



Trans-Siberian Gold

Interim Report 2005



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- Second subscription by AngloGold Ashanti completed
- Revised mining and metallurgical plans completed at Asacha
- Asacha project financing discussions continue with international and Russian banks
- Veduga pre-feasibility study nearing completion
- Geological structural model of Veduga project area completed
- Promising exploration indications at Bogunay

Managing Director's Report

I am pleased to report with our interim results to 30 June 2005, on a period of further progress in the development of its two gold projects at Asacha in Kamchatka, far east Russia, and at Veduga in Krasnoyarsk Krai, central Siberia.

Trans-Siberian Gold is in the development phase of its two projects and therefore received no operating income in the period. Administration expenses for the half year amounted to US\$3.2 million compared to US\$2.6 million for the corresponding period of 2004 and US\$6.1 million for 2004 as a whole.

The operating loss was US\$4.3 million (US\$2.3 million), after charging US\$1.1 million of exchange losses (US\$340,000 gain) from the impact of a strengthening US dollar on sterling denominated bank deposits. Interest earned was US\$314,000 (US\$282,000).

Capitalised exploration and evaluation expenditure and tangible assets increased by US\$4.4 million and US\$0.7 million respectively (US\$4.0 million and US\$0.3 million respectively). Prepayments of US\$1.8 million relating to the purchase of construction materials for the Asacha camp were also made. Cash in hand and at bank increased from US\$20.4 million to US\$22.9 million, including the receipt of US\$14.5 million net of issuing costs, from the second subscription for Trans-Siberian shares by AngloGold Ashanti Limited ("AGA") under the Subscription Agreement dated 30 June 2004 and subsequently amended.

Asacha Project, Kamchatka Oblast

Work continues in a number of areas to advance the project; however a full go-ahead decision for construction of the mine and processing facility has yet to be made.

Raising the debt finance for the project is now in process with the mandated banks (Standard Bank/EBRD) continuing their due diligence. Their consultants Hatch have reviewed the revised mining plan prepared by the Russian institute, VNIPIPromtehnologi. This revised mining plan took the mining plan prepared by AMC in the May 2004 feasibility study and adapted it to conform to Russian regulations. There are some outstanding issues in reconciling the State approved reserves with the JORC resource prepared by AMC, and there are concerns about the mining methods to be used in certain ground conditions and the amount of waste removal in the plan. Although these issues have yet to be resolved, the VNIPI plan has built-in flexibility to allow the mine operator to adapt mining methods to suit actual conditions.

Hatch also expressed concerns about certain elements of the metallurgical testwork on which the MDM feasibility study flowsheet was based. Consequently new samples were collected from across the orebody, and sent to the Russian institute, IRGIRIDMET, in Irkutsk for a programme of testwork. The MDM design for crushing and grinding was based on a bond index value of 23.0 kW.h/t, which was considered high. The new testwork has shown an average value of 14.6 kW.h/t, which will permit the utilisation of a smaller mill and reduce power consumption. In other respects the testwork has validated the design approach of MDM and allowed for some optimisation. A re-design of the proposed tailings facility based on a study of the options by IRGIRIDMET is in train.

In parallel with the dialogue with Standard Bank and EBRD, alternative debt finance sources from within Russia have been actively pursued. Discussions are advanced with two leading Russian State-owned banks, Sberbank and Vneshtorgbank.

In Kamchatka work is in progress to finish and upgrade the 60 km access road to the mine which was constructed in 2004. The General Contractor has been mobilised to assemble the prefabricated camp which was acquired in 2004 and shipped to Kamchatka. Following environmental approval by the State Expertise in Moscow, reclassification of forest land for industrial purposes has begun, initially with category three forest covering the main site area. Plans are in hand to start the rehabilitation of the existing underground workings as a prelude to mining.

Major equipment items for the mine, power generation plant and processing facility have been sourced and are ready to be ordered.

An application for an amendment to the Asacha licence condition covering the timing of the first 1,000 kg of gold production has been lodged with the requisite authorities and is being processed.

The diamond drilling programme started in July 2004 was finished in July 2005. The principal reason for the drilling was to upgrade the inferred resources to measured and indicated and to delineate the orebody at depth. In total some 24,500 m were drilled, 9,000 m by contractors and 15,500 m by the Company's own Boart Longyear LM55 wireline rig. The majority of the drilling has been either in-fill or step-out from the main vein zone containing the current resources. There have been 19 intersections above 5 g/t gold of which 13 had values in excess of 10 g/t and five over 20 g/t. There have also been 35 low grade (between 1 and 5 g/t) intersections. All intersections were narrow (average 1.66 m) and have associated silver values. The local geologists calculate that the drilling has added about 30,000 oz or about 5% to the current Asacha Russian resource figure and some reclassification will also result. Although these results have been input to the Datamine database for Asacha no new resource calculation has, as yet, been made.

Plans have been drawn up by the Company's geologists for an exploration drilling programme designed to delineate new resources within the 24 sq km Asacha licence from targets separate from the current ore zone. Eight prospective targets have been identified based on the recommendations of Dr Greg Corbett, who visited the area in 2001 and 2003, and also of AGA's geologist Eric Roth who was there in February 2005.

Veduga Project, Krasnoyarsk Krai

The pre-feasibility study being undertaken by Aker Kvaerner is close to completion. The parallel "Substantiation of Investment" study by the Moscow institute Giprotsvetmet, required for Russian permitting purposes, is also nearing completion. Based on testwork results, three viable processing options for the partially refractory Veduga ore are being evaluated – whole ore pressure oxidation, concentrate pressure oxidation and concentrate bio-oxidation. All three routes are energy intensive and it is evident that the availabilities and costs of power are going to be key drivers in the economic evaluation. Open pittable

Managing Director's Report continued

ore reserve estimates for all three options have been established by DMT, together with an oxide reserve and options for underground mining. A throughput rate of the order of 850,000 tpa is envisaged. Associated laboratory testwork for the three processing options, geotechnical work and environmental base line studies have also been carried out.

During the year to the end of August 2005 a total of some 11,800 m of drilling has been completed at Veduga, 4,000 by a contractor and 7,800 by the Company's own rigs. About 5,800 m of the drilling has been directly linked to the pre-feasibility study (data verification, hydrogeological/geotechnical and sterilisation). 6,000 m have been exploratory but in and around existing orebodies to delineate these and to improve the resource definition. Grade has been encountered in 34 holes, with values in line with previous results.

Under the auspices of the AGA Technical Consultancy Agreement a major re-interpretation of the structural controls of the Veduga orebodies has been carried out by the Company's geologists and AGA's Dr Rod Holcombe. This has involved extensive new mechanical trenching (of the order of 5,000 m) and re-logging of 8,500 m of old drill core. This new structural model explains the main features of the geology of the Veduga area in the vicinity of the orebodies. The timing of mineralisation in relation to deformation and the formation of key faults can now be determined with confidence. This and preliminary results from the trenching has opened up new possibilities in a number of areas.

In the Greater Licence Area field work has continued. In the area immediately to the south and southwest of the main Veduga orebodies (the Interessny and Western zones) where low grade mineralisation in metasediments was encountered in 2004 a systematic trenching programme has been completed with some promising visible indications. To the north (about 2 km from the main Veduga ore zones) in the Powerline prospect a recently drilled diamond drill hole over a soil anomaly encountered a 30 metre interval of sulphide mineralisation (pyrite and arsenopyrite).

Bogunay, Krasnoyarsk Krai

Exploration activity in the 47.5 sq km Bogunay licence 150 km east of Krasnoyarsk city, which was acquired in 2004, has been concentrated in two areas, the Krasnoyarsky zone, the location of mining activity in the 1940s, and the new Bogunay Vostochny prospect in the eastern part of the property. Some promising indications have resulted.

In the Krasnoyarsky zone 20 trenches have been cut across the 2.3 km known strike extent. Mineralisation is associated with "beresitic" alteration with widths of the order of 10 m. Few results of sampling are yet to hand however in one trench, K 26, located in the vicinity of an old adit (no. 16) a 12 m auriferous zone has been identified with economic mineralisation over 5 m including a 1.25 m section assaying 16 g/t gold. It is evident that the Krasnoyarsky zone has high grade sections however it appears that they may be sporadic. More results are needed before any conclusions can be drawn.

The metalliferous potential of the Vostochny prospect area was confirmed by a soil geochemical survey carried out in May 2005 from which the presence of gold, zinc and

lead at levels 50 to 100 times above background were detected. The anomaly, as defined geochemically, has a strike length of over 1 km, trending NW and conformable with the regional structure of the Bogunay sector of the Angara-Kansk Block, and a width of some 300 m. Using the plans of the geochemical and geophysical surveys, a series of six trench lines have been cut across the anomalous zone in a NE direction exposing segments along 700 m of the anomaly. The exposures in the trenches reveal a zone of strongly developed and continuous beresitic alteration with a width of 80 to 100 m. This is very well exposed in trenches 41 and 44. Within the zone of beresitic alteration finely disseminated pyrite is ubiquitous. Locally there are zones up to 1 to 2 m wide with chalcopyrite and associated galena. 100 channel samples are being sent to IRGIRIDMET for analysis. As the Vostochny prospect lies within a well-developed system of hydrothermal alteration with a paragenesis of sulphide minerals more or less identical to that found in the main Bogunay workings the Company's geologists are optimistic that significant gold values will be returned. If that is confirmed, a follow-up drilling programme would be justified.

Jocelyn Waller

20 September 2005

Independent Review Report to Trans-Siberian Gold plc

Introduction

We have been instructed by the Company to review the financial information for the six months ended 30 June 2005 which comprises the consolidated interim balance sheet as at 30 June 2005, the related consolidated profit and loss account and cash flow statement for the six months then ended and related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2005.

PricewaterhouseCoopers LLP

Chartered Accountants
London
20 September 2005

Consolidated Profit and Loss Account

for the six months ended 30 June 2005

	Reviewed 6 months to 30.06.2005 US\$	Unaudited 6 months to 30.06.2004 US\$	Audited 12 months to 31.12.2004 US\$
TURNOVER	-	-	-
Administration expenses	(3,200,832)	(2,641,890)	(6,055,468)
Exchange (loss) gain ⁱ	(1,140,911)	340,924	1,635,704
OPERATING LOSS	(4,341,743)	(2,300,966)	(4,419,764)
Interest receivable and similar income	313,521	282,466	677,861
Loss on ordinary activities before taxation	(4,028,222)	(2,018,500)	(3,741,903)
Tax on loss on ordinary activities	(6,781)	-	(50,340)
	(4,035,003)	(2,018,500)	(3,792,243)
Minority interest – equity	-	73,770	134,518
LOSS FOR THE PERIOD	(4,035,003)	(1,944,730)	(3,657,725)
Basic loss per ordinary share (cents)	10.41	6.79	11.60

There is no difference between the loss on ordinary activities before taxation and the loss for the financial period stated above and their historical cost equivalents.

There are no recognised gains or losses other than those stated above.

i Exchange loss of \$1,140,911 principally reflects the appreciation of the US dollar on sterling cash deposits.

Consolidated Balance Sheet

at 30 June 2005

	Note	Reviewed 30.06.2005 US\$	Unaudited 30.06.2004 US\$	Audited 31.12.2004 US\$
FIXED ASSETS				
Exploration and evaluation properties	1	22,158,368	13,100,521	17,787,680
Tangible assets	2	9,743,571	2,946,993	9,016,252
TOTAL FIXED ASSETS		31,901,939	16,047,514	26,803,932
CURRENT ASSETS				
Debtors				
Amounts falling due within one year		3,312,943	1,027,425	1,253,597
Amounts falling due after more than one year		4,105,215	1,689,182	3,198,513
		7,418,158	2,716,607	4,452,110
Cash at bank		22,866,955	19,440,305	20,419,335
		30,285,113	22,156,912	24,871,445
CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR				
		(1,526,250)	(1,119,263)	(1,473,270)
NET CURRENT ASSETS		28,758,863	21,037,649	23,398,175
TOTAL ASSETS LESS CURRENT LIABILITIES				
		60,660,802	37,085,163	50,202,107
Provisions for liabilities and charges		(83,177)	–	(83,177)
NET ASSETS		60,577,625	37,085,163	50,118,930
CAPITAL AND RESERVES				
Called up share capital	3	6,933,497	4,693,974	5,815,464
Share premium account	4	60,846,822	33,785,135	47,471,157
Profit and loss account	4	(7,202,694)	(1,454,696)	(3,167,691)
SHAREHOLDERS' FUNDS		60,577,625	37,024,413	50,118,930
Minority Interest		–	60,750	–
CAPITAL EMPLOYED		60,577,625	37,085,163	50,118,930

Consolidated Cash Flow Statement

for the six months ended 30 June 2005

	Note	Reviewed 6 months to 30.06.2005 US\$	Unaudited 6 months to 30.06.2004 US\$	Audited 12 months to 31.12.2004 US\$
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	5	(4,065,762)	(3,366,884)	(8,272,983)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received		331,337	331,262	706,465
Interest paid		-	-	-
Net cash inflow from returns on investments and servicing of finance		331,337	331,262	706,465
CORPORATION TAX PAID		(8,887)	-	(48,234)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT				
Purchase of tangible fixed assets ⁱⁱ		(2,947,471)	(1,424,940)	(7,686,456)
Receipts from disposal of tangible fixed assets		-	-	1,000
Exploration and evaluation expenditure		(4,486,921)	(3,964,452)	(8,013,515)
Net cash outflow from capital expenditure and financial investment		(7,434,392)	(5,389,392)	(15,698,971)
ACQUISITIONS				
Payments to acquire subsidiary undertakings		-	-	(120,951)
Cash held by subsidiaries acquired		-	-	-
Net cash outflow from acquisitions		-	-	(120,951)
NET CASH OUTFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING		(11,177,704)	(8,425,014)	(23,434,674)
MANAGEMENT OF LIQUID RESOURCES				
(Increase) decrease in bank deposits		(2,343,758)	10,110,714	8,703,504
FINANCING				
Issue of ordinary shares, net of expenses		14,493,698	141,380	14,948,892
INCREASE IN CASH FOR THE PERIOD		972,236	1,827,080	217,722
RECONCILIATION OF CASH BALANCES				
Cash at start of period		1,066,072	846,369	846,369
Currency exchange differences		(1,993)	(19,272)	1,981
Increase in cash for the period		972,236	1,827,080	217,722
CASH AT END OF PERIOD		2,036,315	2,654,177	1,066,072

ii Purchase of tangible fixed assets of \$2,947,471 includes prepayments of \$1,839,969 relating to the purchase of construction materials for the Asacha camp.

Notes to the Financial Statements

1. EXPLORATION AND EVALUATION PROPERTIES

Movements on deferred exploration and evaluation expenditure, by location of the property, are as follows:

	01.01.2005 US\$	Additions US\$	30.06.2005 US\$
Kamchatka – Asacha	7,756,941	1,804,007	9,560,948
Krasnoyarsk – Veduga	9,701,888	2,395,540	12,097,428
Krasnoyarsk – Bogunay	328,851	171,141	499,992
	17,787,680	4,370,688	22,158,368

2. TANGIBLE FIXED ASSETS

	Buildings US\$	Plant and machinery US\$	Motor vehicles US\$	Office equipment and furniture US\$	Assets under construction ^a US\$	Total US\$
COST						
At 01.01.2005	839,710	1,713,727	641,505	499,470	5,719,892	9,414,304
Additions	5,680	82,407	501,419	41,932	476,064	1,107,502
Disposals	(2,182)	(4,115)	–	(335)	–	(6,632)
At 30.06.2005	843,208	1,792,019	1,142,924	541,067	6,195,956	10,515,174
ACCUMULATED DEPRECIATION						
At 01.01.2005	(41,865)	(145,203)	(82,602)	(128,382)	–	(398,052)
Charge for period ^b	(79,859)	(142,446)	(71,429)	(81,133)	–	(374,867)
Disposals	436	857	–	23	–	1,316
At 30.06.2005	(121,288)	(286,792)	(154,031)	(209,492)	–	(771,603)
NET BOOK VALUE						
At 31.12.2004	797,845	1,568,524	558,903	371,088	5,719,892	9,016,252
At 30.06.2005	721,920	1,505,227	988,893	331,575	6,195,956	9,743,571

a Assets under construction comprises \$3,474,526 in relation to the construction of an access road to Asacha, and \$2,684,552 for building construction and \$36,878 for plant and equipment at Asacha, Veduga and Bogunay.

b \$293,424 of the depreciation charge related to fixed assets used on exploration and evaluation projects and was charged to deferred costs in accordance with the Group's accounting policy.

3. CALLED UP SHARE CAPITAL

	Number	30.06.2005 £	Number	31.12.2004 £
AUTHORISED				
Ordinary shares of 10p each	100,000,000	10,000,000	100,000,000	10,000,000

	Number	30.06.2005 US\$	Number	31.12.2004 US\$
ALLOTTED AND FULLY PAID				
At the beginning of period	34,932,364	5,815,464	28,650,779	4,675,704
Shares issued:				
Placing for cash	6,131,585	1,118,033	6,131,585	1,112,147
Options exercised	-	-	150,000	27,613
At the end of period	41,063,949	6,933,497	34,932,364	5,815,464

On 31 May 2005, 6,131,585 ordinary shares of 10p each were issued at 130p for a total cash consideration, before issuing costs, of £8.0 million (\$14,534,432) to AngloGold Ashanti Limited, being the second subscription under the Subscription Agreement dated 30 June 2004 as amended on 22 December 2004, 15 April 2005 and 27 April 2005. The revised terms of the Subscription Agreement were approved by the Company's shareholders at the EGM on 27 May 2005.

4. RESERVES

SHARE PREMIUM

	30.06.2005 US\$	31.12.2004 US\$
At the beginning of period	47,471,157	33,721,190
Shares issued:		
Placing for cash – gross	13,416,399	14,118,705
– costs	(40,734)	(465,384)
Options exercised	13,375,665	13,653,321
	-	96,646
At the end of period	60,846,822	47,471,157

PROFIT AND LOSS ACCOUNT

	30.06.2005 US\$	31.12.2004 US\$
At the beginning of period	(3,167,691)	490,034
Loss for the period	(4,035,003)	(3,657,725)
At the end of period	(7,202,694)	(3,167,691)

Notes to the Financial Statements continued

5. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	6 months to 30.06.2005 US\$	6 months to 30.06.2004 US\$	12 months to 31.12.2004 US\$
Operating loss	(4,341,743)	(2,300,966)	(4,419,764)
Depreciation	81,443	90,948	128,802
Loss on disposal of fixed assets	5,316	49,250	5,045
Provision for liabilities and charges	-	-	83,177
Increase in debtors and prepayments	(151,016)	(287,949)	(615,485)
Increase in VAT debtor	(833,774)	(596,901)	(2,195,467)
Increase in creditors and accruals	305,638	19,658	262,811
Loss (profit) on foreign exchange	868,374	(340,924)	(1,522,102)
Net cash outflow from operating activities	(4,065,762)	(3,366,884)	(8,272,983)

The Interim Report was approved by the Board of Directors on 20 September 2005.

Directors and Advisors

Directors

Jeremy Marshall	Non-executive Chairman
Jocelyn Waller	Managing Director
Simon Olsen	Finance Director & Company Secretary
Richard Watts	Operations Director
Philip Bowring	Non-executive
Peter Burnell	Non-executive
Richard Duffy	Non-executive
Benjamin Guenther	Non-executive

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Jeremy Marshall
Peter Burnell
Richard Duffy

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