

AVOCET MINING PLC

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NEWS RELEASE

For immediate release

18th December, 2001

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2001

HIGHLIGHTS

- Agreement reached on a favourable restructuring of US\$11.5 million of bank debt
- Turnover increased by 7.6% to £12.8million from the same period last year
- Pre-tax profit of £862,000
- Record gold production for the first six months: 52,600 oz
- Long term tungsten sales contracts secured at the peak of a 60% price rise

	6 months to 30 Sep. 2000	Year to 31 Mar. 2001	6 months to 30 Sep. 2001
	£'000	£'000	£'000
Turnover	11,915	24,770	12,819
Gross profit	2,218	2,610	1,865
Operating profit	1,513	1,318	1,247
Pre-tax profit	1,037	195	862
Earnings per share	1.4p	0.04p	0.9p
Average spot gold price	US\$278/oz	US\$274/oz	US\$272/oz
Gold production	51,800 ozs	99,750 ozs	52,600 ozs
Average tungsten price *	US\$43.0/mtu	US\$51.4/mtu	US\$69.0/mtu
Tungsten production	42,700 mtus	91,300 mtus	42,900 mtus

* Average of London Metal Bulletin quotes for a metric tonne unit of tungsten concentrates)

Operating profit, pre-tax profit and earnings per share have been restated for the six months ended 30 September 2000 to show the effect of taking an exchange loss to reserves, and for the year ended 31 March 2001 to fully comply with FRS19 in relation to deferred taxation. Please see notes 2 and 3.

For further information please contact:

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Interim results for the six months ended 30 September 2001

CHAIRMAN'S STATEMENT

Financial Results

The group made a profit after tax for the six months ended 30 September 2001 of £0.6 million, or 0.9p per share, on turnover of £12.8 million. This compares with a profit after tax of £0.9 million, or 1.4p per share, on turnover of £11.9 million for the six months ended 30 September 2000. The prior period's profit has been restated and increased by £0.7 million being the net effect of an exchange loss that has been taken to reserves and the adoption of Financial Reporting Standard 19 in relation to deferred taxation.

Gross profit decreased to £1.9 million (2000: £2.2 million) mainly as a result of higher depreciation charges both at the Penjom gold mine in Malaysia and at Beralt's tungsten mine in Portugal. Included in gross profit was the deferral of £1.3 million of costs for the above-average stripping of waste at Penjom (2000: £0.8 million). Profit before tax was £0.9 million (2000: £1.0 million) with both net interest and administrative expenses being reduced.

Operating cash flow increased slightly to £2.1 million (2000: £1.9 million). Net cash inflow was £0.2 million (2000: £1.1 million outflow) as capital expenditures were reduced from £1.0 million to £0.9 million, net interest payments were reduced from £0.6 million to £0.4 million, and repayments of borrowings were reduced from £1.4 million to £0.7 million.

The group's net current asset position has improved by £2.2 million to £4.9 million largely as a result of a debt restructuring agreed by the group's largest creditor. The restructuring will include extending the repayments of both US\$3.5 million in loans that were current and an US\$8.0 million loan that was due on 31 December 2002 to a repayment period that commences on 30 June 2003 and ends on 31 March 2005.

Gold

The average spot price of gold was US\$272/oz compared to US\$278/oz in the same period last year. As a result of a gold hedging programme, the average gold price received was unchanged at US\$281/oz and a further £0.3 million was realised from an opportune liquidation of hedging positions. At the end of the period, the group held futures contracts covering 20,400 ozs of gold for an average price of \$290/oz.

Gold production at Penjom increased marginally to 52,600 ozs (2000: 51,800 ozs). The grade of ore milled was slightly improved at 6.9 grams/tonne (2000: 6.7 grams/tonne). Ore tonnage milled was reduced to 272,000 tonnes (2000: 293,000 tonnes) in order to sustain gold recoveries from harder ores. Excluding 4,500 ozs (2000: 2,700 ozs) of production from a tailings retreatment facility, process recovery rates increased to 80% (2000: 78%). Total cash operating costs, including royalties and overheads, increased to US\$231/oz (2000: US\$215/oz). These costs include US\$39/oz (2000: US\$24/oz) related to the quantity of waste that was mined in excess of average waste removal rates expected over the remainder of the mine's current life.

Tungsten

London Metal Bulletin quotations for tungsten concentrates maintained their highest level in fifteen years for most of the period, averaging US\$69.0 per metric tonne unit (2000: US\$43.0/mtu) as demand outstripped mine supply and stockpile releases. As a result, the group was successful in renegotiating its sales contracts for Beralt's tungsten production. These contracts cover most of Beralt's current production for the next two years at prices that are the lesser of market prices or a minimum price that has been set above Beralt's current cash cost of production.

Since the September 11 terrorist attacks on the U.S., tungsten concentrate prices have declined to a current mid-price of US\$50/mtu. This downturn has not only been caused by a slowing world economy and a severe reduction in demand for tungsten end products, but has also been exacerbated by a resurgence in smuggling from China and earlier stockpiling by traders and consumers.

Beralt's production at 42,900 mtus remained the same as the previous period as operations focused on extending the mine's development beyond production areas of limited scope and below-average ore grades. As a result, cash operating costs increased to US\$47.3/mtu (2000: US\$42.5/mtu).

Closure and reclamation of the Bishop facilities in California have now been completed with the exception of final approval from the authorities, and post-closure monitoring and maintenance. The directors still expect that no additional financial resources will be required to satisfy long term environmental requirements.

Outlook

Corporate

The restructuring of US\$11.5 million of the group's debt will have a significant and positive impact on the group's future. Not only has the group's liquidity been improved, but also the terms of the restructuring will ease restrictions on the group's ability to pursue and fund new business opportunities.

Gold

Penjom's gold production for the first eight months of this fiscal year totalled 69,700 ozs, and, therefore, is expected to exceed an annual rate of 100,000 ozs for the first time. However, there will not be an appreciable reduction in waste stripping until next year. Projects are in hand to further enhance the mine's performance including the installation of a regrind mill to improve process recovery rates and mill throughput. The results of recent exploration and a re-estimation and validation of Penjom's ore resources are being finalised and will be announced shortly. Expectations are for a modest increase and a higher confidence in ore resources mineable from existing open pit areas, and a new up-side potential for additional ore resources mineable from an underground operation.

The group has been looking closely at a number of opportunities in Asia that could add directly to our ore resource base and production of gold, as well as adding new exploration targets.

Tungsten

In light of the now depressed tungsten market, the group has decided to defer its investment in a planned expansion of Beralt's production until more favourable economic conditions return and consumers start to restock. In the meantime, Beralt is scheduled to complete its current development programme within the next three months which, together with its long term sales contracts, should ensure positive operating results for the year.

The group is assessing a number of other projects in tungsten in order to take advantage of the group's operational expertise, market share and long-term relationships with consumers.

Nigel McNair Scott

17 December 2001

Avocet Mining PLC

Consolidated Profit and Loss Account

	<i>6 months to 30 September 2001 Unaudited £000</i>	<i>6 months to 30 September 2000 Restated Unaudited £000</i>	<i>Year ended 31 March 2001 Restated Audited £000</i>
Turnover			
Continuing Operations	12,819	10,896	23,661
Discontinued Operations	-	1,019	1,109
Cost of Sales	12,819 (10,954)	11,915 (9,697)	24,770 (22,160)
Gross profit	1,865	2,218	2,610
Administrative expenses	(618)	(705)	(1,292)
Operating profit			
Continuing operations	1,247	1,513	1,318
Discontinued operations	-	-	-
Operating profit	1,247	1,513	1,318
Net interest and similar charges	(385)	(476)	(1,123)
Profit on ordinary activities before taxation	862	1,037	195
Tax on profit on ordinary activities	(254)	(144)	(184)
Profit on ordinary activities after taxation	608	893	11
Equity minority interest	7	40	15
Profit for the financial period retained	615	933	26
Earnings per share	0.9p	1.4p	0.04p

Avocet Mining PLC Consolidated Balance Sheet

	<i>30 September 2001 Unaudited £000</i>	<i>30 September 2000 Restated Unaudited £000</i>	<i>31 March 2001 Restated Audited £000</i>
Fixed assets			
Intangible - deferred exploration costs	568	521	538
Tangible assets	25,181	26,426	26,816
	25,749	26,947	27,354
Current assets			
Stocks	4,540	5,209	4,694
Debtors due within one year	963	1,042	1,334
Debtors due after more than one year	3,896	1,746	2,440
Cash at bank and in hand	1,754	1,861	1,596
	11,153	9,858	10,064
Creditors: amounts falling due in less than one year	(6,267)	(7,638)	(7,339)
Net current assets	4,886	2,220	2,725
Total assets less current liabilities	30,635	29,167	30,079
Creditors: amounts falling due after more than one year	(10,253)	(8,659)	(9,699)
Provision for liabilities and charges	(3,116)	(2,907)	(3,375)
	17,266	17,601	17,005
Capital and reserves			
Called up share capital	16,424	16,424	16,424
Share premium account	23,600	23,600	23,600
Other Reserves	12,590	12,590	12,590
Profit and loss account	(35,192)	(34,852)	(35,460)
Equity shareholders' funds	17,422	17,762	17,154
Equity minority interests	(156)	(161)	(149)
	17,266	17,601	17,005

Avocet Mining PLC
Consolidated Cash Flow Statement

	<i>30 September 2001 Unaudited £000</i>	<i>30 September 2000 Unaudited £000</i>	<i>31 March 2001 Audited £000</i>
Net cash inflow from operating activities	2,093	1,918	3,339
Returns on investment and servicing of finance			
Interest received	46	76	162
Interest paid	(413)	(636)	(1,136)
Net cash outflow from returns on investment and servicing of finance	(367)	(560)	(974)
Taxation	-	-	(37)
Capital expenditure and financial investment			
Purchase of fixed assets	(873)	(1,031)	(1,396)
Net cash outflow from capital expenditure and financial investment	(873)	(1,031)	(1,396)
Financing			
Repayment of borrowings	(531)	(1,386)	(2,308)
Capital repayments on finance leases	(119)	-	(268)
Net cash outflow from financing	(650)	(1,386)	(2,576)
Increase/(decrease) in cash	203	(1,059)	(1,644)

Avocet Mining PLC Other Primary Statements

	<i>6 months to 30 September 2001</i>	<i>6 months to 30 September 2000</i>	<i>Year ended 31 March 2001</i>
	<i>Unaudited £000</i>	<i>Restated Unaudited £000</i>	<i>Restated Audited £000</i>
Statement of total recognised gains and losses			
Profit attributable to shareholders	615	933	26
Exchange translation adjustments	(347)	387	686
Total recognised gains and losses	268	1,320	712
Reconciliation of movements in group Shareholders' funds			
Total recognised gains and losses	268	1,320	712
Net change in shareholders' funds	268	1,320	712
Opening shareholders' funds	17,154	16,442	16,442
Closing shareholders' funds	17,422	17,762	17,154

Notes:

1. The calculation of profit per share is based on after-tax profits of £615,000 (2000: profit £933,000) and on the weighted average of 65,696,530 shares in issue (2000: 65,696,530).
2. The previously reported profit for the period ended 30 September 2000 has been increased by £712,000, being an exchange loss that has been taken to reserves. There has been no change in shareholders' funds. This adjustment was identified in preparing the financial statements for the year ended 31 March 2001, which are reproduced as reported except for the adjustment for deferred taxation as disclosed in note 3.
3. The interim financial information complies with the relevant financial reporting standards and the accounting policies are applied on a basis consistent with those applied in the annual financial statements, except as stated below:

In December 2000, the Accounting Standards Board published Financial Reporting Standard 19 "Deferred Tax". As the group's full year figures will need to reflect compliance with the Standard, it has been adopted in the interim figures and comparative figures have been restated accordingly.

The impact of these adjustments is:

- to decrease opening reserves at 1 April 2000 by £891,000.
 - to increase the charge to taxation and reduce the profit after taxation for the year ended 31 March 2001 by £100,000
 - to increase the charge to taxation and reduce the profit after taxation for the six months ended 30 September 2000 by £50,000.
 - to increase the charge to taxation and reduce the profit after taxation for the six months ended 30 September 2001 by £250,000.
4. The financial information contained in this interim statement does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The financial information for the year ended 31 March 2001 is an abridged version of the full accounts which received an unqualified auditors' report and have been filed with the Registrar of Companies.
 5. This statement is being sent to Shareholders and will be available from the company's Registered Office.