

Chaarat Gold Holdings Limited

("Chaarat" or "the Company")

Operational update

Road Town, Tortola, British Virgin Islands (19 July 2011)

Chaarat (AIM-CGH), the gold exploration and development company operating in the Kyrgyz Republic, is pleased to report that:

- Contracts for the major infrastructure projects for road and power have been signed
- Construction of the upgraded and expanded camps at site has begun
- Drilling continues with up to eleven rigs in operation and more to be contracted
- Total JORC compliant resource across the Chaarat Project, compiled by Wardell Armstrong International, now stands at 4.736Moz, an increase of 7.5% from the announcement on 7 February 2011
- Operational team at Chaarat continues to develop: Benoit de Galbert, Chief Operating Officer, is currently on leave from the Company and Chief Executive, Dekel Golan, is leading the operational team at Chaarat

The move to production of the Chaarat Project involves continuing exploration, development of the infrastructure elements of the project and the construction of a first stage processing plant to commence gold production from the open-pit free milling section of the deposit. All activities to achieve production are progressing well.

Chaarat is now shifting its exploration focus to developing certain areas of higher grade ore in the Main and Contact sections of the deposit so as to delineate a high grade (above 5 g/t) reserve base for the early stage of underground mining.

Infrastructure development is progressing aggressively. The required permits for the upgrade of the access road from an exploration grade road to one capable of facilitating the movement of large scale mining equipment have been received and contracts with two contractors (each executing half of the work) have been signed. The contractors have already started their mobilisation and works are to start shortly.

The power line to site has been designed and the relevant permits for its construction have been received. A contract with a major Kazakh company has been signed and the works are to start in the near future. The contract includes the construction of a power line from the Chatkal valley to site, a backup generating station, distribution network and all the relevant sub-stations and other required equipment. An alternative electricity supply option has also been proposed to Chaarat which, if found to be workable, would reduce significantly the required investment and complexity of the second part of the power line.

The design of the Chaarat site requires separate camps for the processing and mining parts of the operation. Contracts to build both camps have been signed and the first phase of both camps is due to be completed this year in order to provide accommodation for the first workers on site early next year.

Chaarat has been engaged in a major recruitment drive with many new professional operatives joining the Company, which has created a competent and strong team. For the last seven weeks, Benoit de Galbert, COO, has been on leave. The Company does not believe that his absence has slowed progress to production. In his absence Chief Executive Dekel Golan, assisted by Alexander Novak and Linda Naylor, has taken primary responsibility for operational matters.

An engineering company (SNC-Lavalin) has been selected to prepare the Front End Engineering Design (FEED) for the project. Discussions with potential suppliers of the processing units have commenced with a view to issuing initial tender documents by the end of August.

The process of applying for a mining permit is a multi stage process which requires, among other things, a "public hearing", which gives the local communities an opportunity to air their views about a proposed project. The public hearing in respect of the Chaarat Project has taken place and the Project was warmly welcomed by the population. The local community recognises the importance of Chaarat and other mining projects in providing employment and other opportunities to the population of the relatively remote Chatkal valley. A development fund has been established by the local community to ensure that the financial support provided by locally operating companies will be managed transparently and efficiently. The initial focus of cooperation between the mining industry and the Chatkal community is on upgrading the local roads which will benefit both parties.

Dekel Golan, CEO, commented: *“The Company continues to make pleasing progress at Chaarat as we move towards production. The commissioning of major infrastructure works is now underway whilst the operational management team has been strengthened.”*

Further information about the Company:

Chaarat Gold Holdings Limited

+44 (0) 20 7499 2612

c/o Central Asia Services Limited

Dekel Golan - CEO

dekel@chaarat.com

Linda Naylor – Finance Director

linda.naylor@chaarat.com

Westhouse Securities Limited

+44 (0) 20 7601 6100

Tim Feather

tim.feather@westhousesecurities.com

Richard Baty

richard.baty@westhouse securities.com

Bankside Consultants

+44 (0) 20 7367 8888

Simon Rothschild

simon.rothschild@bankside.com

Note to Editors:**About Chaarat Gold**

Chaarat Gold is an exploration and development company operating in the Kyrgyz Republic. The Company's main activity is the development of the Kiziltash Project (comprising the Contact Project and the Main Zone) and the Tulkubash project situated within the Middle Tien Shan Mountains of Kyrgyzstan, which form part of the Tien Shan gold belt. The Company has delineated a JORC compliant mineral resource of 4.736Moz at a grade of 4.28g/t gold across both projects. Chaarat's key objective is to become a low cost gold producer; with initial production from the Tulkubash project, targeting annual production of over 200,000 ounces per annum as the Kiziltash Project comes on stream.

Disclaimer

This press release includes forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond Chaarat's control that would cause the actual results, performance or achievements of Chaarat to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding Chaarat's present and future business strategies and the environment in which Chaarat will operate in the future. Any forward-looking statements speak only as at the date of this document. Chaarat expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained in this document to reflect any change in Chaarat's expectations with regard to these or any change in events, conditions or circumstances on which any such statements are based. As a result of these factors, the events described in the forward-looking statements in this press release may not occur either partially or at all.