	2.80	2.87	2.43	2.68	2.37	**2.24**
Process recovery rate	94%	95%	94%	94%	94%	**93%**
Gold produced (ounces)	19,838	31,225	40,461	46,208	47,963	**39,423**
Cash costs (US$/oz.)[1]						
- mining	-	147	114	132	136	**200**
- processing	-	211	211	209	205	**238**
- royalties and overheads	-	211	201	170	192	**239**
Total cash cost	-	569	526	511	533	**677**

(1) Production statistics include figures for Q1 2010; however cash costs are excluded for Q1 2010, as Inata did not reach commercial production until 1 April 2010.

Gold production at Inata in Q2 totalled 39,423 ounces, compared with 47,963 in Q1 2011, as an anticipated moderation in grades was exacerbated by labour disruption in May, which impacted both mining and plant operations as well as exploration.

Mining activities continued to focus primarily on the Inata North and Central pits. In April, the higher grades which had been seen in the first quarter began to normalise to lower levels more consistent with the life of mine. Stripping ratios increased in line with expectations, as operations moved into a period of higher waste stripping expected to last for the next two years. However, the impact of the labour dispute in May was seen not only on the total tonnes mined, which at 4.4 million tonnes was 16 per cent lower than Q1, but also in the strip ratio, as mining was temporarily diverted from waste stripping in order to maintain ore feed to the stockpile. It is anticipated that the shortfall in waste clearance will be caught up over the remainder of 2011.

Mill throughput was also impacted by the strike action; however plant throughput rates and availabilities were otherwise in line with the previous quarter.

Cash costs increased to US$677 per ounce in Q2, which reflects the lower gold production levels, but also the impact of input price increases. Higher oil prices earlier in the year led to substantial increases in fuel and lubricant costs, as well as indirectly affecting other key input costs such as transportation and reagents. In addition, higher gold prices have led to increased royalty costs.

These factors and the higher royalty costs resulting from the hedge restructure and doubling of exposure to spot prices, mean that cash costs for the full year 2011 are now expected to be in the order of US$675 per ounce.

West Africa Region: Exploration

Exploration in the second quarter of 2011 focused on continuing programmes designed to define the scale of the resource in and around Inata in Burkina Faso, and Koulékoun in the Tri-K block of permits in Guinea.

On 12 April 2011, the Company announced an increase in Mineral Resource at Inata to 2.1 million ounces. On 20 June 2011 Avocet released another set of positive drill results from the Inata mining license area, having received assays from approximately two thirds of the drill samples that had been completed. Results from the remaining assays are currently being analysed and expected to be announced before the end of the third quarter.

Industrial action at Inata in May brought the drilling programme to an early close ahead of the scheduled break for the rainy season in June with only 15,070 metres of reverse circulation and diamond drilling completed in the quarter, and approximately 9,000 metres of deep drill holes still to be completed beneath the Inata Central and Inata North pits. The outstanding drilling will be completed once activity resumes in early Q4. The Company remains confident that the targeted doubling of Inata's Mineral Reserve will be achieved, but depending on the results of reserve modelling and mine planning currently under way, the target may now be achieved in two steps with reserve announcements now planned in September 2011 and January 2011 with an interim Mineral Resource scheduled in August.

Once the Inata drilling programme has been completed, the drill rigs will test the defined prospects of Filio and Souma, where the Company sees further resource upside potential. The Company will also accelerate a comprehensive Rotary Air Blast ("RAB") drilling programme in the Pali and Damba areas in order to develop targets for resource drilling.

The second quarter drill programme in Guinea focused on drilling the northern and southern extents of the Koulékoun deposit and on evaluating a number of targets in the vicinity of Koulékoun. A total of 142 reverse circulation and diamond drill holes, representing approximately 19,000 metres, was completed in the second quarter.

On 11 May 2011, the Company announced an increase in the Mineral Resource at Koulékoun from 0.7 to 1.1 million ounces, including details of significant intercepts. Further analysis of drilling results is currently underway with a view to completing a new Mineral Resource update by the end of Q3. Scout drilling results from other prospects, including Balandougou, Kourounin and Forowa, are also being received and will be reported once the assays have been validated.

In addition to the drilling programme, results from an airborne geophysical survey of the Tri-K block undertaken in March have recently been received. The programme has identified several conductive and resistive anomalies and offsetting structures that point to a number of potentially interesting drill targets, which will be the subject of further drilling when the field season recommences in October.

The Government of Guinea has released a draft of the New Mining Code, which is expected to be passed into law by the end of the year. The new Code modifies the old Mining Law with much of the legislation remaining intact, including the Government's 15% free-carried interest in mining ventures. Material changes include a provision for the Government to purchase up to an additional 20% equity and initiatives to encourage the employment of Guinean nationals.

In Mali, low key field work has continued, the results of which will be reviewed in the coming months.

South East Asia Region: Penjom - Malaysia

	2010				2011	
	Q1	Q2	Q3	Q4	Q1	**Q2**
Production statistics						
Ore mined (tonnes)	105,000	51,000	127,000	137,000	80,000	**211,000**
Waste mined (tonnes)	3,736,000	4,115,000	3,871,000	3,772,000	3,286,000	**3,408,000**
Ore and waste mined (tonnes)	3,841,000	4,166,000	3,998,000	3,909,000	3,366,000	**3,619,000**
Ore processed (tonnes)	186,000	187,000	193,000	180,000	187,000	**187,000**
Average ore head grade (g/t Au)	2.80	2.21	2.86	2.36	2.29	**2.95**
Process recovery rate	83%	79%	85%	87%	84%	**85%**
Gold produced (ounces)	13,669	10,461	15,020	11,934	11,597	**13,671**
Cash costs (US$/oz.)						
- mining	482	682	517	667	742	**685**
- processing	218	293	201	255	310	**273**
- royalties and overheads	118	144	123	142	142	**145**
Total cash cost	818	1,119	841	1,064	1,194	**1,103**

Gold production at Penjom in the second quarter, up until its sale on 24 June 2011, amounted to 13,671 ounces at a cash cost of US$1,103 per ounce. This improvement on the first quarter reflected the impact of operating improvements as well as the benefit of mining in areas where ore grades were higher and reconciled more closely to the geological model.

Cash costs of US$1,103 per ounce reflect input cost increases as well as the continued strength of the Malaysian ringgit compared with the US dollar in 2011.

South East Asia Region: North Lanut – Indonesia

	2010				2011	
	Q1	Q2	Q3	Q4	Q1	**Q2**
Production statistics						
Ore mined (tonnes)	415,000	295,000	305,000	341,000	298,000	**251,000**
Waste mined (tonnes)	392,000	428,000	380,000	335,000	291,000	**200,000**
Ore and waste mined (tonnes)	807,000	723,000	685,000	676,000	589,000	**451,000**
Ore treated (tonnes)	265,000	267,000	368,000	400,000	366,000	**236,000**
Average ore head grade (g/t Au)	1.93	1.70	1.92	1.88	2.06	**2.15**
Process recovery rate	69%	77%	54%	53%	50%	**60%**
Gold produced (ounces)	11,370	11,184	12,311	12,715	12,148	**9,709**
Cash costs (US$/oz.)						
- mining	330	343	329	383	412	**449**
- processing	155	172	177	186	201	**235**
- royalties and overheads	150	163	151	153	146	**206**
Total cash cost	635	678	657	722	759	**890**

The North Lanut mine produced 9,709 ounces up until its sale on 24 June 2011, at a cash cost of US$890 per ounce. Mining and leach pad stacking operations were affected by continued rainfall throughout the quarter, as well as by industrial action in April.

South East Asia Region: Exploration

Although the majority of Avocet's South East Asian assets were disposed on 24 June 2011, the Company has yet to complete the divestment of the Doup, Seruyung and Pani exploration projects and will continue to expend minimum amounts on these to comply with licence requirements. Sale completion in respect of these assets is expected during Q3 2011.

Financial Results

Since the signing on 24 December 2010 of the conditional agreement to sell the Group's assets in South East Asia, the operating results of these assets have been presented in the consolidated income statement as discontinued operations for the current and comparative periods, and those assets and liabilities that remained within the Group at 30 June 2011 have been presented separately as a disposal group in the statement of financial position at 31 December 2010 and 30 June 2011, as required by International Financial Reporting Standards (IFRS). A detailed analysis of the results, assets, and cash flows of the disposal group is presented in the segmental information.

The Group reported a profit before tax from continuing and discontinued operations for the quarter of US$97.0 million compared with US$10.9 million in the quarter ended 30 June 2010 and US$20.3 million in the first quarter of 2011. The increase compared with Q1 is largely due to the inclusion of US$72.8 million of gain on disposal resulting from the sale of the Group's assets in South East Asia.

Net cash generated by operations during Q2 was US$10.8 million compared with US$23.1 million in Q2 2010 and US$30.2 million in the first quarter of 2011. Other cash flows during Q2 2011 included capital expenditure at Inata of US$8.2 million, exploration investment of US$9.2 million in West Africa and US$1.5 million in South East Asia, and debt repayments of US$31 million.

BRETT A. RICHARDS
Chief Executive Officer

CONDENSED CONSOLIDATED INCOME STATEMENT
For the three months ended 30 June 2011

	Note	**Three months ended 30 June 2011 Unaudited**			Three months ended 30 June 2010 Unaudited		
	Note	**Continuing operations**	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
		US$000	**US$000**	**US$000**	US$000	US$000	US$000
Revenue	3	**44,749**	**35,215**	**79,964**	36,604	28,280	64,884
Cost of sales	3	**(34,200)**	**(25,732)**	**(59,932)**	(24,201)	(25,049)	(49,250)
Gross profit		**10,549**	**9,483**	**20,032**	12,403	3,231	15,634
Administrative expenses		**(2,872)**	**-**	**(2,872)**	(1,157)	-	(1,157)
Share based payments		**(305)**	**-**	**(305)**	(1,572)	-	(1,572)
Profit from operations		**7,372**	**9,483**	**16,855**	9,674	3,231	12,905
Profit on disposal of investments	11	**8,990**	**-**	**8,990**	1,986	-	1,986
Profit on disposal of subsidiaries	2,11	**-**	**72,807**	**72,807**	-	-	-
Finance items							
Exchange losses		**(144)**	**-**	**(144)**	(152)	-	(152)
Finance expense		**(1,356)**	**-**	**(1,356)**	(1,380)	-	(1,380)
Net finance items – discontinued operations		**-**	**(179)**	**(179)**	-	(96)	(96)
Expenses of listing on Oslo Børs	11	**-**	**-**	**-**	(2,363)	-	(2,363)
Profit before taxation		**14,862**	**82,111**	**96,973**	7,765	3,135	10,900
Analysed as:							
Profit before taxation and exceptional items		5,872	9,304	15,176	8,142	3,135	11,277
Exceptional items	11	8,990	72,807	81,797	(377)	-	(377)
Profit before taxation		**14,862**	**82,111**	**96,973**	7,765	3,135	10,900
Taxation		**(1,981)**	**(1,393)**	**(3,374)**	(2,060)	(1,521)	(3,581)
Profit for the period		**12,881**	**80,718**	**93,599**	5,705	1,614	7,319
Attributable to:							
Equity shareholders of the parent company		**12,614**	**79,703**	**92,317**	4,598	810	5,408
Non-controlling interest		**267**	**1,015**	**1,282**	1,107	804	1,911
		12,881	**80,718**	**93,599**	5,705	1,614	7,319
Earnings per share							
Basic earnings per share (cents per share)	5	**6.32**	**39.94**	**46.26**	2.35	0.41	2.77
Diluted earnings per share (cents per share)	5	**6.21**	**39.23**	**45.44**	2.32	0.41	2.73
EBITDA[(1)]		**16,600**	**9,483**	**26,083**	18,297	6,262	24,559

(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 2011

		Six months ended 30 June 2011 Unaudited			Six months ended 30 June 2010 Unaudited		
	Note	**Continuing operations**	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
		US$000	**US$000**	**US$000**	US$000	US$000	US$000
Revenue	3	**100,516**	**67,236**	**167,752**	36,604	55,450	92,054
Cost of sales	3	**(73,488)**	**(50,162)**	**(123,650)**	(25,139)	(48,044)	(73,183)
Gross profit		**27,028**	**17,074**	**44,102**	11,465	7,406	18,871
Administrative expenses		**(4,806)**	**-**	**(4,806)**	(2,821)	-	(2,821)
Share based payments		**(666)**	**-**	**(666)**	(3,148)	-	(3,148)
Profit from operations		**21,556**	**17,074**	**38,630**	5,496	7,406	12,902
Profit on disposal of investments	11	**8,990**	**-**	**8,990**	1,986	-	1,986
Profit on disposal of subsidiaries	2,11	**-**	**72,807**	**72,807**	-	-	-
Finance items							
Exchange losses		**(82)**	**-**	**(82)**	(117)	-	(117)
Finance expense		**(3,032)**	**-**	**(3,032)**	(1,380)	-	(1,380)
Net finance items – discontinued operations		**-**	**(19)**	**(19)**	-	68	68
Expenses of listing on Oslo Børs		**-**	**-**	**-**	(2,363)	-	(2,363)
Profit before taxation		**27,432**	**89,862**	**117,294**	3,622	7,474	11,096
Analysed as:							
Profit before taxation and exceptional items		**18,442**	**17,055**	**35,497**	3,999	7,474	11,473
Exceptional items	11	**8,990**	**72,807**	**81,797**	(377)	-	(377)
Profit before taxation		**27,432**	**89,862**	**117,294**	3,622	7,474	11,096
Taxation		**(4,602)**	**(2,723)**	**(7,325)**	(873)	(1,600)	(2,473)
Profit for the period		**22,830**	**87,139**	**109,969**	2,749	5,874	8,623
Attributable to:							
Equity shareholders of the parent company		**21,475**	**84,930**	**106,405**	1,642	4,871	6,513
Non-controlling interest		**1,355**	**2,209**	**3,564**	1,107	1,003	2,110
		22,830	**87,139**	**109,969**	2,749	5,874	8,623
Earnings per share							
Basic earnings per share (cents per share)	5	**10.80**	**42.70**	**53.50**	0.84	2.50	3.34
Diluted earnings per share (cents per share)	5	**10.59**	**41.88**	**52.47**	0.84	2.48	3.32
EBITDA[1]		**42,003**	**17,074**	**59,077**	14,149	14,525	28,674

(1) EBITDA represents earnings before 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 2011

		Three months ended 30 June 2011			Three months ended 30 June 2010		
			Unaudited			Unaudited	
	Note	**Continuing operations**	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
		US$000	**US$000**	**US$000**	US$000	US$000	US$000
Profit for the period		**12,881**	**80,718**	**93,599**	5,705	1,614	7,319
Revaluation of other financial assets	12	**204**	**-**	**204**	(2,021)	-	(2,021)
Disposal of other financial assets	12	**(9,725)**	**-**	**(9,725)**	841	-	841
Exchange differences on translation of foreign operations		**-**	**-**	**-**	191	-	191
Recycling of foreign exchange translation reserve on disposal of subsidiaries	2a	**(627)**	**-**	**(627)**	-	-	-
Total comprehensive income for the period		**2,733**	**80,718**	**83,451**	4,716	1,614	6,330
Attributable to:							
Equity holders of the parent company		**2,466**	**79,703**	**82,169**	3,609	810	4,419
Non-controlling interest		**267**	**1,015**	**1,282**	1,107	804	1,911
		2,733	**80,718**	**83,451**	4,716	1,614	6,330

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2011

		Six months ended 30 June 2011			Six months ended 30 June 2010		
			Unaudited			Unaudited	
	Note	**Continuing operations**	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
		US$000	**US$000**	**US$000**	US$000	US$000	US$000
Profit for the period		**22,830**	**87,139**	**109,969**	2,749	5,874	8,623
Revaluation of other financial assets	12	**(2,903)**	**-**	**(2,903)**	(3,063)	-	(3,063)
Disposal of other financial assets	12	**(9,725)**	**-**	**(9,725)**	841	-	841
Recycling of foreign exchange translation reserve on disposal of subsidiaries	2a	**(627)**	**-**	**(627)**	-	-	-
Total comprehensive income for the period		**9,575**	**87,139**	**96,714**	527	5,874	6,401
Attributable to:							
Equity holders of the parent company		**8,220**	**84,930**	**93,150**	(580)	4,871	4,291
Non-controlling interest		**1,355**	**2,209**	**3,564**	1,107	1,003	2,110
		9,575	**87,139**	**96,714**	527	5,874	6,401

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011

	Note	**30 June 2011 Unaudited**	31 December 2010 Audited	30 June 2010 Unaudited
		US$000	US$000	US$000
Non-current assets				
Goodwill		**-**	-	11,071
Intangible assets	6	**29,747**	11,091	22,727
Property, plant and equipment	7	**241,528**	239,979	294,862
Other financial assets	12	**-**	20,293	6,183
Deferred tax assets		**1,459**	1,459	5,084
		272,734	272,822	339,927
Current assets				
Inventories		**27,865**	20,379	39,429
Trade and other receivables		**25,998**	16,157	21,104
Cash and cash equivalents	9	**179,293**	49,523	45,347
		233,156	86,059	105,880
Assets of disposal group classified as held for sale	2,3	**6,474**	125,550	-
Current liabilities				
Trade and other payables		**46,593**	28,430	43,050
Current tax liabilities		**-**	-	1,119
Other financial liabilities	8	**24,000**	24,000	-
		70,593	52,430	44,169
Liabilities included in disposal group held for sale	2,3	**1,244**	45,432	-
Non-current liabilities				
Other financial liabilities	8	**17,000**	54,000	90,000
Deferred tax liabilities		**13,330**	9,593	5,183
Other liabilities		**3,737**	3,737	18,065
		34,067	67,330	113,248
Net assets		**406,460**	319,239	288,390
Equity				
Issued share capital		**16,247**	16,086	16,004
Share premium		**149,915**	144,571	144,271
Other reserves		**17,852**	30,632	13,582
Retained earnings		**220,157**	118,606	106,661
Total equity attributable to the parent		**404,171**	309,895	280,518
Non-controlling interest		**2,289**	9,344	7,872
Total equity		**406,460**	319,239	288,390

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

6 months ended 30 June 2010	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 2009 (Audited)	15,904	142,778	11,321	101,611	271,614	5,762	277,376
Profit for the period	-	-	-	6,513	6,513	2,110	8,623
Revaluation of other financial assets	-	-	(3,063)	-	(3,063)	-	(3,063)
Disposal of other financial assets	-	-	841	-	841	-	841
Total comprehensive income for the period	**-**	**-**	**(2,222)**	**6,513**	**4,291**	**2,110**	**6,401**
Share based payments	-	-	-	448	448	-	448
Transfer between reserves	-	-	1,569	(1,569)	-	-	-
Issue of shares	100	1,493	-	-	1,593	-	1,593
Loss on issue from treasury shares	-	-	-	(342)	(342)	-	(342)
Movements on investments in treasury and own shares	-	-	2,914	-	2,914	-	2,914
At 30 June 2010 (Unaudited)	**16,004**	**144,271**	**13,582**	**106,661**	**280,518**	**7,872**	**288,390**

6 months ended 30 June 2011	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 2010 (Audited)	16,086	144,571	30,632	118,606	309,895	9,344	319,239
Profit for the period	-	-	-	106,405	106,405	3,564	109,969
Revaluation of other financial assets	-	-	(2,903)	-	(2,903)	-	(2,903)
Disposal of other financial assets	-	-	(9,725)	-	(9,725)	-	(9,725)
Recycling of foreign exchange translation reserve on disposal of subsidiaries	-	-	(627)	-	(627)	-	(627)
Total comprehensive income for the period	**-**	**-**	**(13,255)**	**106,405**	**93,150**	**3,564**	**96,714**
Share based payments	-	-	-	614	614	-	614
Issue of shares – exercise of share options	35	-	-	-	35	-	35
Issue of shares – bonuses	75	3,177	-	(3,200)	52	-	52
Issue of shares into EBT	51	2,167	(2,218)	-	-	-	-
Non-controlling interest share of dividend from subsidiary	-	-	-	-	-	(2,000)	(2,000)
Disposal of subsidiaries	-	-	-	-	-	(8,619)	(8,619)
Release of EBT shares	-	-	701	(276)	425	-	425
Transfer acquisition reserve	-	-	1,992	(1,992)	-	-	-
At 30 June 2011 (Unaudited)	**16,247**	**149,915**	**17,852**	**220,157**	**404,171**	**2,289**	**406,460**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	**Six months ended 30 June 2011 (Unaudited)**			Six months ended 30 June 2010 (Unaudited)		
		Continuing operations	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
		US$000	**US$000**	**US$000**	US$000	US$000	US$000
Cash flows from operating activities							
Profit for the period		**22,830**	**87,139**	**109,969**	2,749	5,874	8,623
Adjusted for:							
Depreciation of non-current assets	7	**20,447**	**-**	**20,447**	8,653	7,119	15,772
Share based payments		**666**	**-**	**666**	3,148	-	3,148
Provisions		**-**	**574**	**574**	(2)	375	373
Taxation in the income statement		**4,602**	**2,723**	**7,325**	873	1,600	2,473
Non-operating items in the income statement	10	**(5,988)**	**(72,981)**	**(78,969)**	5,067	(17)	5,050
		42,557	**17,455**	**60,012**	20,488	14,951	35,439
Movements in working capital							
(Increase)/decrease in inventory		**(7,486)**	**341**	**(7,145)**	(8,133)	(30)	(8,163)
Increase in trade and other receivables		**(10,583)**	**(1,274)**	**(11,857)**	(7,296)	(2,637)	(9,933)
Increase/(decrease) in trade and other payables		**6,675**	**(248)**	**6,427**	(1,460)	(687)	(2,147)
Net cash generated by operations		**31,163**	**16,274**	**47,437**	3,599	11,597	15,196
Interest received		**-**	**17**	**17**	-	72	72
Interest paid		**(1,944)**	**-**	**(1,944)**	(2,398)	(3)	(2,401)
Income tax (paid)/refunded		**(865)**	**(3,679)**	**(4,544)**	-	790	790
Net cash generated by operating activities		**28,354**	**12,612**	**40,966**	1,201	12,456	13,657
Cash flows from investing activities							
Payments for property, plant and equipment	7	**(21,996)**	**(884)**	**(22,880)**	(14,993)	(1,321)	(16,314)
Inata pre-commercial revenues capitalised	3	**-**	**-**	**-**	21,495	-	21,495
Inata pre-commercial costs capitalised	3	**-**	**-**	**-**	(14,296)	-	(14,296)
Deferred consideration paid		**-**	**(1,330)**	**(1,330)**	(983)	-	(983)
Exploration and evaluation expenses	3,6	**(19,231)**	**(2,995)**	**(22,226)**	(2,355)	(2,315)	(4,670)
Rehabilitation costs		**-**	**(393)**	**(393)**	-	-	-
Disposal of discontinued operation, net of cash disposed of	2c	**158,151**	**-**	**158,151**	-	-	-
Net cash received from disposal of other investments	11	**16,501**	**-**	**16,501**	-	-	-
Net cash generated by/(used in) investing activities		**133,425**	**(5,602)**	**127,823**	(11,132)	(3,636)	(14,768)
Cash flows from financing activities							
Expenses of listing on Oslo Børs	11	**-**	**-**	**-**	(2,363)	-	(2,363)
Proceeds from issue of equity shares		**35**	**-**	**35**	1,883	-	1,883
Loans repaid	8	**(37,000)**	**-**	**(37,000)**	-	-	-
Non-controlling interest share of dividend from subsidiary		**-**	**(2,000)**	**(2,000)**	-	-	-
Net cash used in financing activities		**(36,965)**	**(2,000)**	**(38,965)**	(480)	-	(480)
Net cash movement		**124,814**	**5,010**	**129,824**	(10,411)	8,820	(1,591)
Intercompany transfers		**-**	**-**	**-**	14,743	(14,743)	-
Exchange gains/(losses)		**183**	**(237)**	**(54)**	(117)	(1)	(118)
Transfer of cash not held for sale	2,3	**4,773**	**(4,773)**	**-**	-	-	-
Total increase (decrease) in cash and cash equivalents		**129,770**	**-**	**129,770**	4,215	(5,924)	(1,709)
Cash and cash equivalents at start of the period		**49,523**	**-**	**49,523**	29,463	17,593	47,056
Cash and cash equivalents at end of period		**179,293**	**-**	**179,293**	33,678	11,669	45,347

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 2010, 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 interim financial statements for the three and six months ended 30 June 2011 have been prepared using accounting policies and presentation expected to be adopted in the Group's full financial statements for the year ending 31 December 2011, which are not expected to be significantly different to those set out in note 1 to the Group's audited financial statements for the year ended 31 December 2010.

The Company's statutory financial statements for the year ended 31 December 2010 have been filed with the Registrar of Companies and are available on the Company's website www.avocet.co.uk. 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.

After review of the Group's operations, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the unaudited condensed interim financial statements.

2. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

On 24 June 2011, Avocet completed the sale of its main South East Asian assets, namely its 100 per cent interest in the Penjom gold mine in Malaysia and its 80 per cent interest in PT Avocet Bolaang Mongondow ("PT ABM"), which owns the North Lanut mine and Bakan project in North Sulawesi, Indonesia, for proceeds of US$170 million. The sale was originally announced on 24 December 2010.

In accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, all of the assets and liabilities of the Indonesian and Malaysian operations, apart from cash, were treated as a disposal group from the date of the announcement of the sale on 24 December 2010, and were disclosed separately in the statement of financial position at 31 December 2010 and 31 March 2011. As the transaction was on a cash free debt free basis, the cash held by Penjom and PTABM was classified as continuing operations rather than discontinued operations. Comparative statements of financial position, prior to the signing of the agreement for sale, are not re-presented. Prior to the reclassification, management reviewed the carrying values and recognition of assets and liabilities respectively, and no adjustments were required to measure assets and liabilities at the lower of carrying value or fair value less costs to sell. Since 24 December 2010, the date on which the criteria for being held for sale were met, no depreciation has been charged in the Group financial statements for the Malaysian and Indonesian assets, in accordance with IFRS.

The results of the disposal group are presented separately in the consolidated income statement and the segmental analysis, and comparative income statements are represented on this basis, as required by IFRS.

The provisional profit on disposal of PT ABM and the Penjom mine is presented below in note 2a). The final profit will be determined following the agreement of completion accounts.

C) PROVISIONAL UNAUDITED PROFIT ON DISPOSAL OF DISCONTINUED OPERATIONS

	At 24 June 2011
	US$000
Consideration received	**170,000**
Cash held in subsidiaries at completion	**15,558**
Working capital and other adjustments	**(4,565)**
Net consideration	**180,993**
Less transaction costs	**(17,450)**
Net assets disposed (b)	**(91,363)**
Foreign currency translation reserve recycled on disposal	**627**
Pre-tax provisional profit on disposal of discontinued operations	**72,807**
Taxation[1]	**-**
Post-tax provisional profit on disposal of discontinued operations	**72,807**

[1]The Company anticipates that no UK tax will be payable on the disposal of its operations in South East Asia on the basis that the sale qualifies for the UK substantial shareholding exemption.

b) PROVISIONAL AND UNAUDITED CARRYING AMOUNTS OF ASSETS AND LIABILITIES OF OPERATIONS SOLD IN THE PERIOD

	At 24 June 2011
Assets	**US$000**
Goodwill	**13,555**
Intangible assets	**17,467**
Property, plant and equipment	**62,547**
Deferred tax assets	**1,977**
Inventories	**21,199**
Trade and other receivables	**8,957**
Cash	**15,558**
	141,260
Liabilities	
Trade and other payables	**(13,158)**
Tax liabilities	**(3,108)**
Deferred tax liabilities	**(3,492)**
Other liabilities	**(21,520)**
	(41,278)
Net assets	**99,982**
Non-controlling interest share of assets disposed	**(8,619)**
Net assets disposed	**91,363**

c) Cash flows on disposal

	At 24 June 2011
	US$000
Disposal consideration	**170,000**
Advance payment in respect of cash held by subsidiaries at completion	**9,704**
Transaction costs paid	**(5,995)**
Net cash received in the period	**173,709**
Cash held in subsidiaries sold	(15,558)
Net cash movement on disposal of subsidiaries	**158,151**

In addition to the cash-free debt-free purchase consideration of US$170 million, a further US$9.7 million was paid on 24 June 2011 in respect of cash balances in the disposed subsidiaries as estimated at the time of signing of the sale agreements in December 2011. Actual cash balances at that date, which are subject to review and finalisation as part of the completion accounts, are expected to be US$15.6 million. On agreement of the completion accounts, the Company will receive a further payment in respect of cash held at completion, which payment is estimated at US$5.9 million. The Company will also receive or pay amounts related to working capital, being the difference between estimates at 24 December 2010 and actual balances in the completion accounts.

3. Segmental Reporting

		Continuing operations			Discontinued operations	
For the three months ended 30 June 2011		**UK**	**West Africa**	**Total**	**Total**	**TOTAL**
		US$000	**US$000**	**US$000**	**US$000**	**US$000**
INCOME STATEMENT						
Revenue		**-**	**44,749**	**44,749**	**35,215**	**79,964**
Cost of Sales		**167**	**(34,367)**	**(34,200)**	**(25,732)**	**(59,932)**
Cash production costs:						
- mining		-	(7,891)	(7,891)	(13,723)	(21,614)
- processing		-	(9,381)	(9,381)	(6,007)	(15,388)
- overheads		-	(6,221)	(6,221)	(2,611)	(8,832)
- royalties		-	(3,211)	(3,211)	(1,369)	(4,580)
		-	(26,704)	(26,704)	(23,710)	(50,414)
Changes in inventory		-	3,004	3,004	(145)	2,859
Other cost of sales	(a)	201	(1,473)	(1,272)	(1,877)	(3,149)
Depreciation and amortisation	(b)	(34)	(9,194)	(9,228)	-	(9,228)
Gross profit		**167**	**10,382**	**10,549**	**9,483**	**20,032**
Administrative expenses and share based payments		(3,177)	-	(3,177)	-	(3,177)
(Loss)/profit from operations		**(3,010)**	**10,382**	**7,372**	**9,483**	**16,855**
Profit on disposal of investments		-	8,990	8,990	-	8,990
Profit on disposal of subsidiaries		-	-	-	72,807	72,807
Net finance items		(301)	(1,199)	(1,500)	(179)	(1,679)
(Loss)/profit before taxation		**(3,311)**	**18,173**	**14,862**	**82,111**	**96,973**
Taxation		(865)	(1,116)	(1,981)	(1,393)	(3,374)
(Loss)/profit for the period		**(4,176)**	**17,057**	**12,881**	**80,718**	**93,599**
Attributable to:						
Non-controlling interest		-	267	267	1,015	1,282
Equity shareholders of parent company		(4,176)	16,790	12,614	79,703	92,317
		(4,176)	**17,057**	**12,881**	**80,718**	**93,599**
EBITDA	**(c)**	**(2,976)**	**19,576**	**16,600**	**9,483**	**26,083**

(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.

3. SEGMENTAL REPORTING (CONTINUED)

		Continuing operations			Discontinued	
At 30 June 2011		UK	West Africa	Total	Total	TOTAL
		US$000	US$000	US$000	US$000	US$000
STATEMENT OF FINANCIAL POSITION						
Non-current assets		1,646	271,088	272,734	2,761	275,495
Inventories		-	27,865	27,865	-	27,865
Trade and other receivables		1,770	24,228	25,998	3,713	29,711
Cash and cash equivalents		159,021	20,272	179,293	-	179,293
Total assets		**162,437**	**343,453**	**505,890**	**6,474**	**512,364**
Current liabilities		(13,417)	(57,176)	(70,593)	(1,244)	(71,837)
Non-current liabilities		(430)	(33,637)	(34,067)	-	(34,067)
Total liabilities		**(13,847)**	**(90,813)**	**(104,660)**	**(1,244)**	**(105,904)**
Net assets		**148,590**	**252,640**	**401,230**	**5,230**	**406,460**

For the three months ended 30 June 2011		UK	West Africa	Total	Discontinued Total	TOTAL
		US$000	US$000	US$000	US$000	US$000
CASH FLOW STATEMENT						
(Loss)/profit for the period		(4,176)	17,057	12,881	80,718	93,599
Adjustments for non-cash and non-operating items	(d)	1,504	2,498	4,002	(71,132)	(67,129)
Movements in working capital		1,404	(13,767)	(12,363)	278	(12,086)
Net cash (used in)/generated by operations		**(1,268)**	**5,788**	**4,520**	**9,864**	**14,384**
Net interest (paid)/received		(610)	(631)	(1,241)	10	(1,231)
Net tax paid		(865)	-	(865)	(1,497)	(2,362)
Purchase of property, plant and equipment		(4)	(8,194)	(8,198)	(290)	(8,488)
Deferred exploration expenditure		-	(9,220)	(9,220)	(1,531)	(10,751)
Other cash movements	(e)	133,915	9,857	143,772	(3,010)	140,762
Reclassification of cash not held for sale	(f)	3,546	-	3,546	(3,546)	-
Total increase/(decrease) in cash and cash equivalents		**134,714**	**(2,400)**	**132,314**	**-**	**132,314**

(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 cash flows in respect of the sale of subsidiaries, deferred consideration paid, cash flows from financing activities, and exchange gains or losses;

(f) The sale of subsidiaries in South East Asia is for a debt-free cash-free consideration. Therefore, cash held in remaining Malaysian and Indonesian subsidiaries at 30 June has been excluded from held for sales assets, and reported as Group cash in the consolidated statement of financial position.

3. SEGMENTAL REPORTING (CONTINUED)

		Continuing operations			Discontinued operations	
For the three months ended 30 June 2010		**UK**	**West Africa**	**Total**	**Total**	**TOTAL**
		US$000	**US$000**	**US$000**	**US$000**	**US$000**
INCOME STATEMENT						
Revenue		**-**	**36,604**	**36,604**	**28,280**	**64,884**
Cost of Sales		**(105)**	**(24,096)**	**(24,201)**	**(25,049)**	**(49,250)**
Cash production costs:						
- mining		-	(4,585)	(4,585)	(10,969)	(15,554)
- processing		-	(6,580)	(6,580)	(4,993)	(11,573)
- overheads		-	(3,843)	(3,843)	(2,277)	(6,120)
- royalties		-	(2,747)	(2,747)	(1,052)	(3,799)
		-	(17,755)	(17,755)	(19,291)	(37,046)
Changes in inventory		-	3,469	3,469	(1,710)	1,759
Other cost of sales	(a)	(75)	(1,217)	(1,292)	(1,017)	(2,309)
Depreciation and amortisation	(b)	(30)	(8,593)	(8,623)	(3,031)	(11,654)
Gross (loss)/profit		**(105)**	**12,508**	**12,403**	**3,231**	**15,634**
Administrative expenses and share based payments		(2,729)	-	(2,729)	-	(2,729)
(Loss)/profit from operations		**(2,834)**	**12,508**	**9,674**	**3,231**	**12,905**
Profit on disposal of investments		1,986	-	1,986	-	1,986
Net finance items		(2,863)	(1,032)	(3,895)	(96)	(3,991)
(Loss)/profit before taxation		**(3,711)**	**11,476**	**7,765**	**3,135**	**10,900**
Taxation		(2,060)	-	(2,060)	(1,521)	(3,581)
(Loss)/profit for the period		**(5,771)**	**11,476**	**5,705**	**1,614**	**7,319**
Attributable to:						
Non-controlling interest		-	1,107	1,107	804	1,911
Equity shareholders of parent company		(5,771)	10,369	4,598	810	5,408
		(5,771)	**11,476**	**5,705**	**1,614**	**7,319**
EBITDA	**(c)**	**(2,804)**	**21,101**	**18,297**	**6,262**	**24,559**

(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, Penjom and North Lanut;
(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.

3. SEGMENTAL REPORTING (CONTINUED)

At 30 June 2010		Continuing operations UK	West Africa	Total	Discontinued operations Total	TOTAL
		US$000	US$000	US$000	US$000	US$000
STATEMENT OF FINANCIAL POSITION						
Non-current assets		11,825	238,707	250,532	89,395	339,927
Inventories		-	17,019	17,019	22,410	39,429
Trade and other receivables		1,526	9,296	10,822	10,282	21,104
Cash and cash equivalents		11,440	22,238	33,678	11,669	45,347
Total assets		**24,791**	**287,260**	**312,051**	**133,756**	**445,807**
Current liabilities		(2,440)	(26,711)	(29,151)	(15,018)	(44,169)
Non-current liabilities		(28,635)	(66,768)	(95,403)	(17,845)	(113,248)
Total liabilities		**(31,075)**	**(93,479)**	**(124,554)**	**(32,863)**	**(157,417)**
Net assets		**(6,284)**	**193,781**	**187,497**	**100,893**	**288,390**

For the three months ended 30 June 2010		UK	West Africa	Total	Total	TOTAL
		US$000	US$000	US$000	US$000	US$000
CASH FLOW STATEMENT						
(Loss)/profit for the period		(5,771)	11,476	5,705	1,614	7,319
Adjustments for non-cash and non-operating items	(d)	7,834	9,521	17,355	4,057	21,412
Movements in working capital		(7,163)	240	(6,923)	1,599	(5,324)
Net cash (used in)/generated by operations		**(5,100)**	**21,237**	**16,137**	**7,270**	**23,407**
Net interest (paid)/received		(557)	(961)	(1,518)	-	(1,518)
Net tax paid		-	-	-	1,200	1,200
Purchase of property, plant and equipment		(8)	(8,814)	(8,822)	(302)	(9,124)
Deferred exploration expenditure		(25)	(1,826)	(1,851)	(1,180)	(3,031)
Other cash movements	(e)	12,716	(9,627)	3,089	(4,147)	(1,058)
Total increase in cash and cash equivalents		**7,026**	**9**	**7,035**	**2,841**	**9,876**

(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. SEGMENTAL REPORTING

		Continuing operations			Discontinued operations	
For the six months ended 30 June 2011		**UK**	**West Africa**	**Total**	**Total**	**TOTAL**
		US$000	**US$000**	**US$000**	**US$000**	**US$000**
INCOME STATEMENT						
Revenue		-	100,516	100,516	67,236	167,752
Cost of Sales		**425**	**(73,913)**	**(73,488)**	**(50,162)**	**(123,650)**
Cash production costs:						
- mining		-	(14,398)	(14,398)	(27,336)	(41,734)
- processing		-	(19,229)	(19,229)	(12,046)	(31,275)
- overheads		-	(11,495)	(11,495)	(4,842)	(16,337)
- royalties		-	(7,158)	(7,158)	(2,552)	(9,710)
		-	(52,280)	(52,280)	(46,776)	(99,056)
Changes in inventory		-	2,024	2,024	(44)	1,980
Other cost of sales	(a)	493	(3,278)	(2,785)	(3,342)	(6,127)
Depreciation and amortisation	(b)	(68)	(20,379)	(20,447)	-	(20,447)
Gross profit		**425**	**26,603**	**27,028**	**17,074**	**44,102**
Administrative expenses and share based payments		(5,472)	-	(5,472)	-	(5,472)
(Loss)/profit from operations		**(5,047)**	**26,603**	**21,556**	**17,074**	**38,630**
Profit on disposal of investments		-	8,990	8,990	-	8,990
Profit on disposal of subsidiaries		-	-	-	72,807	72,807
Net finance items		(692)	(2,422)	(3,114)	(19)	(3,133)
(Loss)/profit before taxation		**(5,739)**	**33,171**	**27,432**	**89,862**	**117,294**
Taxation		(865)	(3,737)	(4,602)	(2,723)	(7,325)
(Loss)/profit for the period		**(6,604)**	**29,434**	**22,830**	**87,139**	**109,969**
Attributable to:						
Non-controlling interest		-	1,355	1,355	2,209	3,564
Equity shareholders of parent company		(6,604)	28,079	21,475	84,930	106,405
		(6,604)	**29,434**	**22,830**	**87,139**	**109,969**
EBITDA	(c)	**(4,979)**	**46,982**	**42,003**	**17,074**	**59,077**

(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.

3. Segmental Reporting (continued)

For the six months ended 30 June 2010		Continuing operations			Discontinued operations	
		UK	West Africa	Total	Total	TOTAL
		US$000	US$000	US$000	US$000	US$000
INCOME STATEMENT						
Revenue		**-**	**36,604**	**36,604**	**55,450**	**92,054**
Cost of Sales		**(1,043)**	**(24,096)**	**(25,139)**	**(48,044)**	**(73,183)**
Cash production costs:						
- mining		-	(4,585)	(4,585)	(21,316)	(25,901)
- processing		-	(6,580)	(6,580)	(9,731)	(16,311)
- overheads		-	(3,843)	(3,843)	(4,428)	(8,271)
- royalties		-	(2,747)	(2,747)	(2,215)	(4,962)
		-	(17,755)	(17,755)	(37,690)	(55,445)
Changes in inventory		-	3,469	3,469	(652)	2,817
Other cost of sales	(a)	(983)	(1,217)	(2,200)	(2,583)	(4,783)
Depreciation and amortisation	(b)	(60)	(8,593)	(8,653)	(7,119)	(15,772)
Gross profit		**(1,043)**	**12,508**	**11,465**	**7,406**	**18,871**
Administrative expenses and share based payments		(5,969)	-	(5,969)	-	(5,969)
(Loss)/profit from operations		**(7,012)**	**12,508**	**5,496**	**7,406**	**12,902**
Profit on disposal of investments		1,986	-	1,986	-	1,986
Net finance items		(2,828)	(1,032)	(3,860)	68	(3,792)
(Loss)/profit before taxation		**(7,854)**	**11,476**	**3,622**	**7,474**	**11,096**
Taxation		(873)	-	(873)	(1,600)	(2,473)
(Loss)/profit for the period		**(8,727)**	**11,476**	**2,749**	**5,874**	**8,623**
Attributable to:						
Non-controlling interest		-	1,107	1,107	1,003	2,110
Equity shareholders of parent company		(8,727)	10,369	1,642	4,871	6,513
EBITDA	(c)	**(6,952)**	**21,101**	**14,149**	**14,525**	**28,674**

(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, Penjom and North Lanut;
(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.

3. Segmental Reporting (continued)

For the six months ended 30 June 2011		Continuing operations UK	West Africa	Total	Discontinued operations Total	TOTAL
		US$000	US$000	US$000	US$000	US$000
CASH FLOW STATEMENT						
(Loss)/profit for the period		(6,604)	29,434	22,830	87,139	109,969
Adjustments for non-cash and non-operating items	(d)	237	19,490	19,727	(69,684)	(49,957)
Movements in working capital		(2,914)	(8,480)	(11,394)	(1,181)	(12,575)
Net cash (used in)/generated by operations		**(9,281)**	**40,444**	**31,163**	**16,274**	**47,437**
Net interest (paid)/received		(610)	(1,334)	(1,944)	17	(1,927)
Net tax paid		(865)	-	(865)	(3,679)	(4,544)
Purchase of property, plant and equipment		(9)	(21,987)	(21,996)	(884)	(22,880)
Deferred exploration expenditure		-	(19,231)	(19,231)	(2,995)	(22,226)
Other cash movements	(e)	134,470	3,400	137,870	(3,960)	133,910
Reclassification of cash not held for sale	(f)	4,773	-	4,773	(4,773)	-
Total increase in cash and cash equivalents		**128,478**	**1,292**	**129,770**	**-**	**129,770**

For the six months ended 30 June 2010		UK	West Africa	Total	Total	TOTAL
		US$000	US$000	US$000	US$000	US$000
CASH FLOW STATEMENT						
(Loss)/profit for the period		(8,727)	11,476	2,749	5,874	8,623
Adjustments for non-cash and non-operating items	(d)	8,218	9,521	17,739	9,077	26,816
Movements in working capital		(154)	(16,735)	(16,889)	(3,354)	(20,243)
Net cash (used in)/generated by operations		**(663)**	**4,262**	**3,599**	**11,597**	**15,196**
Net interest (paid)/received		(557)	(1,841)	(2,398)	69	(2,329)
Net tax paid		-	-	-	790	790
Purchase of property, plant and equipment		(20)	(14,973)	(14,993)	(1,321)	(16,314)
Inata pre-commercial revenues capitalised	(g)	-	21,495	21,495	-	21,495
Inata pre-commercial costs capitalised	(g)	-	(14,296)	(14,296)	-	(14,296)
Deferred exploration expenditure		(50)	(2,305)	(2,355)	(2,315)	(4,670)
Other cash movements	(e)	(4,716)	17,879	13,163	(14,744)	(1,581)
Total (decrease)/increase in cash and cash equivalents		**(6,006)**	**10,221**	**4,215**	**(5,924)**	**(1,709)**

(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.

(f) The sale of subsidiaries in South East Asia is for a debt-free cash-free consideration. Therefore, cash held in remaining Malaysian and Indonesian subsidiaries at 30 June has been excluded from held for sales assets, and reported as Group cash in the consolidated statement of financial position. Cash remaining in the subsidiaries sold in the period is compensated for in the adjustment to consideration proceeds receivable.

(g) All costs and revenues at Inata between 1 January and 31 March 2010 related to the testing and development phase, prior to the commencement of commercial operations. Therefore, these costs and revenues were capitalised as part of mining property, plant and equipment. Since 1 April 2010, all revenues and operating expenses in respect of mining operations at Inata have been recognised in the income statement.

4. UNAUDITED QUARTERLY INCOME STATEMENT

	Q1 2011 (Unaudited)	Q2 2011 (Unaudited)	H1 2011 (Unaudited)	2010 (Audited)
	US$000	**US$000**	**US$000**	**US$000**
Revenue				
Continuing operations	55,767	44,749	100,516	132,779
Discontinued operations	32,021	35,215	67,236	121,814
	87,788	**79,964**	**167,752**	**254,593**
Cost of sales				
Continuing operations	(39,288)	(34,200)	**(73,488)**	**(95,135)**
Discontinued operations	(24,430)	(25,732)	**(50,162)**	**(105,533)**
	(63,718)	**(59,932)**	**(123,650)**	**(200,668)**
Gross profit	**24,070**	**20,032**	**44,102**	**53,925**
Administrative expenses – continuing operations	(1,934)	(2,872)	**(4,806)**	**(7,040)**
Share based payments – continuing operations	(361)	(305)	**(666)**	**(8,625)**
Profit from operations	**21,775**	**16,855**	**38,630**	**38,260**
Profit on disposal of investments – continuing operations	-	8,990	**8,990**	**2,669**
Profit on disposal of discontinued subsidiaries	-	72,807	**72,807**	**-**
Loss on disposal of property, plant and equipment – discontinued operations	-	-	**-**	**(151)**
Finance items – continuing operations				
Exchange gains/(losses)	62	(144)	**(82)**	**(49)**
Finance income	-	-	**-**	**5**
Finance expense	(1,676)	(1,356)	**(3,032)**	**(4,766)**
Expenses of listing on Oslo Børs	-	-	**-**	**(2,363)**
Net finance items – discontinued operations	160	(179)	(19)	(56)
Profit before tax	**20,321**	**96,973**	**117,294**	**33,549**
Analysed as:				
Profit before taxation and exceptional items	20,321	15,176	**35,497**	**33,394**
Exceptional items	-	81,797	**81,797**	**155**
Profit before taxation	**20,321**	**96,973**	**117,294**	**33,549**
Taxation				
Continuing operations	(2,621)	(1,981)	**(4,602)**	**(12,021)**
Discontinued operations	(1,330)	(1,393)	**(2,723)**	**(3,316)**
	(3,951)	(3,374)	**(7,325)**	**(15,337)**
Profit for the period				
Profit from continuing operations	9,949	12,881	**22,830**	**5,454**
Profit from discontinued operations	6,421	80,718	**87,139**	**12,758**
Profit for the period	**16,370**	**93,599**	**109,969**	**18,212**

5. Earnings per Share

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

	30 June 2011 (three months) Unaudited	30 June 2010 (three months) Unaudited	**30 June 2011 (six months) Unaudited**	30 June 2010 (six months) Unaudited
	Shares	Shares	**Shares**	Shares
Weighted average number of shares in issue for the period				
- number of shares with voting rights	**199,546,710**	195,462,754	**198,891,154**	194,916,302
- effect of share options in issue	**3,604,795**	2,391,189	**3,879,369**	1,467,754
- total used in calculation of diluted earnings per share	**203,151,505**	197,853,943	**202,770,523**	196,384,056

	US$000	US$000	**US$000**	US$000
Earnings per share from continuing operations				
Profit for the period from continuing operations	**12,881**	5,705	**22,830**	2,749
Less non-controlling interest	**(267)**	(1,107)	**(1,355)**	(1,107)
Profit for period attributable to equity shareholders of the parent	**12,614**	4,598	**21,475**	1,642
Earnings per share				
- basic (cents per share)	**6.32**	2.35	**10.80**	0.84
- diluted (cents per share)	**6.21**	2.32	**10.59**	0.84
Earnings per share from discontinued operations				
Profit for the period	**80,718**	1,614	**87,139**	5,874
Less non-controlling interest	**(1,015)**	(804)	**(2,209)**	(1,003)
Profit for period attributable to equity shareholders of the parent	**79,703**	810	**84,930**	4,871
Earnings per share				
- basic (cents per share)	**39.94**	0.41	**42.70**	2.50
- diluted (cents per share)	**39.23**	0.41	**41.88**	2.48
Total earnings per share				
- basic (cents per share)	**46.26**	2.77	**53.50**	3.34
- diluted (cents per share)	**45.44**	2.73	**52.47**	3.32

6. INTANGIBLE ASSETS

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

	30 June 2011 (6 months)
At 1 January	**11,091**
Additions	**19,231**
Transferred to disposal group	**(575)**
At 30 June	**29,747**

7. PROPERTY, PLANT AND EQUIPMENT

	Mining property and plant	Office equipment	
Six months ended 30 June 2011	**West Africa**	**UK**	**Total**
	US$000	US$000	US$000
Cost			
At 1 January 2011	272,227	570	272,797
Additions	21,987	9	21,996
At 30 June 2011	**294,214**	**579**	**294,793**
Depreciation			
At 1 January 2011	32,494	324	32,818
Charge for the period	20,379	68	20,447
At 30 June 2011	**52,873**	**392**	**53,265**
Net Book Value			
At 30 June 2011	**241,341**	**187**	**241,528**
At 1 January 2011	239,733	246	239,979

The net book value of property plant and equipment in Malaysia and Indonesia, of US$0.3 million and US$2.5 million respectively, is included within the balance of the assets of disposal group held for sale (note 2). Since 24 December 2010, the date on which the criteria for being held for sale were met, no depreciation has been charged in the Group financial statements for the Malaysian and Indonesian assets, in accordance with IFRS. During the quarter, US$0.9 million was spent on property, plant and equipment additions in South East Asia.

8. Other financial liabilities

Other financial liabilities of US$41 million represent the balance outstanding under a project finance facility from Macquarie Bank Limited relating to the Inata gold project. US$6 million of the project finance facility was repaid in the three month period, in accordance with the facility terms. A total of US$12 million has been repaid in the year to date. $24 million of this project finance facility is due for repayment within one year.

US$25 million drawn under a corporate facility with Standard Chartered Bank was repaid on 24 June 2011 following the substantial completion of the sale of Company's South East Asian assets. The facility was secured on the Penjom assets.

During the quarter, the Group continued to make deliveries of gold from Inata production to meet forward sale contracts that were entered into as part of the Macquarie project finance facility. The contracts are considered to be outside the scope of IAS39, on the basis that they are for own use and at the balance sheet date it was intended that gold produced would continue to be delivered into these contracts in future periods, and therefore no value is reflected in the condensed consolidated financial statements. 24,792 ounces were delivered into the forward contracts during the quarter, at an average realised price of US$970 per ounce. At 30 June 2011, the hedge book had reduced to 299,401 ounces.

On 27 July 2011, Avocet announced that it had restructured these forward contracts, through a combination of a partial settlement for cash and an extension of the term over which the remaining hedged ounces are to be delivered. These changes mean that the 'own use exemption' may no longer be applicable.

9. Cash and cash equivalents

Included in Group cash and cash equivalents is US$14.7 million of restricted cash. US$14.0 million of restricted cash relates to the minimum account balance held in Macquarie Bank Limited, a condition of the Inata project finance facility, and US$0.7 million relates 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.

US$130 million of cash and cash equivalent is held on short term deposit, with a maturity of less than one month.

10. Non-operating items in the income statement

In arriving at net cash flow from operating activities, the following non-operating items in the income statement have been adjusted for:

	30 June 2011 (three months) Unaudited	30 June 2010 (three months) Unaudited	**30 June 2011 (six months) Unaudited**	30 June 2010 (six months) Unaudited
	US$000	US$000	**US$000**	US$000
Exchange losses/(gains) – continuing operations	**124**	257	**(28)**	221
Exchange (gains)/losses – discontinued operations	**(183)**	97	**(195)**	2
Finance expense – continuing operations	**1,356**	1,380	**3,032**	1,380
Net finance items – discontinued operations	**179**	-	**19**	(68)
(Profit)/loss on disposal of other financial assets	**(8,990)**	1,152	**(8,990)**	1,152
Profit on disposal of subsidiaries	**(72,807)**	-	**(72,807)**	-
Expenses of listing on Oslo Børs	**-**	2,363	**-**	2,363
Non-operating items in the income statement	**(80,321)**	5,249	**(78,969)**	5,050

11. Exceptional items

	30 June 2011 (3 months) Unaudited	30 June 2010 (3 months) Unaudited	30 June 2011 (6 months) Unaudited	30 June 2010 (6 months) Unaudited
	US$000	US$000	**US$000**	US$000
Profit on disposal of subsidiaries	**72,807**	-	72,807	-
Profit/(loss) on disposal of other financial assets	**8,990**	(1,152)	8,990	(1,152)
Profit on redemption of debenture	**-**	3,138	-	3,138
Expenses of listing on Oslo Børs	**-**	(2,363)	-	(2,363)
Exceptional gain/(loss)	**81,797**	(377)	81,797	(377)

Profit on disposal of subsidiaries

Profit on disposal of subsidiaries relates to the provisional profit on disposal of the Penjom mine and Avocet's 80% interest in PT Avocet Bolaang Mongondow, which holds the North Lanut mine. Further details of the provisional profit on disposal are included in note 2.

Profit/(loss) on disposal of other financial assets

During the period, Avocet disposed its entire holding of shares in Avion Gold Corp (Avion) for cash consideration of US$16.5 million. The Avion shares were acquired as consideration for the disposal of the Houndé group of licences in 2010. The shares were recorded in the balance sheet at fair value, with movements in fair value recognised in equity, in accordance with IAS39. On the disposal of the shares, accumulated gains previously recognised in equity were transferred to the income statement and recognised in the profit on disposal.

During the comparative period, Avocet disposed of the shares held in Dynasty Gold Corp (Dynasty). Shares in Dynasty were also recorded in the balance sheet at fair value, with movements in fair value recognised in equity. On the disposal of the shares, accumulated losses previously recognised in equity were transferred to the income statement and recognised in the loss on disposal.

Profit on redemption of debenture

In the comparative period, a profit on disposal arose from the redemption of a debenture held by Wega Mining AS, a wholly-owned subsidiary of Avocet Mining PLC, in Merit Mining Corp ("Merit"). This debenture, along with all remaining assets in Merit, had been fully written down as part of the fair value adjustments on the acquisition of Wega Mining. At the time of the acquisition it was not considered likely that Merit would have the resources to settle the debenture. Following the investment of approximately CA$16 million in Merit by Hong Kong Huakan Investment Co Ltd, the repayment was possible, and the gain was therefore classified as exceptional.

Oslo listing costs

On 16 June 2010 Avocet announced its successful listing on Oslo Børs. Costs of the listing, which were not directly attributable to new shares issued, were treated as exceptional costs in the period of the listing. These included US$1.8 million of Stamp Duty Reserve Tax costs following the transfer of existing Avocet shareholders from the UK based registration system to the Norwegian VPS share registration system.

12. OTHER FINANCIAL ASSETS

	30 June 2011 (3 months) Unaudited	30 June 2010 (3 months) Unaudited	**30 June 2011 (6 months) Unaudited**	30 June 2010 (6 months) Unaudited
	US$000	US$000	**US$000**	US$000
At 1 January/1 April	**17,186**	7,981	**20,293**	9,428
Disposals	**(17,390)**	(569)	**(17,390)**	(569)
Fair value adjustment	**204**	(1,229)	**(2,903)**	(2,676)
At 30 June	**-**	6,183	**-**	6,183

Other financial assets disposed of during the year represented the Company's interests in Avion Gold Corporation (see note 11).

Other financial assets disposed of during the comparative period represented the Company's interests of 19 per cent in Dynasty Gold Corporation (Dynasty) (see note 11).

Other financial assets at 30 June 2010 were a 15 per cent holding in Monument Mining Limited, a company listed on the TSX Venture Exchange in Canada.

All of the investments discussed above were accounted for as other financial assets rather than equity accounted, on the basis that the Company was not in a position to exercise significant influence over the activities of, and has no board representation in, any of the companies. The shares were measured at fair value, with gains or losses on re-measurement recognised in equity. On disposal, accumulated gains or losses previously recognised in equity were recognised in the income statement as an exceptional gain or loss (note 11).