



**PERSIAN GOLD PLC
INTERIM REPORT 2005**

Persian Gold plc

Chairman's Statement

This is my first statement to you, the shareholders, since the Company's shares were admitted to trading on the London AIM market. Persian Gold is the first independent European junior exploration company to commence activities in Iran. This country is host to a range of major mineral deposits of gold, copper and zinc including the world class porphyry copper deposit at Sar Chesmeh and major undeveloped zinc deposits such as Angoran. Iran is considered to be vastly under-explored by Western mining standards. This is the opportunity that Persian Gold has recognized and seeks to pursue.

The initial strategy of Persian Gold is to explore for, and discover, a large open pit gold deposit in the northwestern part of Iran. We are focused on gold associated with alunite. The importance of the mineral alunite is that, in the last decade, a number of world class gold deposits associated with alunite have been discovered primarily in Latin America. An important feature of these alunite related gold deposits is that they are extremely large in size and very profitable. Newmont's Yanacocha gold mine and Barrick's Pierina gold mine, both of which are alunite associated gold deposits, are two of the lowest cost operations in the world.

In early 2004, Persian Gold negotiated a study concession over 1800 sq kms of ground in the Takestan area of Northwestern Iran. The area holds the second largest known deposits of alunite in the world; in total about 1 billion tons. The ground was selected using satellite imagery and analysis plus the advice and help of the Iranian Geological Survey. The concession area which stretches from 120kms Northwest of Tehran toward the Caspian Sea is mainly in the foothills of the Alborz mountains though some areas are deep in the mountains. Access is generally good. It is possible to work in the field for 10 months of the year. Thick snow covers part of the mountains for February and March.

We put together excellent teams of local geologists and field crews and began our fieldwork in November 2004. Since that time approximately 2,500 rock chip geochemical samples have been taken over the concession area. These samples have been analyzed and a number of gold anomalies have been identified.

We have now moved to the second phase of exploration by applying for 8 exploration licences covering a total of 320 sq km of ground. Our teams have been active on follow-up exploration on two of the identified areas, Twin Hills near the town of Takestan and Zehabad a more remote area to the North.

Persian Gold Interim

Twin Hills is an area of strong alteration containing a broad surface gold geochemical anomaly covering an area of approximately one square kilometre. Second phase sampling of Twin Hills is now completed with over a hundred additional surface samples taken. Results of this phase will guide the future drill evaluation of the Twin Hills prospect.

The Zehabad prospect, the site of a former small silver-zinc-lead mine, hosts a series of mineralised veins that are currently being re-sampled and mapped in detail. Some of the highest gold values received to date in the first phase sampling program, up to 14 g/t gold, have been found at Zehabad. This is an interesting high grade target that presents an intriguing opportunity for the Company.

Our activities in Iran have been warmly received by all levels of government agencies in that country and we are developing close relationships for future activities. We are confident that due to our current exploration activities, new opportunities will be brought to our attention and we will evaluate these prospects for Persian Gold's mineral portfolio.

We raised £1,000,000 prior to listing on AIM so we are well financed for the current exploration programme. This is a good time to be an explorer. Gold and other commodity prices are expected to remain strong for the foreseeable future. There is a feeding frenzy on exploration ground in many parts of the world but not yet in Iran. We are lucky in that we have been able to put together a team of skilled technical and financial people in the UK, supported by teams of highly skilled locals in Iran. What we now need to do is to spread the good news to a wider audience. Persian Gold is held by a few hundred shareholders. In the coming months, as our exploration programme expands, we will be spreading the message to the wider investment community.

Your company is starting out on what I hope will be an exciting road to success.



John J. Teeling
Chairman

19 September 2005

