Chaarat Gold Holdings Limited

("Chaarat" or "the Company")

INTERIM STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

Road Town, Tortola, British Virgin Islands (27 September 2017)

Chaarat (AIM – CGH), the AIM quoted exploration and development company with assets in the Kyrgyz Republic, today publishes its unaudited results for the period ended 30 June 2017.

HIGHLIGHTS

- Funding of USD 15 million secured via the issue of convertible loan notes to finalise the Tulkubash Heap Leach Project Bankable Feasibility Study and begin preparations for construction
- Development of the Tulkubash Heap Leach Project accelerated by an intensive drilling programme and construction of access road
- Drilling results to date support the Board's confidence in the potential to increase the reserves of the Tulkubash Project
- Geotechnical works completed in preparation for detailed design
- Senior management team continues to be strengthened in preparation for construction
- Successful Kyrgyz Investor Forum held in May amid government expressions of support for the Chaarat Gold Project
- Licence agreement signed with Kyrgyz Government confirms approval to bring stages one and two of the Chaarat Gold Project to production following successful submission of the Technical Project and positive public hearing

Martin Andersson, Chairman of Chaarat, commented: *"I am delighted with the progress during the first six months of 2017, and subsequently, and the diligent execution of our plans to take the Tulkubash heap leach project into production.*

Based on the progress we have achieved, including the positive drilling results and with all local permitting secured, the management team are now working on budgets, plans and timelines to accelerate construction ahead of securing the full construction financing.

The improving climate in the country for mining companies has been demonstrated not only by the recent licence agreement signed by the Kyrgyz Government and Chaarat, confirming approval for the plan to take stages one and two of the Chaarat Project to production, but also the successful conclusion of the long running dispute between the Kyrgyz government and Centerra in relation to the Kumtor mine.

I would like to welcome our convertible holders and new shareholders and thank all shareholders and convertible holders for their support. The Board and management team at Chaarat are well aware of the challenges ahead but can look forward with increasing confidence based on a record of solid achievement so far in 2017."

Enquiries:

Chaarat Gold Holdings Limited	+ 44 20 7499 2612
c/o Central Asia Services Limited	info@chaarat.com
Robert Benbow CEO	
Linda Naylor FD	
Numis Securities Limited	+44 (0) 20 7260 1000
John Prior, Paul Gillam (NOMAD)	
James Black (Broker)	

About Chaarat Gold

Chaarat Gold is an exploration and development company operating in the Kyrgyz Republic with a large, high grade resource – the Chaarat Gold Project. The Company's key objective is to become a low cost gold producer generating significant production from the development of the Chaarat Gold Project. Chaarat is engaged in an active community engagement programme to optimise the value of the Chaarat investment proposition.

Chaarat aims to create value for its shareholders, employees and communities from its high quality gold and mineral deposits in the Kyrgyz Republic by building relationships based on trust and operating to the best environmental, social and employment standards.

Further information is available at www.chaarat.com

CHIEF EXECUTIVE OFFICER'S REPORT

Dear Shareholder

Reporting progress is easier than achieving that progress and as I write about our progress this year, I want to recognize the efforts of our employees in achieving the accomplishments discussed below. Our progress would not be possible without them. We continue our steady progress towards putting the Tulkubash heap leach project into production.

The Company executed the license agreement with the Kyrgyz government as announced on 20 September 2017. This marks a major milestone in advancing the mine. The agreement approves both the oxide and the refractory ore project and supports the Company's plan to develop the Tulkubash deposit first and the refractory ore project at a later date. It also approves the local Kyrgyz environmental assessment and mitigation measures. The Company is working on an environmental and social impact analysis that meets international standards. We are pleased that the agreement recognizes the support of local communities in the Chatkal region.

We initiated a drilling program earlier this year to add oxide resources to our mineral inventory. As reported in our update released on 7 September 2017, we are encouraged by the interim results received so far. Originally planned as an 11,000-meter program, excellent drilling productivity is allowing us to extend the drilling program to 15,000 meters. We are encouraged by the assay results and even more encouraged that the northeast trend remains open-ended. As winter approaches, the drilling program will wind down and we will begin building the new resource model, designing the mine and reporting resources and reserves early next year.

Construction of a new 16 km access road from the Chatkal valley to the top of Kumbel pass began in late May. Two Kyrgyz contractors are working on this road, one from the top down and one from the bottom up. We expect the two will be connected by the end of the construction season. This road will provide safe access to the top of Kumbel pass for transporting equipment and supplies during construction and operating supplies during operations. The access road will be extended from the top of Kumbel pass down to the project site as part of the next project construction program.

The Company continues to advance design of the crushing facility, heap leach facility, ADR plant and infrastructure. Geotechnical site investigations for detailed design were completed this season for all facilities thus allowing foundation designs to proceed. The Company is currently reviewing design schedules for meeting our goals for beginning construction in the second quarter next year.

Key additions to the project team are a Head of Geology to oversee the drilling program and a Commercial Manager and a Technical Manager to manage preparations for construction. The requirement for additional personnel has been identified and a recruitment schedule put in place as part of the construction planning. Attracting high quality personnel to the project continues to be our primary goal in recruitment.

I am proud of our team's efforts in achieving these results. Of special note is the efforts of our Kyrgyz governmental group in getting the license agreement signed amid a presidential election campaign. The support from the Kyrgyz government and the local communities reflects the hard work of our team.

With Highest Regards

Robert D. Benbow

Consolidated income statement
For the six months ended 30 June

	6 months to 30 June 2017 (unaudited) USD	6 months to 30 June 2016 (unaudited) USD	12 months to 31 December 2016 (audited) USD
Exploration expenses	(745,085)	(991,276)	(1,060,180)
Administrative expenses	(1,490,480)	(1,568,432)	(3,297,786)
- Share options expense	(449,108)	(981)	(1,962)
- Foreign exchange gain/(loss)	2,924	3,808	(334,185)
Total administrative expenses	(1,936,664)	(1,565,605)	(3,633,933)
Other operating income	-	589,327	220,784
Operating loss	**(2,681,749)**	**(1,967,554)**	**(4,473,329)**
Finance income / (expenses)	(387,507)	17,312	18,453
Taxation	-	-	-
Loss for the period, attributable to equity shareholders of the parent	**(3,069,256)**	**(1,950,242)**	**(4,454,876)**
Loss per share (basic and diluted) – USD cents	(0.87)	(0.71)	(1.52)

Consolidated statement of comprehensive income
For the six months ended 30 June

	6 months to 30 June 2017 (unaudited) USD	6 months to 30 June 2016 (unaudited) USD	12 months to 31 December 2016 (audited) USD
Loss for the period, attributable to equity shareholders of the parent	**(3,069,256)**	**(1,950,242)**	**(4,454,876)**
Other comprehensive income:			
Items which may subsequently be reclassified to profit and loss			
Exchange differences on translating foreign operations and investments	388,392	2,689,088	2,601,427
Other comprehensive income for the period, net of tax	**388,392**	**2,689,088**	**2,601,427**
Total comprehensive loss for the period attributable to equity shareholders of the parent	**(2,680,864)**	**738,846**	**(1,853,449)**

Consolidated balance sheet
At 30 June

	30 June 2017 (unaudited) USD	30 June 2016 (unaudited) USD	31 December 2016 (audited) USD
Assets			
Non-current assets			
Intangible assets	26,960	31,042	26,572
Mine properties	25,554,289	21,764,870	23,424,508
Property, plant and equipment	740,682	906,746	840,682
Assets in construction	10,274,026	10,185,681	10,008,201
	36,595,957	**32,888,339**	**34,299,963**
Current assets			
Inventories	285,778	360,134	208,955
Trade and other receivables	1,632,740	254,165	365,944
Cash and cash equivalents	13,694,150	2,063,517	3,284,929
	15,612,668	2,677,816	3,859,828
Total assets	**52,208,625**	**35,566,155**	**38,159,791**
Equity and liabilities			
Equity attributable to shareholders			
Share capital	3,517,757	2,729,353	3,517,757
Share premium	136,553,470	132,108,746	136,553,470
Share warrant reserve	1,358,351	1,358,351	1,358,351
Convertible loan note reserve	867,373	-	-
Other reserves	15,183,538	14,926,889	14,848,878
Translation reserve	(15,539,037)	(15,839,768)	(15,927,429)
Accumulated losses	(105,709,385)	(100,328,935)	(102,754,577)
	36,232,067	**34,954,636**	**37,596,450**
Non-current liabilities			
Deferred tax	-	-	-
Convertible loan notes	14,273,151	-	-
Current liabilities			
Trade payables	450,731	132,663	401,096
Accrued liabilities	1,252,676	478,856	162,245
	1,703,407	611,519	563,341
Total liabilities	**15,976,558**	**611,519**	**563,341**
Total liabilities and equity	**52,208,625**	**35,566,155**	**38,159,791**

Consolidated statement of changes in equity

For the six months ended 30 June

	Share capital USD	Share premium USD	Share warrant reserve USD	Convertible loan note reserve USD	Accumulated losses USD	Other reserves USD	Translation reserve USD	Total USD
Balance at 31 December 2015	**2,729,353**	**132,108,746**	**1,358,351**	**-**	**(98,405,125)**	**14,952,340**	**(18,528,856)**	**34,214,809**
Currency translation	-	-	-	-	-	-	2,689,088	**2,689,088**
Other comprehensive income	-	-	-	-	-	-	2,689,088	**2,689,088**
Loss for the six months ended 30 June 2016	**-**	**-**	-	-	(1,950,242)	**-**	**-**	**(1,950,242)**
Total comprehensive income for the six months **ended 30 June 2016**	**-**	**-**	-	-	(1,950,242)	-	2,689,088	**738,846**
Share options lapsed	-	-	-	-	26,432	(26,432)	-	-
Share options expense	-	-	-	-	-	981	-	**981**
Balance at 30 June 2016	**2,729,353**	**132,108,746**	**1,358,351**	**-**	**(100,328,935)**	**14,926,889**	**(15,839,768)**	**34,954,636**
Currency translation	-	-	-	-	-	-	(87,661)	**(87,661)**
Other comprehensive income	-	-	-	-	-	-	(87,661)	**(87,661)**
Loss for the six months ended 31 December 2016	-	-	-	-	(2,504,634)	-	-	**(2,458,995)**
Total comprehensive income for the six months ended **31 December 2016**	-	-	-	-	(2,504,634)	-	(87,661)	**(2,592,295)**
Share options lapsed	-	-	-	-	78,992	(78,992)	-	-
Share options expense	-	-	-	-	-	981	-	**981**
Issuance of shares for cash	788,404	4,587,757	-	-	-	-	-	**5,376,161**
Share issue cost	-	(143,033)	-	-	-	-	-	**(143,033)**
Balance at 31 December 2016	**3,517,757**	**136,553,470**	**1,358,351**	-	**(102,754,577)**	**14,848,878**	**(15,927,429)**	**37,596,450**
Currency translation	-	-	-	-	-	-	388,392	**388,392**
Other comprehensive income	-	-	-	-	-	-	388,392	**388,392**
Loss for the six months ended 30 June 2017	**-**	**-**	-	-	(3,069,256)	**-**	**-**	**(3,069,256)**
Total comprehensive income for the six months **ended 30 June 2017**	-	-	-	-	(3,069,256)	-	388,392	**(2,680,864)**
Share options lapsed	-	-	-	-	114,448	(114,448)	-	-
Share options expense	-	-	-	-	-	449,108	-	449,108
Equity element of convertible loan note	-	-	-	867,373	-	-	-	867,373
Balance at 30 June 2017	**3,517,757**	**136,553,470**	**1,358,351**	**867,373**	**(105,709,385)**	**15,183,538**	**(15,539,037)**	**36,232,067**

Consolidated cash flow statement
For the 6 months ended 30 June

	6 months to 30 June 2017 (unaudited) USD	6 months to 30 June 2016 (unaudited) USD	12 months to 31 December 2016 (audited) USD
Operating activities			
Loss for the period	**(3,069,256)**	**(1,950,242)**	**(4,454,876)**
Adjustments:			
Amortisation expense - intangible assets	38	3,580	7,287
Depreciation expense – property, plant and equipment	135,019	197,905	332,698
(Profit)/loss on disposal of property, plant and equipment	3,587	(154,700)	40,074
Provision for inventories	-	-	(22,660)
Finance income	(20,991)	(17,312)	(18,453)
Other operating income	-	-	(220,784)
Share based payments	449,108	981	1,962
Interest payable	408,498	-	-
Decrease in inventories	(77,255)	(15,557)	147,423
(Increase)/Decrease in accounts receivable	(584)	(1,688)	(590)
Increase/(Decrease)in accounts payable	(364,838)	291,999	(58,507)
Net cash flow used in operations	**(2,536,674)**	**(1,645,034)**	**(4,246,426)**
Investing activities			
Purchase of tangible fixed assets	(60,657)	(28,351)	(68,812)
Capitalisation of development activities	(2,153,360)	(181,138)	(2,052,669)
Sale of subsidiary	-	-	200,000
Proceeds from sale of equipment	(27,999)	1,224,585	1,106,055
Interest received	20,991	17,312	18,453
Net cash used in investing activities	**(2,221,025)**	**1,032,408**	**(796,973)**
Financing activities			
Proceeds from issue of share capital	-	-	5,376,162
Proceeds from issue of convertible loan note	15,000,000	-	-
Issue costs	(267,975)	-	(143,033)
Net change from financing activities	**14,732,025**	**-**	**5,233,129**
Net change in cash and cash equivalents	**9,974,326**	**(612,626)**	**189,730**
Cash and cash equivalents at beginning of the period	**3,284,929**	**2,839,159**	**2,839,159**
Effect of changes in foreign exchange rates	434,895	(163,016)	256,040
Cash and cash equivalents at end of the period	**13,694,150**	**2,063,517**	**3,284,929**

Notes to the financial statements

1 Loss per share

The loss per share is calculated by reference to the loss of USD 3,069,256 for the six months ended 30 June 2017 and the weighted average number of shares in issue of 351,775,832 during the period. There is no dilutive effect of share options.

2 Basis of preparation of financial statements

The financial information set out in this interim statement does not constitute statutory accounts.

The unaudited results for the period ended 30 June 2017 have been prepared on the basis of the accounting policies adopted in the audited accounts for the year ended 31 December 2016 except as disclosed below in relation to the issue of convertible loan notes. The results for the period are derived from continuing activities. The figures for the period ended 31 December 2016 have been extracted from the statutory financial statements, prepared under IFRS, which are available on the Group's website www.chaarat.com. The auditor's report on those financial statements was unqualified.

The proceeds received from the issue of the Company's convertible loan notes have been allocated into their liability and equity components. The amount initially attributed to the debt component equals to the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost until extinguished on conversion or maturity of the loan note. The remainder of the proceeds is allocated to the conversion option and is recognised in other reserves within the shareholders' equity, net of income tax effects.