

Chaarat Gold Holdings Limited

(“Chaarat” or the “Company”)

Tulkubash project update

Road Town, Tortola, British Virgin Islands (7th December 2011)

Chaarat (AIM – CGH), the AIM quoted exploration and development company with assets in the Kyrgyz Republic, is pleased to provide a project update on the Tulkubash Project, which is part of the Chaarat project area in north western Kyrgyzstan.

Highlights

- Resource increased 56% to 501,000oz @ 2.92 g/t* from 321,000oz @ 3.96g/t
- Significant uplift potential for resource and reserve identified
- Mine development continues with production scheduled for second quarter 2013

*estimate compiled by the Company

General

The Tulkubash project is progressing well and on target for production in 2013. During 2011 the focus was:

- Upgrading the resource to reserve status and increasing the overall project size and production rate;
- Permitting, design and detailed engineering;
- Infrastructure development and construction;
- Recruitment and team building.

Resource increase and upgrade

During the 2011 exploration season work focused on improving the resource and generating reserves from the open pittable section of the Central Tulkubash section of the ore-body – in both of which we had encouraging results. This helped improve our understanding of the Tulkubash project to the extent that we believe that the resource may have the capability of supporting a larger production base of 2,500 tpd. This will be confirmed after additional work during 2012.

A total of 15,413 metres of drilling generated an open pittable resource of 404,000 (from a total of 501,000) ounces at a grade of 2.92 g/t. Further drill results to the south and north of the zone (as announced on 22 November) indicate that the reserve can be increased

significantly. The strike extension and the geometry of the pit mean production can be increased without changing the strip ratio and without interrupting the mining activities.

As reported on 22 November, drilling results in the Tulkubash zone suggest that the mineralised zone extends by a few kilometres due north and that this extension should make it possible to significantly increase production. The generation of a feedstock that is amenable to free milling from a low strip ratio open pit will give us exciting cash generation opportunities.

Permitting, design and detailed engineering

The Chaarat Project is subject to two separate permit regimes. The first, the Kiziltash section (which includes the more refractory element of the Chaarat Gold Project) is being developed subject to an exploration licence. This permit has been broadened to include the development of the infrastructure work such as access road, power system and miners' camp. The second permit relates specifically to the Tulkubash Project and includes the construction of the mine, mill, tailings dam and the relevant ancillary structures (workshops, warehouses etc.)

In order to convert the Tulkubash permit to a mining permit, the company has to submit a report showing that it has delineated sufficient reserves to justify its grant. That report has now been prepared and submitted. The next step is for the National Resource State Committee to convene and either approve the report or seek more clarification. Under the law, the review has to take place within one month of the application being filed, after which the Company will be entitled to the issue of a mining licence.

The report lodged by Chaarat has been compiled with the involvement of the authorities. We therefore have reason to believe that it meets all legal requirements and will receive prompt approval. A permit to mine should then be issued shortly thereafter. As a caveat the recent presidential election in the country could cause a delay as a new coalition government still needs to be put in place as does the appointment of new ministers.

After the grant of a mining permit, the Company will be required to prepare a detailed preliminary project design; which will include all the elements of the mine to be built, their location and specification as well as a Social and Environmental Impact Assessment. This study, called locally a "Staged Project", has to be approved by a number of relevant ministries (the Ministry of Labor for safety, the Ministry of Forestry and Environmental, Ministry of Natural Resources etc.). When the Staged Project is approved, the detailed design work can take place.

As can be seen the process is onerous, Chaarat is though working on all three layers of design in parallel. As mentioned, the first of these, the report for the mining permit, has already been completed. Work for the Staged Project is being supervised by a number of engineering companies who are preparing different aspects of the study. Finally the detailed design of other elements including the processing plant is also separately being worked on.

The Company believes that all documents will be ready on time for inspection. In the absence of unforeseen delays in the review process, permitting should be completed so as to allow the Company to reach production in the second quarter of 2013.

The engineering of the process plant has been mandated to ProMet from South Africa, which is affiliated to a large Chinese engineering and construction company, Dadi Engineering. As such a large part of the detailed design work is being executed in China. Tender packages for the civil and construction works are anticipated to be completed by the end of 2011 and, for the process plant in January 2012. The Company expects to be in a position to enact the relevant construction agreements once the relevant permits have been granted.

Infrastructure development and construction

Three infrastructure projects, the power system, access road and camps are related to the exploration licence, hence their construction has already commenced. All of the projects are running slightly behind schedule. Plans though are in hand to make up for lost time.

As regards cost, the power component of the project will be lower than originally estimated with a consequent reduction in overall cost. Conversely, the access road cost is running above budget but within the contingency provided. The camps are expected to be completed on budget.

Recruitment and team building

The Company is meeting its recruitment needs slowly and systematically. Training programs for operatives are being developed. The management team is being carefully built, and in general the Company is making good progress towards building an excellent operations team.

Budget update

The directors continue to foresee that the funds raised in March 2011 will be sufficient to complete the project and reach production within the anticipated budget framework. The option of leasing the mining fleet and diesel generators is being investigated with a view to reducing the cash outlay further.

Tenders for the processing plant and mining fleet are expected to be completed by February 2012.

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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 and Tulkubash projects 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 increased combined annual production of over 200,000 ounces as the Kiziltash project comes on stream.

Further information is available at www.chaarat.com

Competent Person

The Competent Person with overall responsibility for this press release, and who has reviewed the information contained herein, is Sunit Patel, M.Sc (Geology), FGS, GSSA, who is an employee of Chaarat Gold. Sunit is an exploration geologist with 22 years of experience in the resource industry who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and he was supervisor to the work subject of this release. Mr Patel consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.