



AIM Announcement

19 January 2021

AIM: AAZ

## Anglo Asian Mining makes new copper-gold discovery at Zafer, Gedabek Contract Area, Azerbaijan

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### Highlights

- Copper-gold mineral occurrence discovered approximately 1.5 kilometres northwest of the Company's Gedabek processing plant.
- Discoveries made through follow-up of field mapping associated with three ZTEM targets.
- Significant drill hole intersection of copper-gold mineralisation - 113 metres at 0.5 per cent. copper and 0.7 grammes per tonne gold.
- Maximum grades within all drill holes to date of up to 6.0 per cent. copper, 14.6 per cent. zinc and 12.4 grammes per tonne gold.
- Initial phase of core drilling has commenced, which has provided significant mineralised intersections.
- Ground-based geophysics carried out to target drill programme.

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**Anglo Asian Mining PLC** ("AAM" or "the Company"), the AIM-listed gold, copper and silver producer focused in Azerbaijan, is pleased to announce the discovery of a laterally-extensive body hosting copper-gold mineralisation, herein termed "**Zafer**", located within the Gedabek Contract Area.

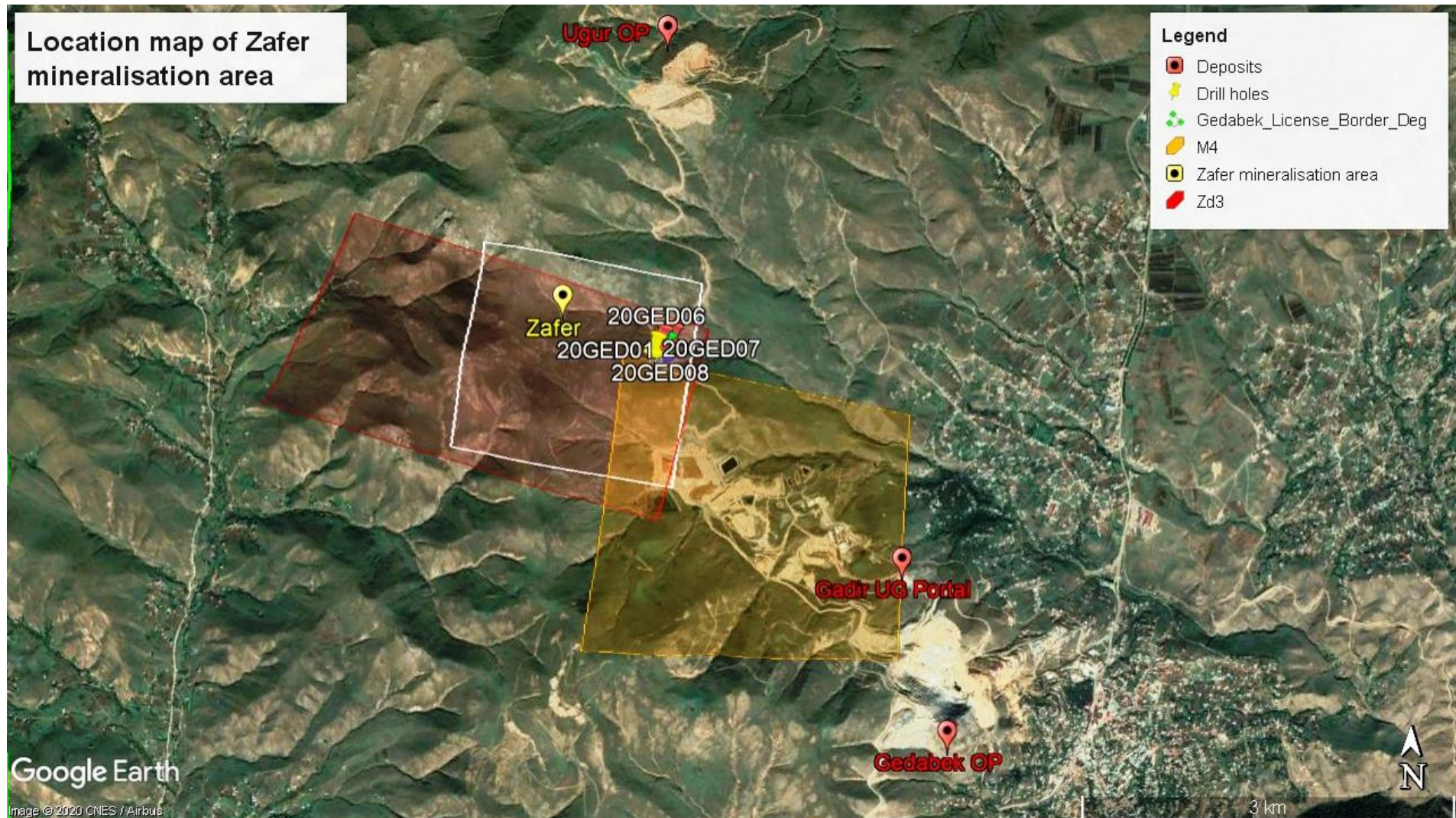
### Zafer Project Discovery

Zafer is a new mineral occurrence that was discovered during Q3 2020, whilst fieldwork was being conducted over the region.

Anglo Asian's in-house exploration group has defined a new mineral occurrence named Zafer, approximately 1.5 kilometres northwest of the Company's Gedabek processing facilities. The mineral occurrence was identified by geological exploration follow-up of field mapping between ZTEM targets. Geological, structural and alteration mapping was used to target the initial drilling, which commenced in August 2020. A series of drill holes demonstrated that the geology progressively moved from altered rock into weakly mineralised rocks and finally into the zone of significant mineralisation.

A location map is provided in Figure 1.

**Figure 1** – A map showing the location of Zafer, relative to the current mine locations. The location of the mineralised zone coincides with overlaps of ZTEM anomaly target area and sits within a NW-SE geological structure. Image from [2].



## Zafer Geology

This area was considered a high priority target as part of the interpretation of the airborne ZTEM study [1], comprising “Porphyry” target M4, “Deeper” target Zd3 and “Shallow” target Zs9. The target area has been designated “Zafer” (Figure 1) and its centre is located approximately 3.8 km NW of the Gedabek open pit and 2.5 km SW of the Ugur mine. It lies within the Gedabek CA.

The mineral deposit was identified as part of the geological exploration programme from the follow-up of field mapping between ZTEM targets by the AIMC exploration geological team. Geological structural and alteration mapping was used to target the initial drilling. This drilling commenced in August 2020. A progressive series of drillholes were positioned based on the drill results, that demonstrated the geology changing from altered rock into weakly mineralised rocks into the zone of significant mineralisation.

Once the scale of the discovery was understood, ground based geophysics was employed to attempt to define the potential expanse of the mineralisation. In total, 10 profiles covering a total length of nearly 25 kilometres of induced polarisation (IP) electrical geophysics was completed. The 2D and 3D interpretation resulted in the identification of a number of “hot spot” anomalies that will be followed up on with further drilling.

The geology of the area comprises of Upper Bajocian aged volcanics and is considered structurally complex. The mineralisation seems to be associated with a main NW-SE trending structure, which is interpreted as post-dating smaller NE-SW structures. In the SW part of the area, outcrops with tourmaline have been mapped, which are indicators for porphyry style mineral formation. The exploration area is located along the regional Gedabek-Shekarbek fault system, with Shekarbek, which is another target area known to host copper mineralisation, lying in the NW of the zone. During the Upper Bajocian period, the central tectonic zone formed a right-lateral strike-slip fault; this is represented by a number of subparallel-trending fractures oriented 055-070°.

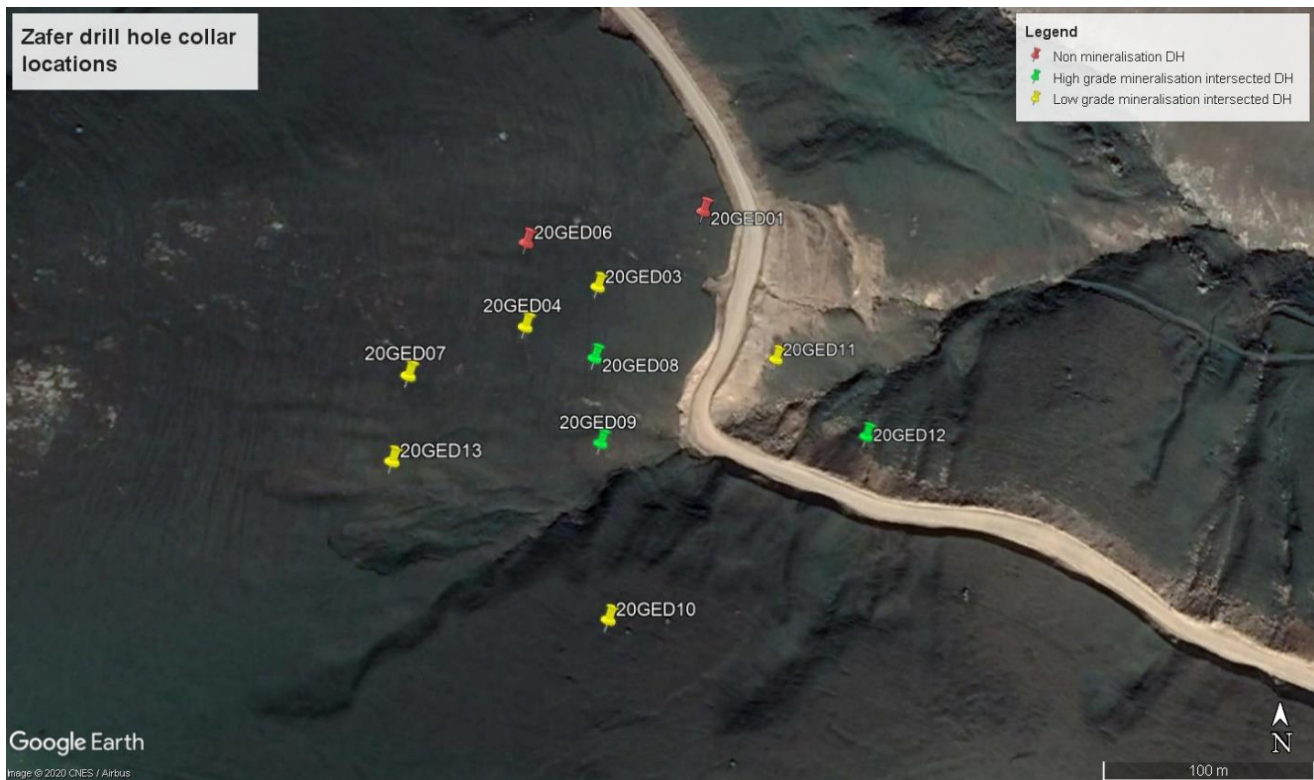
In cross-section, the geological sequence is dominated by rhyolitic porphyry that is currently interpreted to have formed under the influence of an intrusion, exposures of which have been mapped to the east and southeast of the Zafer mineralisation area. It is suggested that this intrusion may be associated with the Gedabek intrusion and it is another potential target for porphyry and base metal mineralisation.

## Exploration Summary

12 core drill holes for a total 7,674.90 metres were drilled over the Zafer area (Figure 2 & Figure 3) to the end of 2020. The main mineralisation intercepted in drilling was pyrite-chalcopyrite-sphalerite, which was located in the rhyolitic porphyry body. Drill hole 20GED08 intercepted a thickness of 200 meters of abundant sulphide mineralisation (examples of lithologies and mineral associations from the Zafer drilling programme are shown in Appendix 1). Drill hole intersections, including significant grades

are shown in Table 1. Drilling is continuing in the central part of the Zafer mineralisation area, utilising 3 core drilling machines.

**Figure 2** – Drillhole positions over the Zafer area based on 80 x 80 and 40 x 40 metre grid spacing in preparation for resource estimation.



*Note: Drillhole 20GED02 and 20GED05 are included in Table 1 but beyond the limits of the map in Figure 2, located about 850m to the southwest (Cell-9 area).*

**Figure 3: Drilling location at Zafer**



**Table 1: Drill hole intersections summary, including significant grades – Zafer DD.**

Zafer Surface DD

Hole I.D.	Intersection			Weighted Average Grades				
	Depth From	Depth To	Downhole Length	Au	Ag	Cu	Zn	
	m	m	m	g/t	g/t	%	%	
20GED02	469.10	473.70	4.60	0.31	5.00	0.03	0.05	
	483.00	484.20	1.20	3.24	5.00	0.54	5.76	
	484.20	486.00	1.80	0.42	5.00	0.11	2.00	
	499.60	505.00	5.40	0.11	5.00	0.03	1.11	
20GED03	289.00	342.70	53.70	0.21	8.83	0.16	0.24	
	358.00	381.00	23.00	0.18	16.82	0.15	0.09	
	428.00	442.00	14.00	0.23	17.14	0.37	0.13	
	450.90	483.00	32.10	0.18	18.63	0.19	0.27	
	<i>with notable intersection</i>							
	299.00	302.00	3.00	0.24	10.33	0.12	1.63	
	320.10	321.60	1.50	0.23	5.00	1.28	0.21	
	334.00	335.00	1.00	0.51	5.00	1.66	0.19	
463.00	468.00	5.00	0.16	14.00	0.15	1.39		
20GED04	273.20	274.20	1.00	0.32	5.00	0.07	7.91	
	306.60	315.00	8.40	0.16	5.00	0.01	0.01	
	336.00	365.00	29.00	0.15	18.69	0.06	0.28	
	399.00	413.00	14.00	0.11	10.71	0.21	0.07	

20GED05	493	494	1.00	0.19	5.00	0.03	0.01
	730.8	733	1.20	0.23	5.00	0.01	0.06
20GED06	287.00	287.60	0.60	0.03	18.00	0.01	0.02
	357.80	358.80	1.00	0.03	15.00	0.01	0.02
20GED07	265.00	266.00	1.00	0.03	10.00	0.22	0.03
	273.00	275.00	2.00	0.03	5.00	0.20	0.02
	278.80	279.90	1.10	0.20	5.00	0.02	0.01
	292.00	293.00	1.00	0.05	5.00	0.16	1.54
	322.80	324.00	1.20	0.22	5.00	0.06	0.02
	377.10	378.10	1.00	0.07	5.00	0.16	0.06
	444.50	446.50	2.00	0.31	16.00	0.61	0.02
465.00	466.00	1.00	0.40	5.00	0.02	0.01	
20GED08	257.00	370.00	113.00	0.68	13.80	0.50	0.57
	380.00	384.00	4.00	0.16	5.00	0.14	2.25
	<i>with notable intersection</i>						
	269.00	270.00	1.00	12.39	50.00	5.00	2.02
	277.00	278.00	1.00	0.66	35.00	2.91	2.46

Hole I.D.	Intersection			Weighted Average Grades			
	Depth From	Depth To	Downhole Length	Au	Ag	Cu	Zn
	m	m	m	g/t	g/t	%	%
20GED09	231.00	240.00	9.00	0.81	30.30	1.85	4.49
	243.00	247.00	4.00	1.30	37.50	3.02	2.83
	272.50	339.00	66.50	0.58	14.86	0.51	0.70
	352.00	356.00	4.00	0.21	5.00	0.07	0.83
	417.00	422.30	5.30	0.22	5.00	0.04	0.01
	464.55	474.50	9.95	0.58	5.00	1.36	0.02
	<i>with notable intersection</i>						
	232.00	236.00	4.00	1.12	37.00	1.71	7.34
	296.00	299.00	3.00	2.79	5.00	0.76	2.20
	464.55	469.00	4.45	0.83	5.00	2.55	0.01
20GED10	351.35	354.20	2.85	0.31	32.33	0.41	2.83
	362.90	366.10	3.20	0.30	17.50	1.06	0.35
	370.00	376.00	6.00	0.32	5.00	0.14	0.03
	409.50	419.00	9.50	0.30	6.00	0.03	0.02
	434.00	449.00	15.00	0.22	6.53	0.09	0.02
	<i>with notable intersection</i>						
363.70	364.50	0.80	0.33	55.00	2.56	1.26	
20GED11	232.55	243.00	10.45	0.17	8.18	0.03	0.13
	246.00	249.00	3.00	0.19	15.66	0.15	0.06
	252.60	281.50	28.90	0.25	10.30	0.13	0.14
	<i>with notable intersection</i>						
271.50	272.50	1.00	0.49	19.00	0.41	2.18	
20GED12	241.20	272.00	30.80	0.32	11.46	0.54	0.63
	275.40	298.00	22.60	0.33	5.00	0.23	0.51

	314.00	339.00	25.00	0.26	4.92	0.14	0.60
	363.50	376.00	12.50	0.21	8.46	0.07	2.00
	387.00	399.00	12.00	0.22	5.00	0.15	0.30
	406.00	411.65	5.65	0.09	5.00	0.19	0.04
	415.00	423.00	8.00	0.09	9.38	0.21	0.04
	468.00	473.00	5.00	0.03	21.60	0.02	0.86
	<i>with notable intersection</i>						
	367.50	374.00	6.50	0.21	6.42	0.09	3.08
20GED13	241.00	243.00	2.00	1.51	5.00	0.14	0.10
	308.75	336.00	27.25	0.43	39.10	0.15	1.40
	547.00	558.80	11.80	0.17	5.83	0.26	0.00
	<i>with notable intersection</i>						
	309.90	317.00	7.10	0.63	126.92	0.13	4.01

Note: Assaying was completed over the standard Au-Ag-Cu-Zn suite.

Note: Minimum Reporting Limits for Exploration Results (figures in red): Intersections were reported if samples graded  $\geq 0.15$  g/t gold +/or  $\geq 15$  g/t silver +/or  $\geq 0.2\%$  copper +/or  $\geq 1.0\%$  zinc.

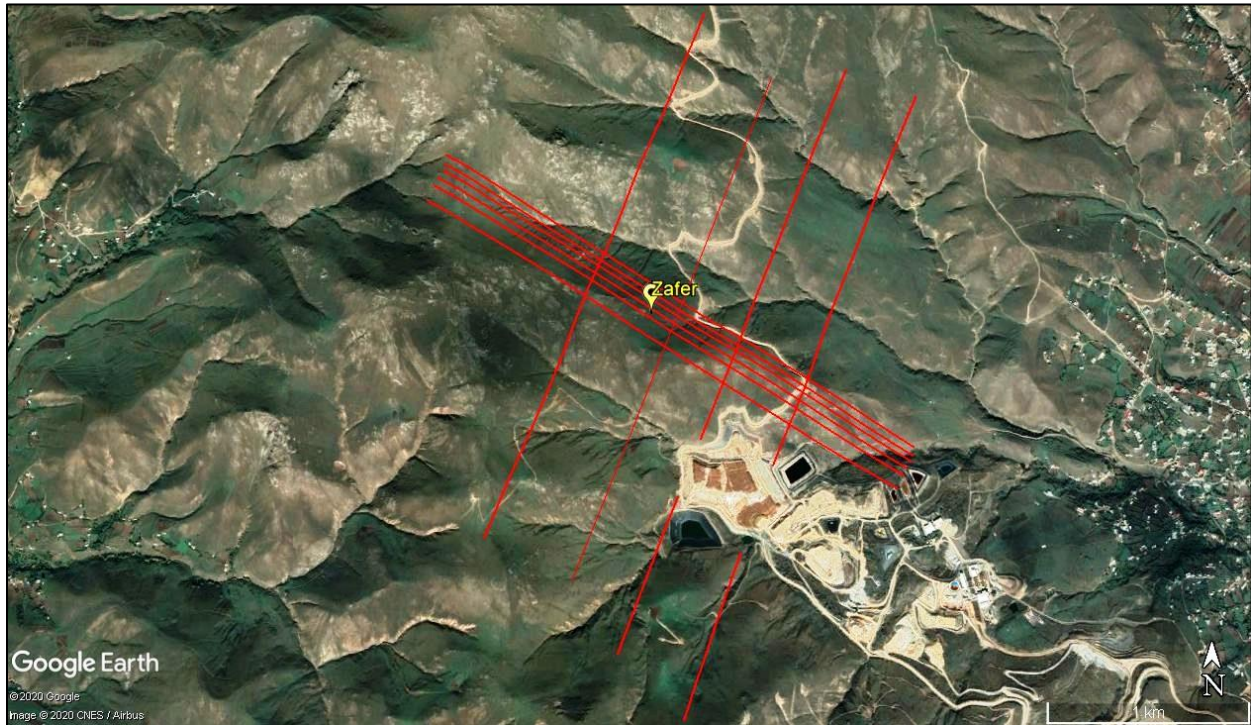
### Ground-based IP Summary

BLASTO LLC (“BLASTO”) was contracted by AIMC to complete a surface geophysical data acquisition over the Zafer area. BLASTO used its advanced wireless system to run geophysical data acquisition in the area and completed a total of 10 profile lines (Figure 4).

The project used Multi Source/Phase Transceiver (“MPT”) units designed and manufactured in the USA. Each unit is equipped with an in-built GPS, has three dedicated electrodes and operates in two modes; these modes either being injecting current (mA) or measuring potentials (mV). These units communicate with a ‘Main Control Unit’ over a radio signal at distances of up to 5 km. The in-built GPS is crucial not only to obtain geographical coordinates, but to time-sync the injecting and measuring tasks across all units in use. The MPT system also supports secondary, and even tertiary, routing, so-called ‘hopping’, in cases where direct communication is impossible due to terrain or other structures. This allows the system to be used anywhere, irrespective of site conditions and is especially suitable for use over the terrain above Zafer.

The fieldwork took 34 days to complete and began with the GPS team marking the electrodes of all 10 profiles. There were 24 MPT units used to perform the data acquisition of the 10 profiles, at a length of 24,755 metres, with an electrode spacing of 25 metres. Profile separation was 50m, 80m, and 400m resulting in the signal target depth to be achieved being 400 m.

**Figure 4** – Induced Polarisation ground geophysics profiles over the Zafer area.

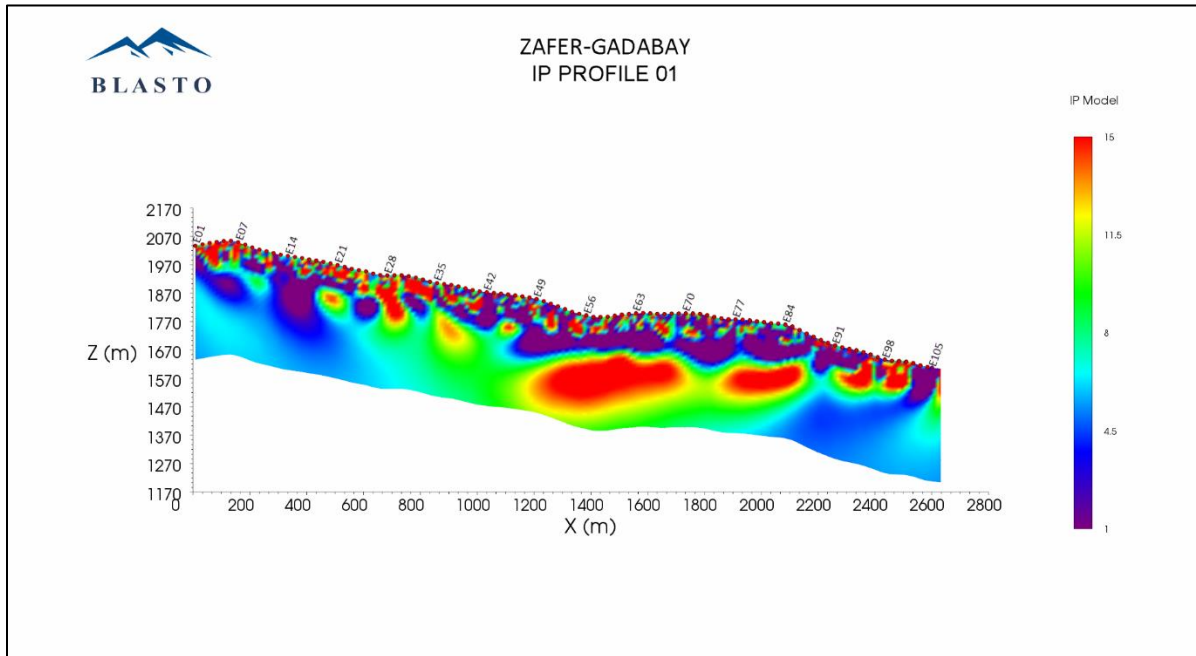


All profiles were measured at 1Tx, 2 x 2Tx and 2 x 4Tx modes. Each mode represents the number of units that simultaneously injected current into the ground in order to deliver the optimum signal-to-noise ratio and ensure data quality. The profiles measured in full 3D in order to obtain data of the best quality. Prior to each acquisition, each unit was tested to ensure a stable radio signal, locked GPS status and that lowest electrode resistance was achieved. Continuous QA monitoring was conducted during acquisition to ensure total electrode connectivity.

Interpretation of geophysical data continues and, based on further geological correlation, further lines of data may be acquired. An example section from one of the IP profiles is shown in Figure 5. In addition to the induced polarisation, the resistivity of the rock mass was also measured and sections produced. This allowed for correlation work between the geophysics and the geological rock logging from the drill core.



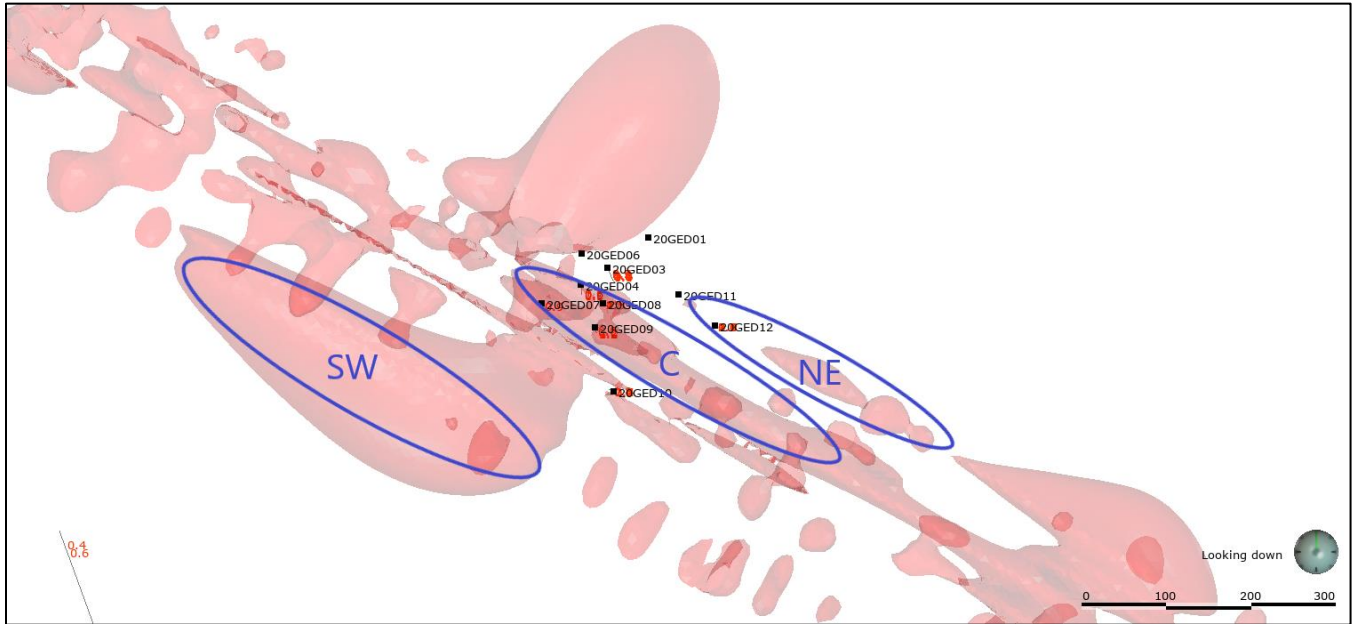
**Figure 5:** Example Induced Polarisation (IP) profile over Zafer



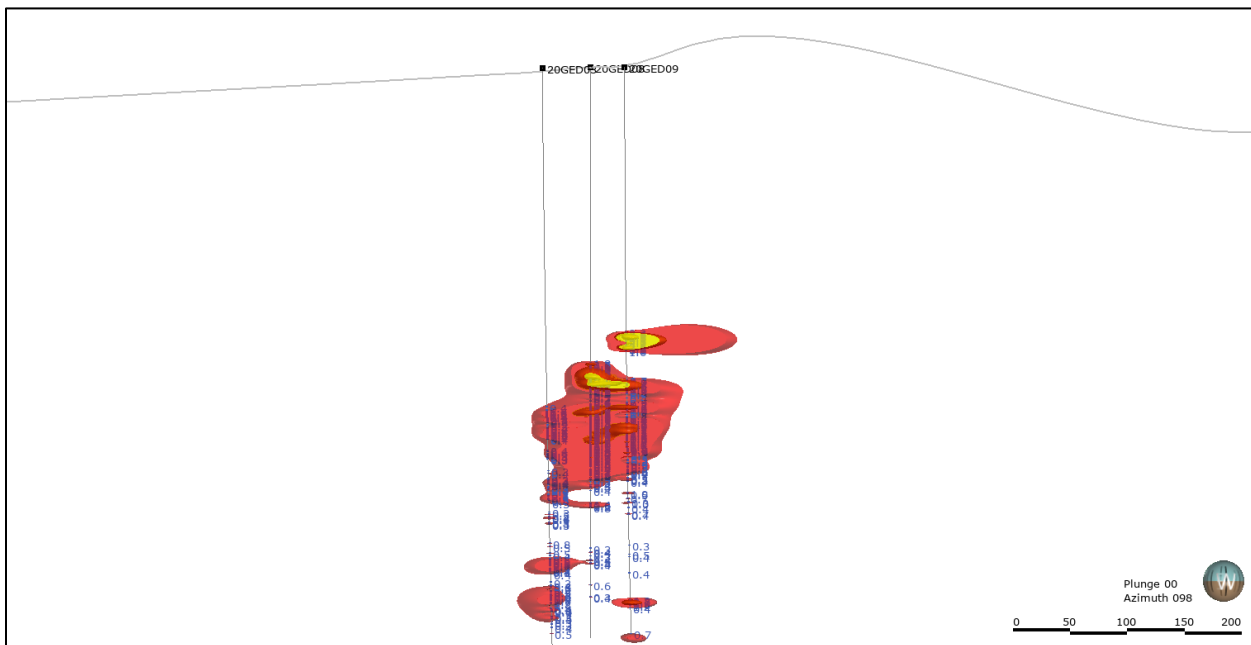
Based on in-house geophysical data interrelation, the team identified three main IP anomalies, which are called the South-West (SW), Central (C) and North-East (NE) anomalies. These anomalies correlated well with drill hole data. The overall strike length of the mineralised structure is about 2.5 kilometres in a NW-SE orientation. The overall geometry of the zone and the position of the initial defined anomalies are shown in Figure 6.

A model of the Central zone as defined in the drilling is shown in Figure 7. This figure indicates the extent of the mineralisation and, given the geometry, it indicates the possibility that the deposit may be expanded with further drilling. Once the continuity and geometry of the mineralisation are further defined, the Company will carry out resource modelling and estimation. Based on the work to the end of 2020, a preliminary estimate for the deposit size is about 5.72 million tonnes of mineralised rock, calculated from an internal preliminary model.

**Figure 6:** Leapfrog<sup>®</sup> model showing the horizontal distribution of geophysical responses, and the three target areas for the first phase of evaluation.



**Figure 7:** Primary mineralisation model based on the first phase drill results. Showing extensive downhole thickness and lateral potential.



## Future Work

Drilling with three core rigs is ongoing. The resultant geological, assay and analysis data will be imported into 3D geological modelling software to better assess the overall geometry.

The potential area of mineralisation is extensive and a phased approach will be taken to assess the overall strike length of the mineralised area and the hot spots that may in the future yield mineable ore. Further geophysics profiles will also be considered as the 3D model develops.

Sampling for a mineralogical study is also underway to assess the ore textures and mineral relations between the metallic minerals and gangue mineralogy. These will be used to assess relationship between the copper and gold mineralisation, the grain size and the liberation characteristics, which are crucial for understanding the required grind sizes and determining future processing options.

### **Anglo Asian Mining Director of Geology & Mining, Stephen Westhead, commented,**

*“Zafer is a high priority target resulting from the ZTEM airborne geophysics programme which identified three anomalies at varying depths, including one porphyry.*

*“Initial drilling is focused on areas identified by geological mapping, geophysics data and the structural geology, and 12 drill holes have been completed with a total length of 7,675 metres. 10 profile lines totalling nearly 25 kilometres were also completed using ground-based induced polarisation electrical geophysics. This work identified three mineralised zones within an elongated structure. The most significant downhole intercept is 113 metres at 0.5 per cent. copper and 0.7 grammes per tonne of gold. This thickness and style of mineralisation is consistent with porphyry-type mineralisation.*

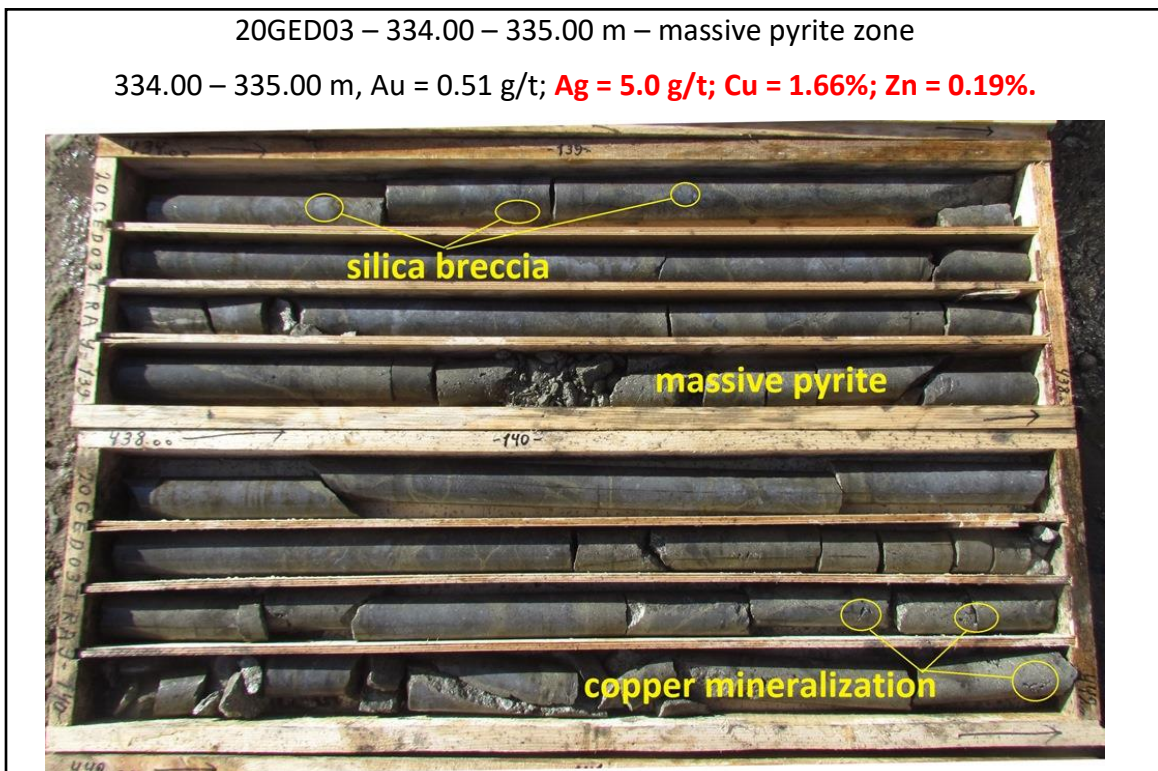
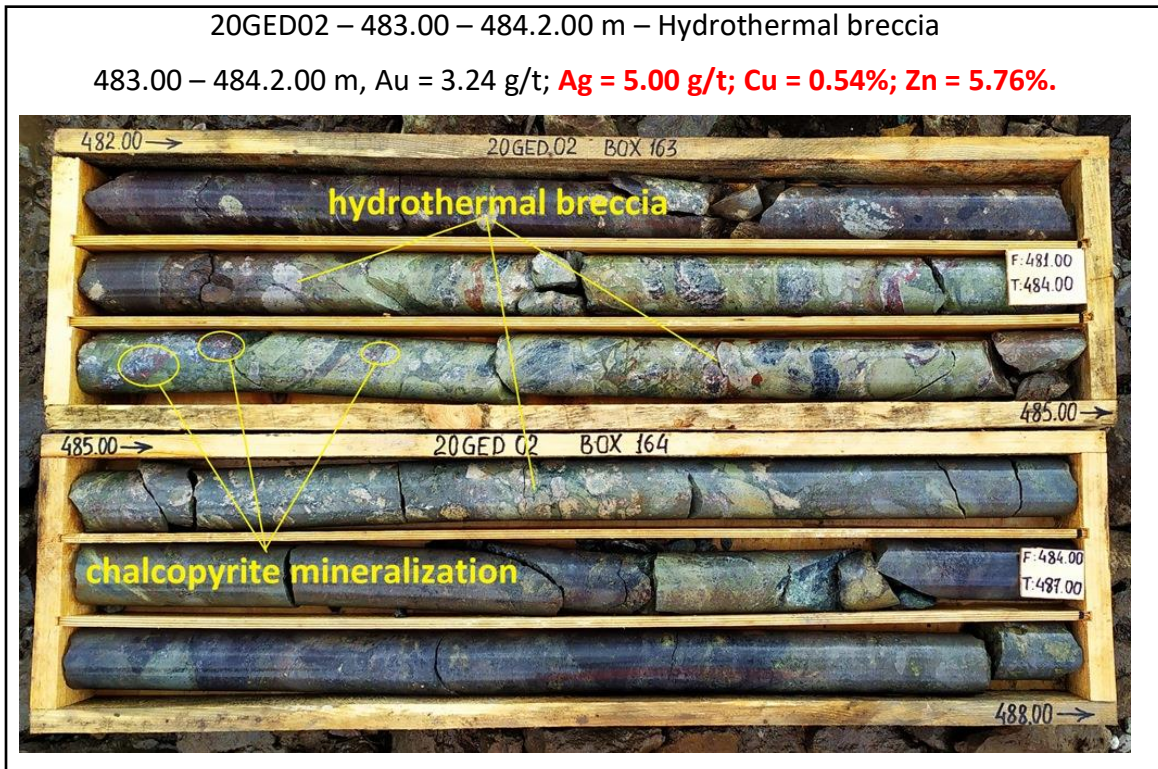
*“The geological team at Gedabek continue to evaluate the continuity of mineralisation within the deposit to develop resources for future economic evaluation. The identification of this zone is exciting as extensions along strike also intersect other targets, thus providing a potentially significant mineral resource.”*

## References

[1] Azerbaijan International Mining Company, Aerial ZTEM and Aeromagnetic Survey Update, [www.angloasianmining.com](http://www.angloasianmining.com), RNS, 19 June 2019

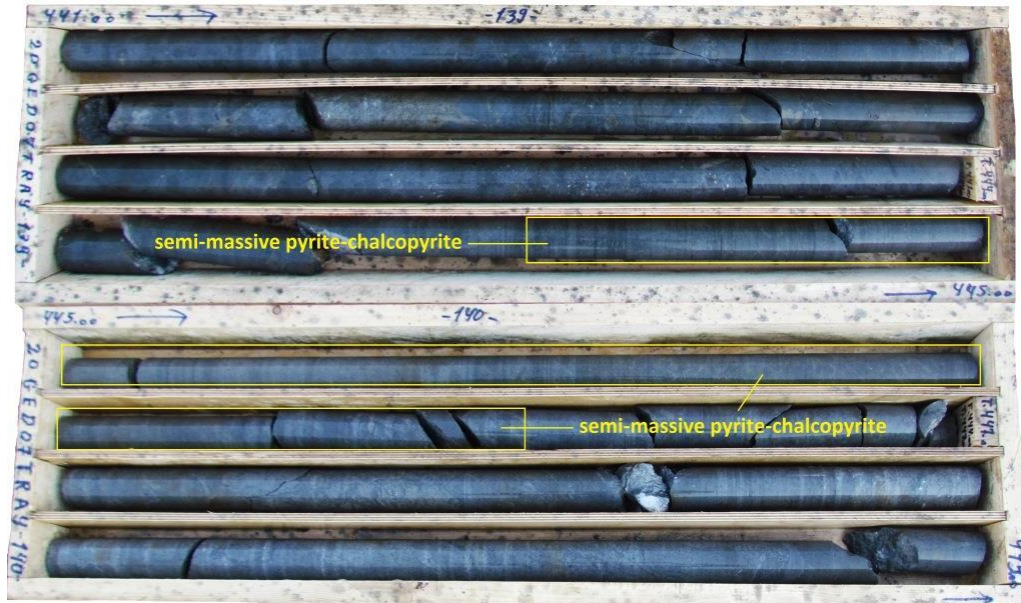
[2] Google Earth, “Gedabek Contract Area,” DigitalGlobe 2019. <http://www.earth.google.com>

**Appendix 1: Examples of lithologies and mineral associations from the Zafer drilling programme:**



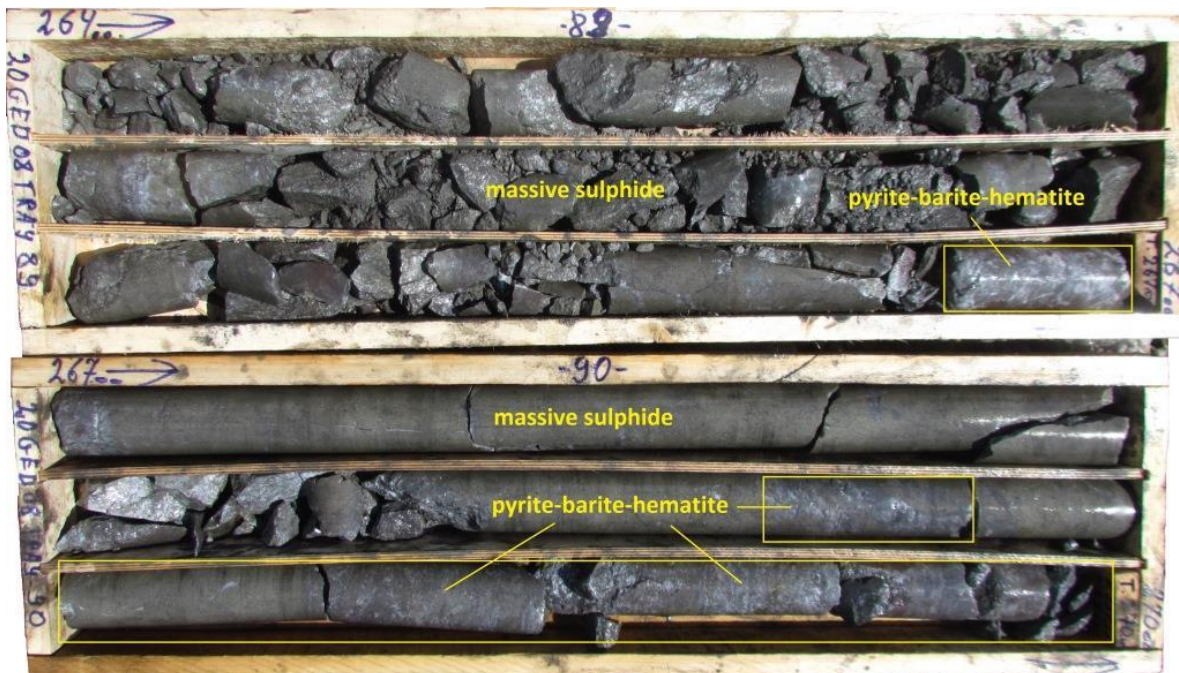
**20GED07** – 441.00-449.00 m – wide unit of weak silicified andesitic rock with weak pyrite mineralisation; semi-massive pyrite-chalcopyrite mineralisation in 444.50-446.50 m

444.50-446.50 m – **Au = 0.31 g/t; Ag = 16.00 g/t; Cu = 0.61%; Zn = 0.02%**



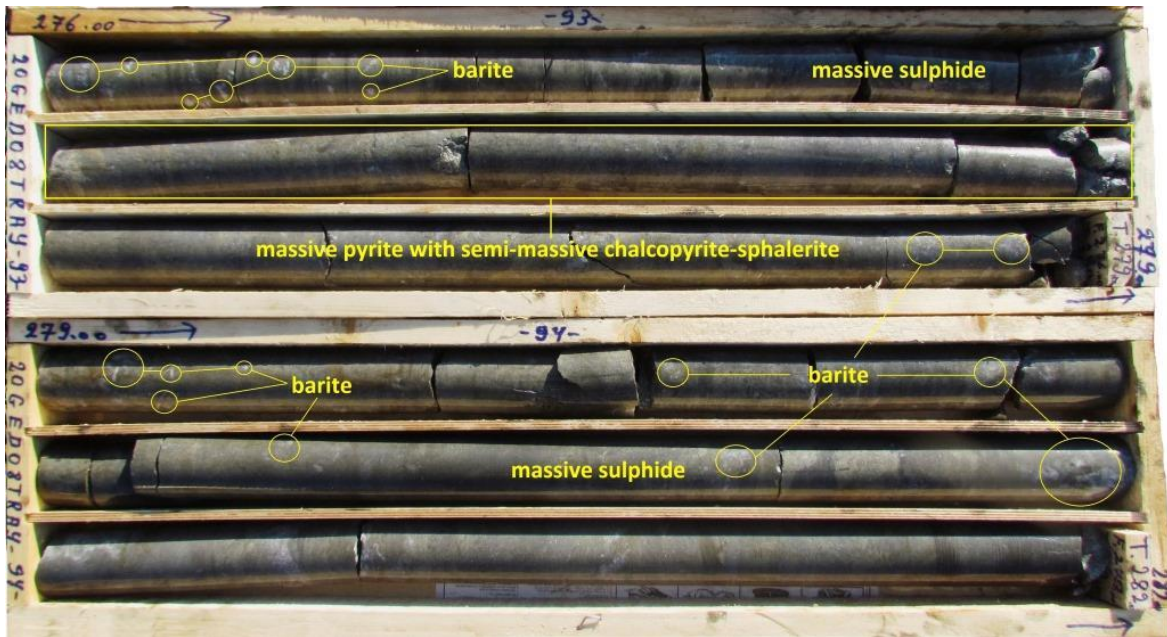
**20GED08** – 264.00 – 270.00 m – massive sulphide mineralisation zone (regularly observed barite-hematite mineralisation); quartz porphyry

269.00-270.00 m – **Au = 12.39 g/t; Ag = 50.0 g/t; Cu = 5.00%; Zn = 2.02%**



276.00 – 282.00 m – massive sulphide zone (massive pyrite, semi-massive chalcopyrite-sphalerite mineralisation in quartz porphyry rock)

277.00-278.00 m – **Au = 0.66 g/t; Ag = 35.0 g/t; Cu = 2.91%; Zn = 11.26%**



**20GED09** – 232.00-236.00 m – massive sulphide mineralisation (pyrite, copper-zinc minerals)

232.00-236.00 m – **Au = 1.12 g/t; Ag = 37.0 g/t; Cu = 1.71%; Zn = 7.34%**

