

Anglo Asian Mining PLC

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Anglo Asian declares maiden dividend which could "nearly double next year" says broker

Anglo Asian Mining Plc's (LON:AAZ) half-year results saw the declaration of its maiden dividend following a swing to profit, but broker SP Angel thinks it will go further, saying the firm's dividend could "nearly double next year".

Based on previously released commodity price and production assumptions, the broker added that Anglo Asian could be "one of the top-yielding precious metals producers on the London market".

READ: Anglo Asian Mining to hit upper end of guidance after strong production quarter

The fact that shares in the AIM-listed group have risen over 85% since January, boosted by a jump following the latest results, suggests investors may share SP Angel's optimism.

If the broker, which has a price target of 84p on the stock, continues to reflect market sentiment there could be much more coming for Anglo's shareholders.

There are several reasons for this price strength, but the central one is that Anglo Asian has been expanding operations and upgrading resources at its three mines in Azerbaijan.

Three gold and gold-copper mines supported by exploration
Its main mine is the Gedabek gold-copper open pit. Nearby are the high grade underground Gadir gold-copper mine and the Gosha underground gold mine.

In September the firm boosted the total gold and copper resource amount at the Gedabek open pit to 985,697 ounces of gold, 63,375 tonnes of copper and 8.2mln ounces of silver.

The measured and indicated portion rings in at 796,269 ounces of gold, 53,676 tonnes of copper and 6.8mln ounces of silver, while the proved plus probable reserves contain 343,160 ounces of gold, 36,011 tonnes of copper and 3.4mln ounces of silver.

But it's not just the mines themselves. The Gedabek contract area also has significant exploration potential along a mineralised belt within its 300 square kilometre area.

Underground link-up between Gadir and Gedabek underway

Construction of a tunnel between Gadir and the Gedabek underground mineralisation is also underway with some 600 metres of tunnelling completed in July.

This work also intersected Gedabek-style mineralisation at the end of the tunnel drive.

It is further planned to extend this tunnel along the Gedabek mineralisation beneath the back wall of the open pit and to

Price: 73.5p

Market Cap: £84.08M

1 Year Share Price Graph



October 2017 April 2018 October 2018

Share Information

Code: AAZ

Listing: ISE

52 week High Low
76.00p 26.70p

Sector: General Mining - Gold

Website: www.angloasianmining.com

Company Synopsis:

Anglo Asian Mining PLC is an AIM quoted (ticker - AAZ) company with a portfolio of gold, copper and silver production and exploration assets in Azerbaijan. The Group has a 1,926 square kilometre portfolio of gold, silver and copper properties at various stages of the development cycle.

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fan drill to assess the mining potential for an underground mine.

Strong first half

In addition to the maiden dividend, the miner also delivered a 22% year-on-year increase in total production of gold equivalent ounces, swinging to a pre-tax profit of US\$8.1mln from a US\$1.3mln loss the year before as revenues climbed to US\$40mln from US\$29.8mln.

The hefty rise in revenues was attributed to higher production and an increase in the average selling price of metals, with gold bullion sales reaching 25,778 ounces at US\$1,319 each from 15,689 ounces at US\$1,238 each in the year-ago period, offsetting a reduction in sales of copper concentrate which were down to 2,344 dry metric tonnes (dmt) at US\$5.9mln from 5,396 dmt at US\$10.3mln in the first half of 2017.

The all sustaining cost of production per ounce of gold also fell 4% to US\$543 compared to the same period a year ago. At the current gold price of US\$1,206 per ounce, this translates to a profit of US\$663 for every ounce mined.

That margin has helped boost the company's cash balance to US\$12.5mln from US\$2.5mln last year and slashing its net debt from US\$18.1mln to US\$2.9mln.

However, the company has moved into a net cash position since the end of the reporting period, allowing it to declare the maiden dividend payment of US\$0.03 per share.

Anglo also says under its new dividend policy it will aim to distribute around 25% of its free cash flow to shareholders each year.

For the whole of 2018, the company is targeting between 78,000 to 84,000 gold equivalent ounces (GEOs), a 13% increase from 2017.

In October, it added it would hit the upper end of the estimate after a strong third quarter.

At 61.5p, Anglo Asian has a market cap of around £67.4mln.

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