

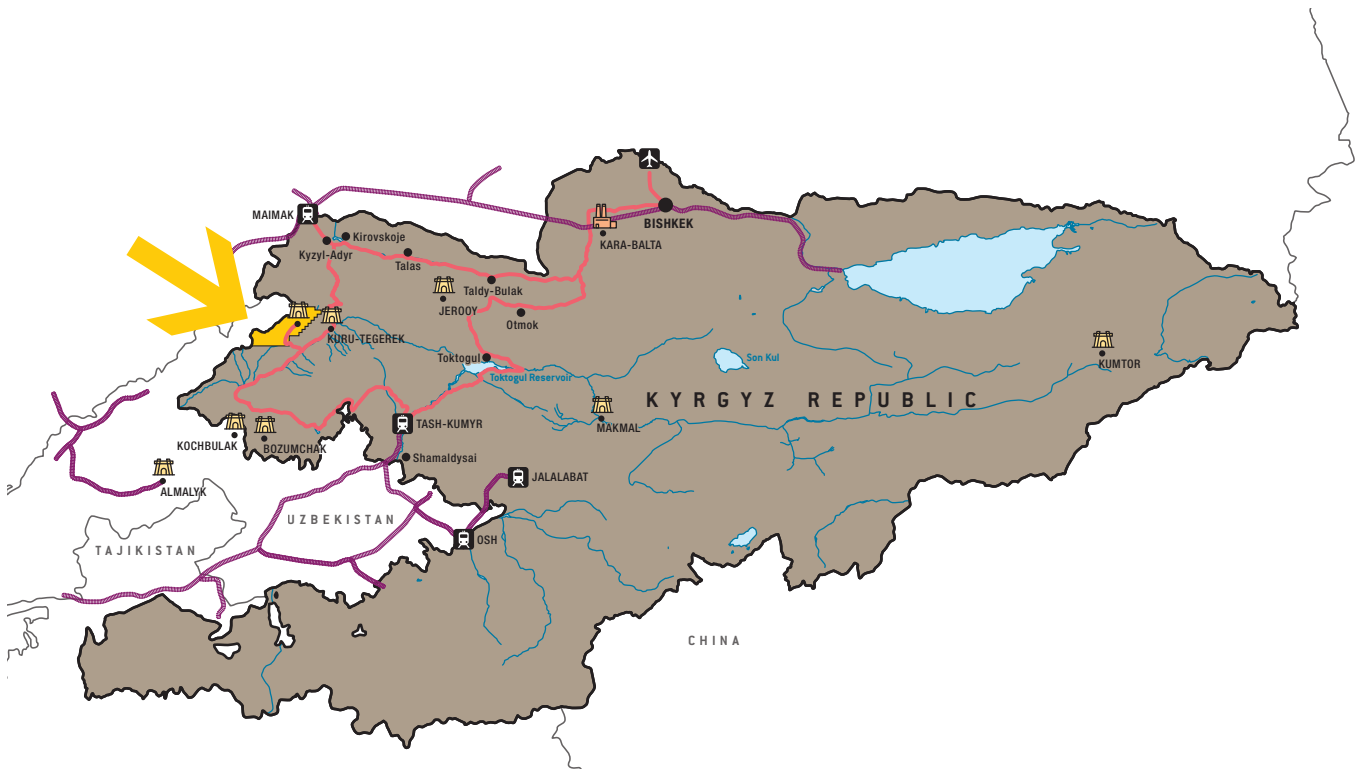


CHAARAT GOLD HOLDINGS LIMITED
[“Chaarat” or the “Company”]

Operational update

Road Town, Tortola, British Virgin Islands (2 November 2010)

Chaarat (AIM: CGH) is pleased to provide an update on its operations at its principal project in Kyrgyzstan.



Highlights

- Chaarat’s principal asset (the “Chaarat Project”), a 4Moz gold project, now separated into two distinct projects; the Tulkubash project and the Main project
- The Tulkubash project to be accelerated with the potential for mining to commence in Q4 2011
- SNC Lavalin appointed to conduct a Definitive Feasibility Study on the Tulkubash project the conclusions of which are expected in mid-2011
- Pre-feasibility Study on the Main project expected in H1 2011

Background to the Chaarat Project and the Tulkubash and Main projects

During the course of the last few months, work has been focused on advancing the Pre-Feasibility Study (PFS) on the Company's principal asset, the Chaarat Project.

The PFS is aimed towards identifying and quantifying the best way of bringing the Chaarat Project into production and has involved large batteries of metallurgical tests which have been conducted on different parts of the deposit. The metallurgical testing has highlighted the fact that the Tulkubash zone has a different mineralogy from the rest of the Chaarat Project, located in the Contact and Main zones (now collectively referred to as the "Main project"). As a consequence the Tulkubash deposit can be processed using a different and less capital intensive process which presents an advantageous development route for this part of the deposit.

The mineralisation in the Tulkubash formation is cleaner (having significantly lower levels of sulphur, arsenic, antimony and silver) and more importantly, it is mostly free milling and thereby much more amenable to direct cyanidation without oxidation which is a relatively less capital and power intensive process. This is an important and welcome development as it will enable the Company to reach production earlier than previously anticipated. In addition, bringing the Tulkubash deposit into production earlier, will greatly simplify the process of developing the larger Main project.

The two projects are located approximately 2 km apart and will share many aspects such as access to the property, tailings dams and technical roads. The fact that the two projects are separate means that the operations can be managed and developed independently and, importantly, production from the Tulkubash project will not be interrupted when the larger Main project is developed.

Preliminary testwork indicates a large proportion of the resource in the Tulkubash project can also be mined by open pit methods. The Company is now investigating the possibility of developing a first stage production unit capable of mining and processing 700-1,000 tonnes of ore per day. The principal characteristics of the two projects are summarised in the table below:

Characteristics of the two projects (company estimates)

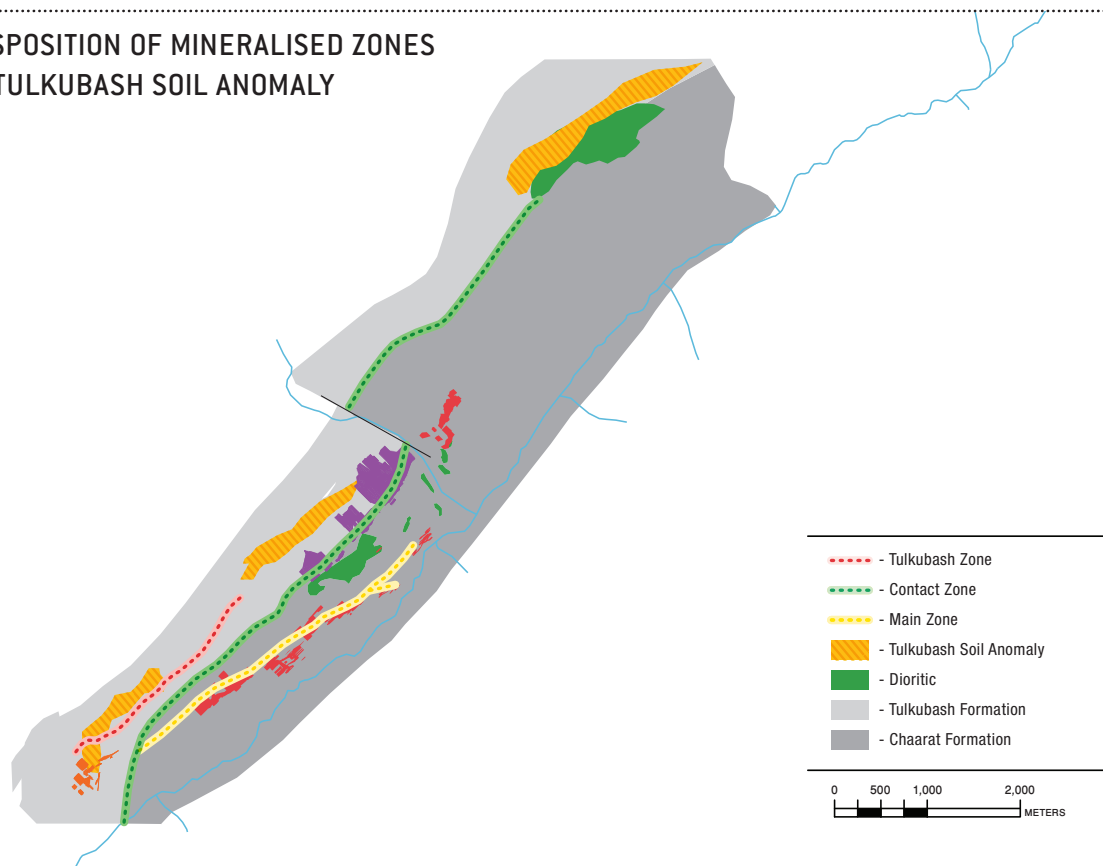
	Tulkubash project	Main project
Expected Mining rate (tpd)	~700-1000	~4000-5000
Gold production rate (ozs p/a)	~40,000	~140,000-180,000
Estimated investment (US\$million)	70	300 (additional)
Estimated cash cost per ounce	Not yet available	Not yet available
Power source	Generators ¹	Power line
Mining method	Mostly open pit	Mostly underground

¹Generators will be required until the power line is established for the Main project.

The Tulkubash project

The Tulkubash quartzite formation extends along the Chaarat Project. Whilst the Company had conducted geological works in this formation, it was not considered a priority. Following some promising results, a sample of which are set out in the table below, a rigorous soil sampling programme along the crest lines of the Tulkubash area was carried out.

DISPOSITION OF MINERALISED ZONES & TULKUBASH SOIL ANOMALY



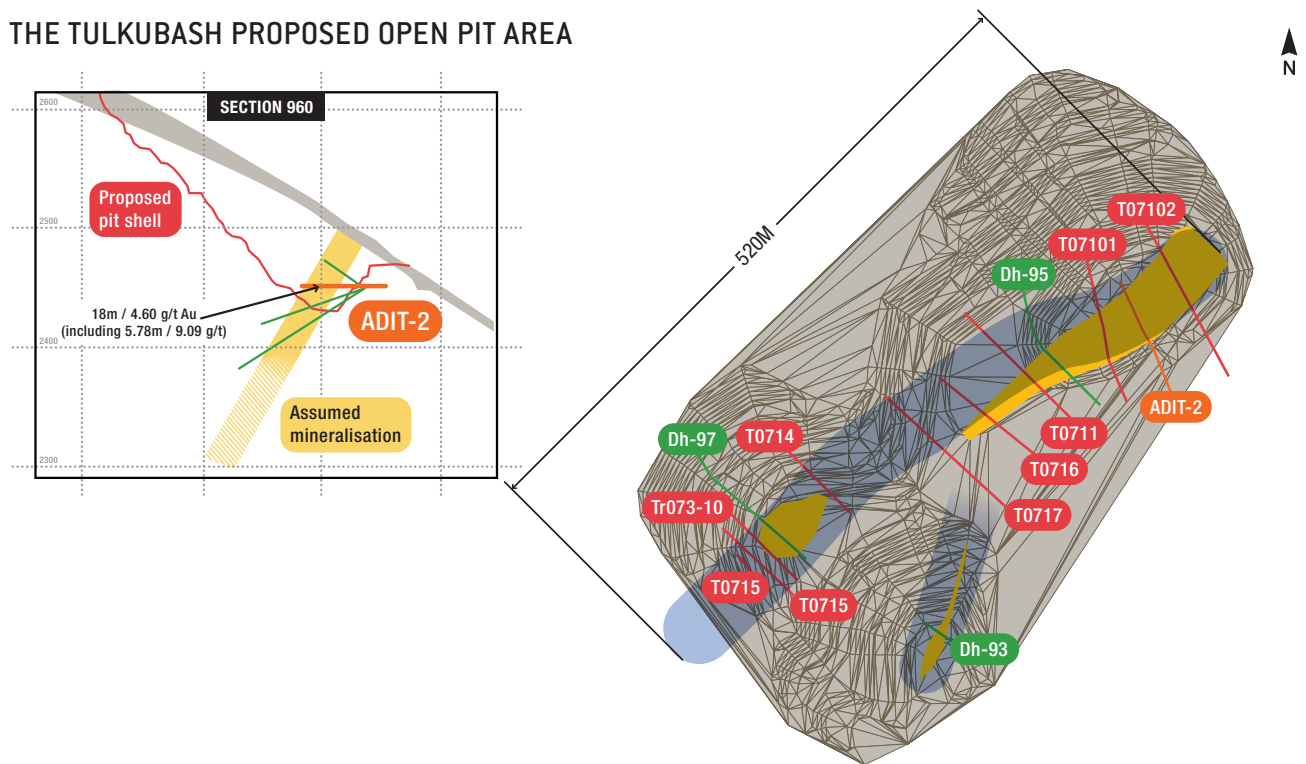
Sample of already announced drill results from the Tulkubash project

Drive/drill hole	Intersection	True width (metres)	Depth (metres)	Gold grade (Au g/t)
DH-62/b	28.50	23.56	155	5.21
DH-93/b	30.00	12.79	35	4.42
DH-61	15.60	14.69	73	4.85
Adit#2	28.00	18.00	65	4.60
Including	9.00	5.78		9.09
T0796	31.50	24.60	38	4.88

The results showed a large area of 4.80 km of strike showing good potential to be included in the Tulkubash project. The Company undertook a significant structural geology exercise in order to decipher the geological controls of the mineralisation.

In addition to the drilling and soil sampling programme, important structural information was obtained from an existing Soviet adit, which was cleared and sampled last year. A sample of the findings is included in the table above. Initially the Tulkubash zone was intended to be included in the larger project and as such the work on the PFS included a general outline of an open pit for the Tulkubash area. The Company has decided to focus its exploration work on delineating additional mineralisation which is likely to be mineable by open pit methods. The 2010 exploration season is now close to completion and the Company expects that, based on work done during the season, sufficient data will allow the calculation of a maiden resource early in Q1 2011 and that most of it can be mined by an open pit operation. The Company is confident that the Tulkubash project incorporates a significant free milling resource and once a maiden resource has been delineated, Chaarat will be in a position to commence development.

THE TULKUBASH PROPOSED OPEN PIT AREA



In addition to the shallow drilling and trenching, some deeper holes were drilled to follow the mineralisation down dip and establish whether underground mining is feasible.

In order to enable “fast-tracking” of the Tulkubash project, whilst optimising the usage of funds and development activities, the essential elements of the Tulkubash project; mill, tailings dam, workers’ camp, roads and associated infrastructure were included as part of the PFS in the design of the Main project. The geotechnical work required for detailed engineering of the Tulkubash project has already been undertaken. This work will enable the Company and its consultants to complete the design work during the winter.

Work on a Definitive Feasibility Study (DFS) for the Tulkubash project has been commissioned. Chaarat has engaged a world class team for the DFS which will be led by Canadian group SNC-Lavalin (SNC). SNC is an international leader in consulting, design, engineering and construction of

processing and infrastructure facilities for the mining industry and it has been engaged to manage and coordinate the work of a number of consultants, each providing specific expertise. The metallurgy is being developed by another global leader, SGS Lakefield. The process plant design will be undertaken by South African consultants, Consulmet, in conjunction with SNC, and the costing and economic analysis will also be prepared by SNC. Infrastructure planning and mining will be carried out by local companies to ensure that operations comply with the local regulatory framework with supervision and support provided by SNC. It is anticipated that the DFS will be completed during the first half of 2011.

The Main project

Work has continued on the Main project PFS, which is being compiled by the South African arm of the SRK Consulting Group. With the Tulkubash project having been established as a separate development from the Main project, the Tulkubash ore has been excluded from the assumed production schedule in the PFS. The process package has been developed, the plant design completed and all the aspects of the operation identified, designed to the required level and costed. On the mining side, further design work is being undertaken that will incorporate drilling data from the 2010 exploration season. The PFS is scheduled to be finalised in H1 2011.

The metallurgical work has been completed with the conclusion that at least 88 per cent. of contained gold will be recovered. The process plant has been designed and the Company is pleased to report that, although significant changes of operational strategy have been introduced since the scoping study, the anticipated capital costs seem to be marginally lower than those costs outlined in the scoping study. The reduction in projected capital costs is significant as this also includes further processing equipment to enable Chaarat to produce a higher margin metal doré as its finished product rather than concentrate.

As previously announced the selected operational strategy will be whole ore pressure oxidation (WOPOX) followed by the CIL (Carbon in Leach) method of gold extraction. Numerous tests on different ore samples support the suitability of this technology to handle the somewhat variable mineralogy.

The WOPOX method, in addition to being economically superior, in Chaarat's case, to any other method is an environmentally sound technology ensuring that no hazardous contaminants are left untreated.

The Company has identified a suitable location for the process plant and tailings dam not far from the site. Following significant geotechnical, hydrological and other environmental investigations, the site was found to be suitable and the tailings dam has been designed according to local and international standards.

During the winter season, the Company plans a significant underground drilling programme which, if successful, should enable us to proceed towards a full DFS for the Main project.

Subscription by China Nonferrous Metals International Mining Co Ltd (“CNMIM”)

In connection with the placing announced on 1 July 2010, CNMIM had the option, within 15 days, to subscribe for such number of shares at the placing price so as to maintain its pre-placing percentage shareholding in the Company. A notice was given to CNMIM as required under the subscription agreement.

CNMIM confirmed to the Company that it would subscribe for such number of shares to maintain its holding, but that the necessary regulatory approvals from the Chinese government would require more than the permitted 15 days and were likely to be received by 31 October 2010. Chaarat has now been informed by CNMIM that there will be an additional delay in receipt of these approvals. The complicated and lengthy process by which a Chinese state owned enterprise is permitted to invest in non-Chinese companies has led both companies to decide to abandon the current anticipated investment. Instead they will seek together to find a more efficient solution to enable CNMIM to participate on a timely basis in future fund raisings.

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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 Chaarat Main and Tulkubash projects situated within the Middle Tien Shan Mountains of Kyrgyzstan which form part of the Tien Shan gold belt. The Company has thus far delineated a JORC compliant mineral resource of 4.009 Moz at a grade of 4.14 g/t gold across both deposits. The Company is currently in the process of compiling a Pre-Feasibility study on the Main Project and a Definitive Feasibility Study on the Tulkubash project. Chaarat's objective is to become a low cost gold producer targeting production of over 200,000 ounces per annum by early 2013 from the Chaarat Main project with first production from the smaller Tulkubash project in Q4 2011

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