

# TRANS-SIBERIAN GOLD

Investing in Russian Gold

## news release

For immediate release: Thursday, 23 September 2004

### Trans-Siberian Gold plc

### Results for the half year ended 30 June 2004

#### Highlights

**LONDON: 23 September 2004:** Trans-Siberian Gold plc ("Trans-Siberian") (TSG.L) is pleased to report its interim results to 30 June 2004. The Company's two gold projects in Russia, at Asacha in Kamchatka, Far East Russia, and Veduga in Krasnoyarsk Krai, central Siberia, are under development thus the company received no operating income in the period. Expenditure for the half year amounted to US\$2.7m compared to US\$1.4m in the previous period. This change reflects additional technical and support requirements related to the considerable increase in development activities at Trans-Siberian Gold's projects in Russia.

The operating loss was US\$2.0m (6 months to June 2003 US\$0.8m) after crediting US\$341,000 of exceptional exchange gains arising on sterling denominated bank deposits. Cash at bank and in hand reduced from US\$27.4m to US\$19.4m during the half year to June 2004. Capitalised exploration and evaluation expenditure and fixed asset purchases during the period amounted to US\$4.0m and US\$1.4m respectively (6 months to June 2003 US\$2.1m and US\$0.3m respectively.)

Since the end of the period AngloGold Ashanti Limited completed its first subscription for Trans-Siberian shares under the Subscription Agreement approved by shareholders at the Annual General Meeting on 27 July 2004, resulting in the receipt of US\$14.8m, net of issuing costs.

In Kamchatka, contractors have been engaged to construct the 60 kilometres of road to connect the Asacha site to the existing Elisivo-Mutnovskaya road. This phase of the work budgeted at \$3.4 million is underway and will be completed by winter. On site a 60 bed fully-appointed accommodation block is now installed and usable. A drilling programme combining condemnation drilling over the proposed plant site and exploration to test nine targets in the vicinity of the established Asacha veins commenced in July and will continue through the winter with up to 3 rigs in operation.

Contracts for detailed engineering design and adaptation of the TEO (Russian feasibility study) are under negotiation with a licenced Russian institute. Supervision will be provided by external engineering and construction companies. A suitable, licenced Russian general contractor to undertake the construction has been identified. Quotations have been received for the supply of the equipment for the processing plant and also for a 240 man accommodation block. These are being evaluated.

The EBRD and Standard Bank London have been mandated to provide up to \$35 million in project finance for the Asacha project. The technical and legal due diligence process is almost complete and

loan documentation is under preparation. The estimated capital cost for the project per the BFS (bankable feasibility study) is \$54 million.

In Krasnoyarsk exploration at Veduga has continued apace. Drilling in the main zone has increased resources by 19% to 2.8 million oz gold. Additionally, in the Veduga Greater Licence Area, extensive areas of low grade gold mineralisation have been encountered in three areas to the south, south west and west of the main zone, with grades of 1 to 3 g/t evident in a number of drill holes. Further drilling is planned for the winter of 2004/5.

As precursors to a feasibility study on Veduga, environmental base line studies, detailed mapping and surveying and drilling for metallurgical samples have been carried out. Contract negotiations for Aker Kvaerner to carry out a pre-feasibility study, concentrating on establishing a definitive oxidation process route, are close to finalisation. Negotiations are also advanced with a licenced Russian institute to undertake the Russian TEO which provides the basis for construction permitting.

In July, Trans-Siberian signed an agreement to acquire the local company holding the 47.5km<sup>2</sup> Bogunay licence 150km east of the city of Krasnoyarsk, subject to final due diligence and regulatory clearance. Completion is imminent, but in the meantime the Company's local subsidiary, "Amikan", has taken over management and exploration activities have begun.

Ends

For further enquiries:

Jocelyn Waller, Managing Director  
Trans-Siberian Gold plc +7 095 7750768/+44(0)7778 164 376

Andrew Dinning, Business Development Manager  
Trans-Siberian Gold plc 01223 265 767/+44(0)7986 800 499

Simon Rothschild, Bankside Consultants 020 7444 4153/+44(0)7703 167 065

**TRANS-SIBERIAN GOLD PLC**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE 6 MONTHS ENDED 30 JUNE 2004  
(UNAUDITED)**

	<b>6 months ended 30 June 2004 US\$</b>	<b>6 months ended 30 June 2003 US\$</b>	<b>Year ended 31 December 2003 US\$</b>
<b>Turnover</b>	-	-	-
Other income	10,646	-	-
Administration expenses	(2,652,536)	(848,643)	(2,150,067)
Exceptional exchange gain <sup>3</sup>	340,924	3,860	880,904
<b>Operating loss</b>	<b>(2,300,966)</b>	<b>(844,783)</b>	<b>(1,269,163)</b>
Interest receivable and similar income	282,466	8,811	91,606
<b>Loss on ordinary activities before taxation</b>	<b>(2,018,500)</b>	<b>(835,972)</b>	<b>(1,177,557)</b>
Tax on loss on ordinary activities	-	-	-
	(2,018,500)	(835,972)	(1,177,557)
Minority interest - equity	73,770	15,014	42,105
<b>Loss for the financial period</b>	<b>(1,944,730)</b>	<b>(820,958)</b>	<b>(1,135,452)</b>
<b>Basic loss per ordinary share (cents)</b>	<b>6.79</b>	<b>5.73</b>	<b>7.10</b>
<b>Fully diluted loss per ordinary share (cents)</b>	<b>5.83</b>	<b>5.13</b>	<b>6.29</b>

**NOTES:**

1. 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.
2. There are no recognised gains or losses other than those stated above.
3. Exceptional exchange gain of US\$340,924 principally reflects the depreciation of the US Dollar on funds held on sterling deposit.

TRANS-SIBERIAN GOLD PLC

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2004 (UNAUDITED)

	Note	As at 30 June 2004 US\$	As at 30 June 2003 US\$	As at 31 December 2003 US\$
<b>Fixed assets</b>				
Exploration and evaluation properties	1	13,100,521	6,795,028	9,279,810
Tangible assets	2	2,946,993	461,692	2,106,706
<b>Total fixed assets</b>		<b>16,047,514</b>	<b>7,256,720</b>	<b>11,386,516</b>
<b>Current assets</b>				
Stocks - consumables		-	41,493	-
Debtors				
<i>Amounts falling due within one year</i>		<i>1,027,425</i>	<i>644,651</i>	<i>524,522</i>
<i>Amounts falling due after more than one year</i>		<i>1,689,182</i>	<i>510,169</i>	<i>950,083</i>
		2,716,607	1,154,820	1,474,605
Cash at bank and in hand		19,440,305	1,641,898	27,383,015
		22,156,912	2,838,211	28,857,620
<b>Creditors – amounts falling due within one year</b>		<b>(1,119,263)</b>	<b>(371,898)</b>	<b>(1,222,690)</b>
<b>Net current assets</b>		<b>21,037,649</b>	<b>2,466,313</b>	<b>27,634,930</b>
<b>Total assets less current liabilities</b>		<b>37,085,163</b>	<b>9,723,033</b>	<b>39,021,446</b>
<b>Net assets</b>		<b>37,085,163</b>	<b>9,723,033</b>	<b>39,021,446</b>
<b>Capital and reserves</b>				
Called up share capital	3	4,693,974	1,121,474	4,675,704
Share premium account	4	33,785,135	11,135,422	33,721,190
Profit and loss account	4	(1,454,696)	(2,695,472)	490,034
<b>Shareholders' funds</b>		<b>37,024,413</b>	<b>9,561,424</b>	<b>38,886,928</b>
Minority Interest		60,750	161,609	134,518
<b>Capital employed</b>		<b>37,085,163</b>	<b>9,723,033</b>	<b>39,021,446</b>

TRANS-SIBERIAN GOLD PLC

CONSOLIDATED CASH FLOW STATEMENT FOR THE 6 MONTHS ENDED 30 JUNE 2004  
(UNAUDITED)

		6 months ended 30 June 2004	6 months ended 30 June 2003	Year ended 31 December 2003
	Note	US\$	US\$	US\$
<b>Net cash outflow from operating activities</b>	5	(3,366,884)	(668,791)	(2,289,541)
<b>Returns on investments and servicing of finance</b>				
Interest received		331,262	8,811	42,811
Interest paid		-	-	-
Net cash inflow/(outflow) from returns on investments and servicing of finance		331,262	8,811	42,811
<b>Capital expenditure and financial investment</b>				
Purchase of tangible fixed assets		(1,424,940)	(331,688)	(1,568,159)
Exploration and evaluation expenditure		(3,964,452)	(2,406,469)	(4,189,135)
Loans advanced to OOO Amikan		-	-	-
Net cash outflow from capital expenditure and financial investment		(5,389,392)	(2,738,157)	(5,757,294)
<b>Acquisitions</b>				
Payments to acquire subsidiary undertakings		-	-	-
Cash held by subsidiaries acquired		-	-	-
Net cash outflow from acquisitions		-	-	-
<b>Net cash outflow before use of liquid resources and financing</b>		(8,425,014)	(3,398,137)	(8,004,024)
<b>Management of liquid resources</b>				
Decrease/(Increase) in bank deposits		10,110,714	2,200,000	(23,460,436)
<b>Financing</b>				
Issue of ordinary shares, net of expenses		141,380	2,372,320	31,842,280
<b>Increase in cash for the period</b>		<b>1,827,080</b>	<b>1,174,183</b>	<b>377,820</b>
<b>Reconciliation of FRS 1 cash balances</b>				
Cash at start of period		846,369	463,855	463,855
Currency exchange differences		(19,272)	3,860	4,694
Increase in cash for the period		1,827,080	1,174,183	377,820
<b>Cash at end of period</b>		<b>2,654,177</b>	<b>1,641,898</b>	<b>846,369</b>

## 1. EXPLORATION AND EVALUATION PROPERTIES

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

	1 January 2004 US\$	Additions US\$	30 June 2004 US\$
Kamchatka	4,642,113	1,213,403	5,855,516
Krasnoyarsk	4,637,697	2,607,308	7,245,005
	<b>9,279,810</b>	<b>3,820,711</b>	<b>13,100,521</b>

## 2. GROUP TANGIBLE FIXED ASSETS

	Buildings	Plant and Machinery	Motor vehicles	Office equipment and furniture	Assets under construction	Total
	US\$	US\$	US\$	US\$	US\$	US\$
<b>Cost</b>						
At 1 January 2004	325,774	578,562	126,300	155,927	996,756	2,183,319
Additions	141,826	467,884	95,939	274,836	-	980,485
Disposals	(2,958)	(49,744)	-	-	-	(52,702)
Reclassification	-	996,756	-	-	(996,756)	-
<b>At 30 June 2004</b>	<b>464,642</b>	<b>1,993,458</b>	<b>222,239</b>	<b>430,763</b>	<b>-</b>	<b>3,111,102</b>
<b>Accumulated depreciation</b>						
At 1 January 2004	(1,518)	(24,187)	(18,090)	(32,818)	-	(76,613)
Depreciation for period	(4,772)	(34,918)	(14,736)	(36,522)	-	(90,948)
Disposals	580	2,872	-	-	-	3,452
<b>At 30 June 2004</b>	<b>(5,710)</b>	<b>(56,233)</b>	<b>(32,826)</b>	<b>(69,340)</b>	<b>-</b>	<b>(164,109)</b>
<b>Net book value</b>						
At 31 December 2003	324,256	554,375	108,210	123,109	996,756	2,106,706
<b>At 30 June 2004</b>	<b>458,932</b>	<b>1,937,225</b>	<b>189,413</b>	<b>361,423</b>	<b>-</b>	<b>2,946,993</b>

Assets under construction comprised two drill rigs and other equipment being adapted for use in Russia and delivered to the group during the 6 months to 30 June 2004.

### 3. CALLED UP SHARE CAPITAL

	As at 30 June 2004	As at 31 December 2003
	£	£
<b>Authorised</b>		
50,000,000 ordinary shares of 10p each	5,000,000	5,000,000
	<b>US\$</b>	<b>US\$</b>
<b>Allotted and fully paid</b>		
28,750,779 ordinary shares of 10p each (31 December 2003 – 28,650,779)	4,693,974	4,675,704

During the 6 months to 30 June 2004, 100,000 employee share options were exercised at a price of £0.45 per share. The nominal value of these share options was £10,000 (US\$18,270) and the aggregate consideration received was £45,000 (US\$82,215).

On 3 August 2004 AngloGold Ashanti Limited completed the first subscription in shares of Tran-Siberian Gold under the Subscription Agreement which was approved by Trans-Siberian Gold's shareholders at the annual general meeting on 27 July 2004. 6,131,585 new ordinary shares of 10p were issued at a price of 136.95p. The nominal value of the shares was £613,159 (US\$1,112,147) and the aggregate consideration received was £8,397,206 (US\$15,230,851).

### 4. RESERVES

	Profit and loss account	Share premium account
	US\$	US\$
Balance as at 1 January 2004	490,034	33,721,190
Premium on shares issued	-	63,945
Loss for the financial period	(1,944,730)	-
<b>Balance as at 30 June 2004</b>	<b>(1,454,696)</b>	<b>33,785,135</b>

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

	6 months ended 30 June 2004	Year ended 31 December 2003
	US\$	US\$
<b>Operating loss</b>	(2,300,966)	(1,269,163)
Depreciation	90,948	61,000
Loss on disposal of fixed assets	49,250	10,638
Exploration expenditure written off	-	-
Decrease/(Increase) in stocks	-	14,055
(Increase) in debtors and prepayments	(287,949)	(56,864)
Increase in creditors and accruals	19,658	291,947
Increase in VAT debtor	(596,901)	(896,267)
Profit on foreign exchange	(340,924)	(880,904)
Expenses paid through issue of shares	-	436,017
<b>Net cash outflow from operating activities</b>	<b>(3,366,884)</b>	<b>(2,289,541)</b>