Chaarat Gold Holdings Limited

(“Chaarat” or “the Company”)

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

Road Town, Tortola, British Virgin Islands (27 September 2011)

HIGHLIGHTS

- Progress in exploration and implementation of the Tulkubash project throughout the period
- Work commenced on access road and power line
- Initial start up phases delineated: targeted production late 2012 early 2013 dependent on seasonal considerations

Dekel Golan, Chief Executive of Chaarat, commented:

“*The Company has sustained progress with both exploration and on planning and initiating the infrastructure for the mining operation; the proceeds of the placing completed in February are starting to be deployed, whilst our resource base continues to grow as expected.*

“As we make the preparations for production, a particularly pleasing feature of our exploration programme is the increasing predictability of the resource and the continued high grades delineated.”

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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 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 combined 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.

Operational Review

During the period the Company has started the implementation of the Tulkubash project, the first part of the Chaarat project to be brought into production, and continued its exploration activities elsewhere on both the Chaarat project and on other projects within its portfolio of assets. The early stages of the implementation of the Tulkubash project have primarily involved the organisation and infrastructure aspects, such as the negotiation and signing of contracts for the access road, power line and work camps.

Infill drilling at the Tulkubash open pit section has continued in order to provide further data for the preparation of a detailed mining plan and to enable the inclusion in our resources of lower grade ore at between 1 and 2 g/t. This change to the cut off grade will increase the open pit resource of the Central Tulkubash Zone significantly as well as reducing the strip ratio. The inclusion of recent drill results in the resource estimate and refining the pit design should improve the economics of the project by further reducing the strip ratio and improving grade. An updated resource estimate will be announced as soon as is practicable. Encouraging exploration results from the deeper underground zones confirm that underground mining will take precedence over open pit operations in mine planning.

The Engineering, Procurement, Construction Management ("EPCM") phase of the Tulkubash project implementation is well underway. The Company will manage the project. Progress with permitting, engineering and construction is described below. The Company is actively recruiting to fill a few key positions as it prepares to become fully operational.

Although the political climate in the country is somewhat tense at present with the presidential election expected in late October, overall Chaarat has operated normally over the period and our relationships with the authorities have remained positive.

Progress and Strategy

The six month period since the completion of the £51.6 million fund raising, announced in February 2011, has been dedicated to completing and refining the project scope and establishing the foundations on which a successful mine can be built and operated.

Work has focused on seven areas:

1. Project scope and configuration definition - important modifications to the project configuration have been identified and made.

2. Permitting - a permitting strategy has been initiated and implemented to ensure both the development of the oxide portion of the deposit (Tulkubash) as well as continuing the exploration of the sulphide section of the Chaarat target area (Kiziltash).

3. Engineering - the project configuration and Front End Engineering Design has been completed to facilitate the tender for the detailed engineering of the process plant and other elements of the project (tailings facility, waste dump site etc.) scheduled to take place in 2012.

4. Geology – our knowledge and understanding of the oxide section has been improved and this will help to achieve an increase in the open-pit oxide resource.

5. Construction – infrastructure elements have been developed; primarily road improvement, power line construction and building of work camps for our personnel.

6. Development of operational plans and procedures are being implemented ready for the take over from the project construction team.

7. Organisation - the necessary support functions such as HSE, logistics and compliance processes are being established. The HR needs of the company have been identified and a strategy developed to ensure they are met.

Additional exploration activity has also been undertaken at our other properties, Mironovskoye, Chontash and Kyzil Ompul, although the Company's current focus is firmly on the Chaarat project.

Project Scope and configuration

The original strategy was to build a small scale 700-1,000 tonnes per day (tpd) modular plant which would later be replaced by a larger plant with two 2,500 tpd lines to be built in two stages.

Engineering and financial analysis has highlighted operational improvements which management believe could have distinct financial and operational advantages. It is now envisaged that the first 2,500 tpd line will be built in the final location but certain aspects of the line will initially be scaled down. The same elements can later be expanded with minimal cost and interruption to activity so as to enable the full 2,500 tpd capacity. Although the plant will cost slightly more than the modular plant originally planned, it will provide greater expansion flexibility and, management believes, prove more economical in the long run.

The current plan is to build the plant in the following phases:

> **Phase 1** (2,500t Run Of Mine (ROM)/day) – As originally envisaged, this involves a simple flow-sheet with crushing, grinding and carbon-in-leach, which has a low capital cost, is simple to design, construct and operate. A flotation concentrator is added to allow for separate cyanidation of concentrate and flotation tailings. The flow-sheet is flexible for the varied pyrite content in the feed ore and able to achieve high recoveries on Tulkubash ores.
>
> Further analysis has led to the definition of "Start-up Phase-1" for the Tulkubash which will use the original flow-sheet described above, but with capacity reduced to 1,000 tpd. The major cost saving items are the permanent crushing circuit and the aerial rope way which are to be delayed until the mine capacity is increased to 2,500 tpd which will be referred to as "Final Phase-1".

Phase 2 (2,500t ROM/day) – This comprises a complete single train refractory gold treatment plant with crushing, milling, pressure oxidation, slurry wash and carbon-in-leach circuit. The Phase 2 flow-sheet is similar to the final flow-sheet but with only one mill and autoclave.

Phase 3 (2,500 – 4,000t ROM/day) – An additional mill is installed which increases the potential plant feed to 5,000t ROM/day. The flotation concentrator is re-commissioned and some of the plant feed is beneficiated in this phase to allow for the operation of the single autoclave. This flow-sheet has maximum flexibility with high recoveries at low throughputs and the ability to increase throughput as the mining is developed. Recoveries will be lower at the higher throughput.

Phase 4 (5,000t ROM/day) – The final plant with two autoclaves, able to treat the total 5,000t ROM/day and achieving the maximum gold recovery.

Permitting and Engineering

The infrastructure will be used for the whole project so our permitting strategy is to seek permits both for the Kiziltash, the large exploration project on the rest of the Chaarat target area, as well as the Tulkubash project. The required permits have been issued and the work on the infrastructure projects has begun as described below.

In order to fast track the development at Tulkubash, the smaller first phase project, we are in the process of filing for the mining permit which we expect to be granted early next year. Based on our recent application experience, we have no reason to believe that the granting of this permit will pose any serious problems.

Geology

A total of 18,961 metres were drilled during the first half of the year, mostly in the Tulkubash project, and in the deeper zones of the Contact Project (CP) 5,516 metres were drilled to the end of August.

Our understanding of the geology of the Tulkubash project has improved considerably, and we await the preparation of a formal independent resource/reserve calculation by our advisers. Since most of the lower grade material will need to be mined in order to develop the open pit, work undertaken suggests that it will be more economic to process rather than discard this lower grade material. The Company is considering the option of stockpiling the lower grade ore (between 1g/t-2g/t) to ensure that the cash flow from initial production will be maximised.

The results of drilling along strike in the north and south sections are encouraging. We are in the early stages of investigating whether it is possible that the lower strip ratio sections of the pit can be extended on strike, thus improving the economics of the operation significantly.

We have continued to drill the deeper parts of the deposit in the CP and initial indications are that there is a correlation between the widening of the ore body and higher grade. The result is more ounces per vertical metre in this body, which is still open on strike, both towards the north and south as well as down dip. The continuity, predictability and consistent grade of this deposit underline our belief that this is a world class ore body.

Construction

Our strategy has been to achieve as much as possible on the infrastructure front in 2011, leaving us to complete the construction of the specific elements such as process plant, workshops etc. next season.

Work on the two major infrastructure items has begun. Road construction commenced in June. We are concentrating on the more complex areas for road construction, as well as the critical areas which need to be completed first, in order to ensure easier logistics for next year. Currently two contractors are working on the road and a third may be added in due course.

The power line project has been given to a large Kazakh company (ASPMK-519) and is progressing as expected.

Additional preliminary works including the start of earthworks in the plant area and the construction of two camps (miners' camp and plant camp) are also underway. Work on the former has started, whereas the latter is due to be built next year.

Orders for long lead items such as the mill are to be placed in the near future in order to minimise the potential for delays.

Operations

The mining and operations team is being recruited, training plans are being drawn up and implemented, mining equipment is being sourced and plans and procedures are being established.

As operations will begin with the Tulkubash open pit, production can be ramped up with a relatively small work force and a simple operation.

Organisation

The various support functions, such as logistics and procurement, are being strengthened and expanded. The finance function is preparing for the significant shift from being an exploration company to a mine builder and producer. The buildup of staff and systems is progressing satisfactorily, albeit more slowly than we would have liked.

Financial Results

As expected, the loss for the period at US$7,665,382 reflects the increased expenditure on operations in particular on the drilling activity on site, where 12 drill rigs are in operation, 2 underground and 10 on surface.

Other assets

In addition to the Chaarat project, the Company progressed work on its other exploration assets acquired last year. Drilling was carried out in the Tunduk section of the Kyzil Ompul licence area. Geophysical work was done in Chontash to identify the best location for additional drilling in this promising property. A local company has been retained to conduct a Feasibility Study on Mironovskoye in order to facilitate the sale or introduction of a partner to this project. With copper and gold prices at historic highs this "ready to mine" deposit is attractive to prospective partners.

Summary

The Company has made good progress in the period, both on exploration and planning as well as initiating the infrastructure for first production at the Chaarat project. The proceeds of the placing completed in March are being deployed, whilst our resource base continues to grow as expected.

As we prepare for production, a particularly pleasing feature of our exploration programme is the increasing predictability of the resource and the continued high grades delineated.

Dekel Golan
Chief Executive Officer

Consolidated income statement
For the six months ended 30 June

	Note	6 months to 30 June 2011 (unaudited) USD	6 months to 30 June 2010 (unaudited) USD	12 months to 31 December 2010 (audited) USD
Exploration expenses		(5,158,736)	(2,519,529)	(7,242,318)
Administrative expenses		(2,427,264)	(1,558,026)	(3,432,711)
Administrative expenses - Share options expense	5	(488,062)	(221,594)	(588,587)
Administrative expenses - Other		(179,171)	(11,673)	(18,514)
Administrative expenses – Foreign exchange loss		(219,044)	(61,935)	(168,336)
Operating loss		(8,472,277)	**(4,372,757)**	**(11,450,466)**
Financial income		806,895	8,270	14,363
Loss for the period, attributable to equity shareholders of the parent		**(7,665,382)**	**(4,364,487)**	**(11,436,103)**
Loss per share (basic and diluted) – USD cents	2	(3.38)c	(3.87)c	(9.12)c

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

	6 months to 30 June 2011 (unaudited) USD	6 months to 30 June 2010 (unaudited) USD	12 months to 31 December 2010 (audited) USD
Loss for the period, attributable to equity shareholders of the parent	**(7,665,382)**	**(4,364,487)**	**(11,436,103)**
Other comprehensive income:			
Exchange differences on translating foreign operations	(22,869)	(102,621)	(143,478)
Total comprehensive loss for the period attributable to equity shareholders of the parent	**(7,688,251)**	**(4,467,108)**	**(11,579,581)**

Consolidated balance sheet
At 30 June

	30 June 2011 (unaudited) USD	30 June 2010 (unaudited) USD	31 December 2010 (audited) USD
Assets			
Non-current assets			
Intangible assets	11,658	30,010	20,082
Mining exploration assets	8,349,367	-	8,349,367
Property, plant and equipment	1,291,003	720,759	596,502
Other receivables	359,989	-	50,456
	10,012,017	750,769	9,016,407
Current assets			
Inventories	594,102	146,430	150,035
Trade and other receivables	2,088,481	903,874	1,619,590
Cash and cash equivalents	82,432,362	3,007,319	10,124,977
	85,114,945	4,057,623	11,894,602
Total assets	**95,126,962**	**4,808,392**	**20,911,009**
Equity and liabilities			
Equity attributable to shareholders			
Share capital	2,503,562	1,129,110	1,470,339
Share premium	128,501,973	27,499,843	48,949,592
Other reserves	14,196,746	13,529,935	13,839,590
Translation reserve	(1,106,203)	(1,042,477)	(1,083,334)
Accumulated losses	(51,708,236)	(37,159,481)	(44,173,760)
	92,387,842	3,956,930	19,002,427
Non- current liabilities			
Deferred tax	487,000	-	487,000
	487,000		487,000
Current liabilities			
Trade payables	1,431,876	527,360	646,788
Accrued liabilities	820,244	324,102	774,794
	2,252,120	851,462	1,421,582
Total liabilities	2,739,120	851,462	1,908,582
Total liabilities and equity	**95,126,962**	**4,808,392**	**20,911,009**

Consolidated statement of changes in equity
For the six months ended 30 June

	Share capital USD	Share premium USD	Accumulated losses USD	Other reserves USD	Translation reserve USD	Total USD
Balance at 31 December 2009	1,129,110	27,499,843	(32,798,843)	13,312,190	(939,856)	8,202,444
Currency translation	-	-	-	-	(102,621)	(102,621)
Net income recognised directly in equity	-	-	-	-	(102,621)	(102,621)
Loss for the six months ended 30 June 2010	-	-	(4,364,487)	-	-	(4,364,487)
Total comprehensive income for the six months	-	-	(4,364,487)	-	(102,621)	(4,467,108)
Share options lapsed	-	-	3,849	(3,849)	-	-
Share options expense	-	-		221,594	-	221,594
Balance at 30 June 2010	1,129,110	27,499,843	(37,159,481)	13,529,935	(1,042,477)	3,956,930
Currency translation	-	-	-	-	(40,857)	(40,857)
Net income recognised directly in equity	-	-	-	-	(40,857)	(40,857)
Loss for the six months ended 31 December 2010	-	-	(7,071,616)	-	-	(7,071,616)
Total comprehensive income for the six months	-	-	(7,071,616)	-	(40,857)	(7,112,473)
Share options lapsed	-	-	57,337	(57,337)	-	-
Share options expense	-	-	-	366,992	-	366,992
Issuance of shares for acquisition	119,282	7,500,134				7,619,416
Issuance of shares for cash	221,947	14,386,364	-	-	-	14,608,311
Share issue costs	-	(436,749)	-	-	-	(436,749)
Balance at 31 December 2010	**1,470,339**	**48,949,592**	**(44,173,760)**	**13,839,590**	**(1,083,334)**	**19,002,427**
Currency translation	-	-	-	-	(22,869)	(22,869)
Net income recognised directly in equity	-	-	-	-	(22,869)	(22,869)
Loss for the six months ended 30 June 2011	-	-	(7,665,382)	-	-	(7,665,382)
Total comprehensive income for the six months	-	-	(7,665,382)	-	(22,869)	(7,688,251)
Share options lapsed	-	-	130,906	(130,906)	-	-
Share options expense	-	-	-	488,062	-	488,062
Issuance of shares for cash	1,033,223	82,986,647	-	-	-	84,019,870
Share issue costs	-	(3,434,266)	-	-	-	(3,434,266)
Balance at 30 June 2011	**2,503,562**	**128,501,973**	**(51,708,236)**	**14,196,746**	**(1,106,203)**	**92,387,842**

Consolidated cash flow statement
For the 6 months ended 30 June

	6 months to 30 June 2011 (unaudited)	6 months to 30 June 2010 (unaudited) USD	12 months to 31 December 2010 (audited) USD
Operating activities			
Loss for the period	**(7,665,382)**	**(4,364,487)**	**(11,436,103)**
Adjustments:			
Amortisation expense - intangible assets	12,292	13,107	25,520
Depreciation expense – property, plant and equipment	227,399	312,944	490,024
(Profit)/loss on disposal of property, plant and equipment	(218,606)	3,052	5,094
Finance income	(20,050)	(8,270)	(14,363)
Share based payments	488,062	221,594	588,587
Foreign exchange (gains)/losses	(219,044)	2,909	(42,590)
(Increase)/Decrease in inventories	(444,067)	10,261	8,553
(Increase)/Decrease in accounts receivable	(468,891)	(294,386)	(1,080,142)
Increase in accounts payable	343,538	380,200	688,041
Net cash flow used in operations	**(7,964,749)**	**(3,723,076)**	**(10,767,379)**
Investing activities			
Purchase of computer software	(8,953)	-	(3,664)
Purchase of property, plant and equipment	(1,099,976)	(40,299)	(98,445)
Acquisition of subsidiary (net of cash acquired)	-	-	5,865
Proceeds from sale of equipment	389,090	-	-
Loans repaid	-	4,407	4,407
Interest received	276,710	8,270	14,363
Net cash used in investing activities	**(443,129)**	**(27,622)**	**(77,474)**
Financing activities			
Proceeds from issue of share capital	84,019,870	-	14,608,310
Issue costs	(3,434,266)	-	(436,749)
Net cash from financing activities	**80,585,604**	-	**14,171,561**
Net change in cash and cash equivalents	**72,177,726**	**(3,750,698)**	**3,326,708**
Cash and cash equivalents at beginning of the period	10,124,977	6,812,046	**6,812,046**
Effect of changes in foreign exchange rates	129,659	(54,029)	(13,777)
Cash and cash equivalents at end of the period	**82,432,362**	**3,007,319**	**10,124,977**

Notes to the financial statements

1 Dividend

No dividend is proposed in respect of the period.

2 Loss per share

The loss per share is calculated by reference to the loss of USD 7,665,382 for the six months ended 30 June 2011 and the weighted average number of shares in issue of 226,931,389 during the period. There is no dilutive effect of share options.

3 Basis of preparation of financial statements

The unaudited results have been prepared on a going concern basis and on the basis of the accounting policies adopted in the audited accounts for the year ended 31 December 2010. The results for the period are derived from continuing activities.

The financial information set out in this half-yearly report does not constitute statutory accounts. The figures for the period ended 31 December 2010 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.

4 Mining exploration and development costs

During the exploration phase of operations, all costs are expensed in the Income Statement as incurred.

A subsequent decision to develop a mine property within an area of interest is based on the exploration results, an assessment of the commercial viability of the property, the availability of financing and the existence of markets for the product. Once the decision to proceed to development is made, exploration, development and other expenditures relating to the project are capitalised and carried at cost with the intention that these will be depreciated by charges against earnings from future mining operations over the relevant life of mine on a unit of production basis.

5 Intangible assets – acquired mining exploration assets

Mining exploration assets acquired on the acquisition of subsidiaries are carried in the balance sheet at their fair value at the date of acquisition less any impairment losses, pending determination of technical feasibility and commercial viability of those projects.

When such a project is deemed to no longer have technical or commercially viable prospects to the Group, acquired mining exploration costs in respect of that project are deemed to be impaired and written off to the statement of total comprehensive income.

Subsequent mining exploration costs incurred on those projects are expensed in accordance with the Group’s accounting policy below.

6 Share options

During the period the Company issued the following share options:

Exercise price	Number	Date
£0.70-£1.50	5,400,000	07/03/11
£1.00	400,000	10/03/11
£0.70-£1.50	2,700,000	21/03/11
£0.60-£1.00	100,000	04/04/11
£0.60-£1.00	100,000	18/04/11
	8,700,000	

The total number of share options outstanding was:

At 31 December 2010	11,125,253
Awarded	8,700,000
Lapsed in period	(734,757)
Exercised in period	(26,000)
At 30 June 2011	**19,064,496**

An amount of USD 488,062 was recognised as share based payment expense during the six month period ended 30 June 2011 (six months ended 30 June 2010: USD 221,594; 12 months ended 31 December 2010: USD 588,587).

7 Post Balance Sheet Events

As a result of the exercise of share options 127,500 ordinary shares were issued and admitted to AIM on 26 July 2011.

Directors and Advisers

Directors

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L Tao *Non-Executive Deputy Chairman*
D Golan *Chief Executive Officer*
A Novak *Executive Director*
L Naylor *Finance Director*
R Weinberg *Non-Executive Director*
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