



Chaarat Gold Holdings Ltd

9 September 2008

HALF YEAR RESULTS TO 30 JUNE 2008

Chaarat Gold Holdings (AIM –CGH) ('Chaarat or the 'Company') is pleased to announce its half-year financial results for the six months ended 30 June 2008.

Highlights

- The company continued its underground exploration throughout the winter and re-commenced surface exploration in June.
- The Company released its resource update recording estimated resources of 3.13million ounces of gold at an average grade of 4.41 grams/tonne, demonstrating the success of its 2007 exploration programme. (See news release dated 22 April 2008).
- Drilling results from the first drill chamber demonstrated increased width and grade of the mineralised zone at the adit level and below as compared to the surface width and grade. (See news release dated 5 August 2008).
- A positive scoping study was completed by consultants Behre Dolbear International Ltd. This indicated the economic viability of the Chaarat Project and suggested a possible mining rate of over 200,000 ounces of gold per annum. (See news release dated 19 June 2008).
- Subsequent to 30 June, Chaarat received a routine two year renewal of its exploration licence over its 604 square kilometre property. The renewal extends to the period from 1 January 2009 to 31 December 2010. (See news release dated 26 August 2008).

Dekel Golan - CEO comments; "2008 has seen successful and encouraging progress, well on track for moving Chaarat from its current advanced exploration phase towards planned production during 2012. The Scoping Study prepared by Behre Dolbear has allowed us to refine our planning of infrastructure, extraction technology, legal and environmental studies and sustainability. Good progress is being made on all these fronts and we plan to shortly proceed to a Pre-Feasibility Study, with a target completion date during 2009".

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 herein to reflect any change in Chaarat's expectations with regard thereto 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.

Enquiries:

Chaarat Gold Holdings Ltd

Dekel Golan - Dekel@chaarat.com

Terry Cross - terry@caserve.co.uk

Canaccord Adams Limited

Mike Jones - Mike.Jones@canaccordadams.com

Smith's Corporate Advisory

Dominic Palmer-Tomkinson - Tomkinson@smiths-ca.com

Tel: +44 (0) 20 7499 2612

Tel: +44 (0) 20 7050 6500

Tel: +44 (0) 20 7239 0140

Chief Executive's Report

I am pleased to present Chaarat Gold's Half Year Results for the six months to 30 June 2008.

Exploration

For the first time Chaarat successfully operated throughout the year, without ceasing exploration activities during the winter season. On 22 April 2008 the Company released its resource update recording estimated JORC compliant resources of 3.13million ounces of gold at an average grade of 4.41 grams/tonne, thereby demonstrating the success of its 2007 exploration programme. These results represented a 68% increase over the estimated 1.86 million ounce resource declared after the 2006 season.

The majority of the exploration work carried out during the first half of 2008 was conducted underground, with surface work being initiated following the winter season.

The exploration adit passed through extensive mineralisation in the Contact zone in February 2008. Two drifts running parallel to the strike of the mineralised body in the hanging wall are on schedule. The results of drilling from the first underground drill chamber were very encouraging. Drilling is currently being conducted from Drill Chamber #2 which was excavated and equipped in May 2008, with drilling scheduled for completion by the end of September 2008. Subsequent to completion of drilling in Drill Chamber #2, drilling will commence from Drill Chamber #3, situated 200metres to the North of Drill Chamber #2. If positive results from Drill Chamber #2 and horizontal drilling from the drift confirm the exploration value of this approach to delineation of the resource, a fourth drill chamber will be developed 200metres to the South of Drill Chamber #2.

The current underground drilling program will allow us to extend the current resource of 1.248Moz in the Contact Zone both along strike and to depth, along a strike length of some 640 metres, which is a still only a small part of the almost 10 kilometre strike of the contact zone. Should the grade and width found in drilling from Drill chambers #1 and #2 prove consistent, the C53 Project will become very significant in its own right and permit the generation of the first mine planning block model for a pre-feasibility study.

In order to facilitate the exploration work, exclusively conducted by local contractors, Chaarat is actively supporting the development of local contractors. We view this approach as good operational practice as well as an integral part of the sustainable development approach of the Company. We have assisted a number of local contractors in acquiring modern or new equipment and we regularly provide expert assistance to improve their skills base. Such assistance, mostly by way of advances and loans, has proven very useful.

Scoping and Pre-Feasibility Studies

The Company commissioned Behre Dolbear International Ltd. ("Behre Dolbear"), an independent and internationally recognised engineering consulting firm, to prepare a scoping study on the economic viability of the Chaarat Project, as well as setting out a recommended work programme to develop the project to the mining stage.

The Scoping Study was completed during June 2008. The details of the scoping study can be found in the press release published on 19 June 2008. The report concluded that the Chaarat property is an economically viable property and that the targeted production rate of a minimum of 200,000 saleable ounces of gold per year can technically and operationally be achieved.

Discussions are underway with a number of parties about the commissioning of a pre-feasibility study. We expect to announce shortly the party or group of parties who will undertake this study.

Project Development:

Staff

A new Project Manager, Mr. Scott Salisbury, joined the Company during May. Scott brings with him significant experience in mining in Australia as well as managing operations in less developed environments such as Tanzania and Mauritania.

Metallurgy

In parallel with metallurgical studies to develop a gold doré product, following the advice of a number of experts, the Company has decided to also direct more effort towards investigating the alternative possibility of producing a high grade gold and silver concentrate. The ability to produce such concentrate would allow the Company to either treat the concentrate in a location where the environmental concerns can be minimised, or to sell the concentrate outright. The Company is commissioning Mintek, a South African metallurgical laboratory with significant experience in similar ores, to develop a suitable process.

Development

A number of potentially suitable locations for the plant and tailings dam have been identified. The required geotechnical work to substantiate the suitability of those locations is being planned and is likely to take place during the 2009 summer season.

The survey and design of the access road up the Sandalash river valley, to link an existing public road system to site and provide year-round access to site, was commissioned by Maccafferri in August 2008. The length of the road to be planned and built is approximately 20 km, significantly less than previously believed.

Environmental work

With a better understanding of the area of influence of the project, the detailed planning of the Environmental Baseline Study has commenced. A review of potential project infrastructure sites and access routes has identified that the study area was significantly larger than originally estimated. Our environmental advisors, Knight Piesold and Co. (USA), are working with us to determine a revised scope of work, to ensure that the study is executed to the highest international standards. The initial study phase incorporating the full area of influence covered by the project will commence in the spring of 2009.

Dekel Golan

Chief Executive Officer

Consolidated income statement

For the six months ended 30 June

	6 months to 30 June 2008 (unaudited) USD	6 months to 30 June 2007 (unaudited) USD	12 months to 31 December 2007 (audited) USD
Exploration expenses	(2,997,849)	(740,665)	(5,298,560)
Administrative expenses	(1,739,306)	(287,530)	(1,623,792)
Other operating income/(expense)	14,569	858	(2,852)
Operating loss	(4,722,586)	(1,027,337)	(6,925,204)
Financial expense	(247,475)	-	-
Financial income	178,239	87,387	384,858
Loss for the period, attributable to equity shareholders of the Company	(4,791,822)	(939,950)	(6,540,346)
Loss per share (basic and diluted) – USD cents	(6.67)c	(1.70)c	(11.21)c

All amounts relate to continuing activities.

Consolidated balance sheet

At 30 June

	30 June 2008 (unaudited) USD	30 June 2007 (unaudited) USD	31 December 2007 (audited) USD
Assets			
Non-current assets			
Intangible assets	25,628	-	4,797
Property, plant and equipment	2,064,833	613,683	1,215,273
Other receivables	38,388	37,886	37,740
	2,128,849	651,569	1,257,810
Current assets			
Inventories	294,167	-	475,846
Trade and other receivables	1,706,812	903,768	742,433
Cash and cash equivalents	7,004,269	3,756,955	13,128,822
	9,005,248	4,660,723	14,347,101
Total assets	11,134,097	5,312,292	15,604,911
Liabilities and equity			
Equity attributable to shareholders			
Share Capital	718,834	3,739	718,834
Share premium	15,665,928	11,204,939	15,665,928
Other reserves	11,405,955	258,647	11,048,357
Foreign currency reserve	(421,416)	12,979	(408,059)
Retained losses	(16,787,682)	(6,395,464)	(11,995,860)
	10,581,619	5,084,840	15,029,200
Current liabilities			
Trade payables	481,972	117,452	401,253
Accrued liabilities	70,506	110,000	174,458
	552,478	227,452	575,711
Total liabilities and equity	11,134,097	5,312,292	15,604,911

Consolidated cash flow statement

For the six months ended 30 June

	6 months to 30 June 2008 (unaudited) USD	6 months to 30 June 2007 (unaudited) USD	12 months to 31 December 2007 (audited) USD
Operating activities			
Result for the period before and after tax	(4,791,822)	(939,950)	(6,540,346)
Adjustments:			
Amortisation expense intangible assets	2,671	-	430
Depreciation expense property, plant and equipment	256,757	46,717	200,415
Loss on disposal of property, plant and equipment	5,838	2,091	3,541
Interest income	(179,498)	(65,809)	(263,558)
Share based payment expense	357,598	10,138	163,306
Foreign exchange	247,475	1,178	87,875
(Increase)/decrease in inventories	181,679	-	(475,846)
(Increase)/decrease in accounts receivable	(965,027)	(815,168)	(633,208)
Increase/(decrease) in accounts payable	(23,233)	142,601	490,859
Net cash flow used in operations	(4,907,562)	(1,618,202)	(6,966,532)
Investing activities			
Purchase of computer software	(23,560)	-	(5,227)
Purchase of property plant and equipment	(1,129,357)	(541,482)	(1,297,372)
Proceeds from sale of equipment	2,644	5,208	13,750
Loans repaid	-	-	40,000
Interest received	179,498	65,809	203,079
Net cash used in investing activities	(970,775)	(470,465)	(1,045,770)
Financing activities			
Proceeds from issue of share capital	-	4,999,049	23,264,751
Issue costs	-	-	(2,453,076)
Net cash from financing activities	-	4,999,049	20,811,675
Net change in cash and cash equivalents	(5,878,337)	2,910,382	12,799,373
Cash and cash equivalents at beginning of the period	13,128,822	846,573	846,573
Effect of changes in foreign exchange rates	(246,216)	-	(517,124)
Cash and cash equivalents at end of the period	7,004,269	3,756,955	13,128,822

Consolidated statement of changes in equity

For the six months ended 30 June

	Share capital USD	Share premium USD	Retained losses USD	Other reserves USD	Translation reserve USD	Total USD
Balance at 31 December 2006	3,431	6,454,707	(5,455,514)	-	11,801	1,014,425
Currency translation	-	-	-	-	1,178	1,178
Net gain recognised directly in equity	-	-	-	-	1,178	1,178
Loss for the six months ended 30 June 2007	-	-	(939,950)	-	-	(939,950)
Total recognised income and expense for the six months attributable to equity shareholders of the Company	-	-	(939,950)	-	1,178	(938,772)
Issuance of shares and options for cash	308	4,750,232	-	248,509	-	4,999,049
Share options expense	-	-	-	10,138	-	10,138
Balance at 30 June 2007	3,739	11,204,939	(6,395,464)	258,647	12,979	5,084,840
Currency translation	-	-	-	-	(421,038)	(421,038)
Net loss recognised directly in equity	-	-	-	-	(421,038)	(421,038)
Loss for the six months ended 31 December 2007	-	-	(5,600,396)	-	-	(5,600,396)
Total recognised income and expense for the six months attributable to equity shareholders of the Company	-	-	(5,600,396)	-	(421,038)	(6,021,434)
Transfer to reserves - reverse acquisition *	(3,739)	(11,204,939)	-	11,208,678	-	-
Share for share exchange – reverse acquisition *	572,136	-	-	(572,136)	-	-
Share options expense	-	-	-	153,168	-	153,168
Issuance of shares for cash	146,698	18,119,004	-	-	-	18,265,702
Share issue costs	-	(2,453,076)	-	-	-	(2,453,076)
Balance at 31 December 2007	718,834	15,665,928	(11,995,860)	11,048,357	(408,059)	15,029,200
Currency translation	-	-	-	-	(13,357)	(13,357)
Net gain recognised directly in equity	-	-	-	-	(13,357)	(13,357)
Loss for the six months ended 30 June 2008	-	-	(4,791,822)	-	-	(4,791,822)
Total recognised income and expense for the six months attributable to equity shareholders of the Company	-	-	(4,791,822)	-	(13,357)	(4,805,179)
Share options expense	-	-	-	357,598	-	357,598
Balance at 30 June 2008	718,834	15,665,928	(16,787,682)	11,405,955	(421,416)	10,581,619

* The transfers to reserves during 2007 represented the issued share capital and share premium of subsidiary Chaarat Gold Limited prior to its reverse acquisition of Chaarat Gold Holdings Ltd

Notes:

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 USD4,791,822 for the six months ended 30 June 2008 and the weighted average number of shares in issue of 71,883,433 during the period. There is no dilutive effect of share options or warrants.

The numbers of shares used in loss per share calculations for the periods ended 30 June 2007 and 31 December 2007 have been adjusted for the 300:1 share exchange of 7 September 2007.

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 2007.

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 2007 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 **Selected accounting policy**

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 units of production basis.

5 **Share options**

On 30 June 2008 the Company awarded 1,335,000 share options to staff, at an exercise price of GBP£0.54 per share. The total number of share options outstanding were:

At 31 December 2007	6,540,000
Awarded 30 June 2008	1,335,000
At 30 June 2008	7,875,000

An amount of USD 357,598 was recognised as share based payment expense during the six month period ended 30 June 2008 (six months ended 30 June 2007:USD 10,138; 12 months ended 31 December 2007: USD 163,306)

Directors and Advisers

Directors

C Palmer-Tomkinson *Non-executive Chairman*
D Golan *Chief Executive Officer*
T A Cross *Finance Director*
A Novak *Executive Director*
S R Comline *Non-executive Director*
O R Greene *Non-executive Director*

Company Secretary

Chateau Management Limited
PO Box 693
Hamilton Estate
Charlestown
Nevis
Tel +41 22 316 6620
lee@chateaufid.ch

Registered Office

Palm Grove House
PO Box 438
Road Town, Tortola
British Virgin Islands, VG1110
Registered Number 1420336

Kyrgyz Republic Office

Chaarat Zaav CJSC
Chokmorova Street, 127
720040, Bishkek
Kyrgyz Republic

Web Site

www.chaarat.com

Auditors

Grant Thornton UK LLP
Grant Thornton House
Melton Street
London, NW1 2EP

Registrars

Capita Registrars (Guernsey) Ltd
2nd Floor, No 1 Le Truchot
St Peter Port
Guernsey

Depositary

Capita IRG Trustees Limited
The Registry
34 Beckenham Road
Beckenham
Kent, BR3 4TU

Principal Bankers

Royal Bank of Scotland International
Royal Bank Place
1 Glatigny Esplanade
St Peter Port
Guernsey

Nominated Advisor and Broker

Canaccord Adams Limited
Cardinal place, 7th Floor
80 Victoria Street
London, SW1E 5JL

Solicitors (UK)

Watson, Farley & Williams LLP
15 Appold Street
London, EC2A 2HB

Solicitors (Guernsey)

Ogier
Ogier House,
St. Julien's Avenue
St. Peter Port
Guernsey, GY1 1WA

Solicitors (BVI)

Ogier
Qwomar Complex, 4th Floor
PO Box 3170 Road Town
Tortola
British Virgin Islands, VG 1110

Solicitors (Kyrgyz Republic)

Kalikova & Associates
71 Erkindik Boulevard
Bishkek, 720040
Kyrgyz Republic