

9 September 2021

Chaarat Gold Holdings Limited
("Chaarat" or "the Company")

Interim results for the six months ended 30 June 2021

Chaarat Gold Holdings Limited (AIM: CGH), the AIM-quoted gold mining company with an operating mine in Armenia, and assets at various stages of development in the Kyrgyz Republic, today publishes its unaudited results for the six-month period ended 30 June 2021 ("H1 2021").

Highlights for interim period ended 30 June 2021

Group Financial Results

- Revenue up 61% in H1 2021 (US\$48.1 million) compared to H1 2020 (US\$29.9 million), reflecting the positive impact of increased production including third-party ore (H1 2021: US\$11.1 million and H1 2020: nil) and strong commodity prices.
- Positive adjusted Group EBITDA¹ in H1 2021 of US\$10.4 million (H1 2020: US\$0.5 million), reflecting the significantly improved operating performance at Kapan and lower overhead costs.
- Cash and cash equivalents as at 30 June 2021 of US\$24.6 million (30 June 2020: US\$5.9 million).

Kapan

- On track to deliver on our gold equivalent AuEq 57k oz guidance for the year².
- Standalone Kapan EBITDA contribution of US\$13.8 million in H1 2021, +237% increase compared to H1 2020 EBITDA contribution (US\$4.1 million).
- Improved all-in-sustaining cost ("AISC"³) of US\$1,063 /oz vs US\$1,076 /oz in H1 2020 (-1%).
- Kapan produced a total of 32,813 gold equivalent ounces ("oz"); 25,896 oz of own ore vs 27,140 oz in H1 2020 (-5%) and 6,917 oz of third-party ore vs 543 oz in H1 2020 (1174%), in line with mine plan.
- Significantly increased third-party ore production of 70kt for H1 2021 vs 10kt for H1 2020 (+600%), in turn contributing US\$1.8 million to Kapan's EBITDA in H1 2021.
- Exploration of the East Flank area adjacent to the existing Kapan mine is progressing according to schedule.

Tulkubash

- Updated bankable feasibility study ("BFS") released in May 2021 confirming robust project economics.
- Exploration programmes for Tulkubash commenced in May 2021 and are progressing on budget and on schedule.
- Results of the drilling on Tulkubash are expected for Q4 2021 and should lead to a revised resource and reserve update prior to year-end.

Kyzyltash

- Drilling programme to obtain Kyzyltash ore for metallurgical testing commenced in May 2021 and is progressing on budget and on time with metallurgical testing to commence in Q4 2021.

Governance

- Sandra (Sandy) Stash was appointed to the board from 1 May 2021 as an independent non-executive director and chair of the Environmental Social and Governance Committee. Sandy has over 35 years of international executive and non-executive board experience.
- As announced on 5 August 2021, Artem Volynets stepped down from his role as Chief Executive Officer (CEO) and Executive Director and moved into a senior adviser role. The Company is in advanced discussions with a preferred potential candidate and the Executive Chairman, Martin Andersson, is serving as interim CEO until a formal appointment is made.

Outlook for 2021

- Kapan remains on track to deliver on its AuEq 57koz guidance including third-party ore production for the year².
- Management is continuing to explore debt financing opportunities for Tulkubash project and expects to conclude them in H2 2021.
- Management is considering alternatives for the refinancing of the approximately US\$26 million debt outstanding from the 2021 Convertible Bonds due on 31 October 2021 and has been in discussions with bond holders around an optimal solution.

¹ The calculation of adjusted Group EBITDA is set out in the Financial Review further below.

² 57koz AuEq guidance includes third-party ore production based on the assumption that purchased ore was sold by Kapan, whereas in 2021 third-party ore is treated on a tolling basis. 57koz AuEq total consists of 48koz AuEq produced from own ore and 9koz AuEq from third-party ore.

³ AISC on a gold oz produced basis exclude smelter TC/RC, penalty, MTM charges, others which add c. US\$164/oz. Sustaining capex of c. US\$8 million p.a. is included in the AISC, of which capex of US\$2.5 million was spent in H1 2021.

Martin Andersson, Interim Chief Executive Officer and Chairman, commented: *“With a stable operation at Kapan and the equity financing in the beginning of 2021, we made further progress towards achieving project financing and developing our Tulkubash gold project in the Kyrgyz Republic. Kapan had a significantly better first half compared to last year, mainly due to the favourable commodity prices on all fronts but also as a result of the additional optimisation initiatives on recoveries implemented this year.*

The early implemented COVID-19 initiatives remain in place to assist with ensuring the safety and health of our employees, contractors, and frequent visitors at our sites. Unfortunately, a fatality occurred in March 2021 to one of our contract mining team. A full review of the incident identified certain behavioural deficiencies. Work is continuing on site to develop a more robust safety culture to prevent such tragic incidents occurring again.

At Kapan, we are pleased to report that we are on track to meet our operational guidance of 57koz for 2021. Further improvements on the AISC and the benefits of higher utilisation by constant third-party ore treatment have shown positive results since beginning of the year. With US\$13.8m Kapan EBITDA contribution in H1 2021 and continuing strong price environment, we look to the second half of the year with confidence to another strong performance. Moreover, I am pleased that the East Flank exploration has commenced and work is progressing to define the next phase of mining at Kapan.

At Tulkubash, we are pleased to report that the equity portion for the project construction was raised in February 2021 and we expect that despite the challenges to the market perception the Kumtor situation has caused, we will finalise the debt financing in H2 2021 and advance the project in accordance with the budget and updated schedule.”

Analyst and Investor conference call and presentation

Chaarat will host an analyst and investor conference call and presentation on Thursday, 9th September, at 9:00 BST. Participants can register via the link below and will receive a link to the Zoom presentation and dial-in numbers in their inbox.

<https://www.investormeetcompany.com/chaarat-gold-holdings-ltd/register-investor>

Participants are invited to submit questions prior to the presentation to IR@chaarat.com.

The presentation will be available for download from the Company's website two hours before the call at https://www.chaarat.com/report_category/presentations/.

A recording of the conference call will subsequently be available on the Company's website.

Enquiries

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About Chaarat

Chaarat is a gold mining company which owns the Kapan operating mine in Armenia as well as Tulkubash and Kyzyltash Gold Projects in the Kyrgyz Republic. The Company has a clear strategy to build a leading emerging markets gold company with an initial focus on the Former Soviet Union through organic growth and selective M&A.

Chaarat is engaged in active community engagement programmes 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 by building relationships based on trust and operating to the best environmental, social and employment standards. Further information is available at www.chaarat.com.

Forward-looking statements

This announcement may include or incorporate by reference statements that may constitute “forward-looking statements” in respect of Chaarat’s operations, performance, prospects, and/or financial condition. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words and words of similar meaning as “anticipates”, “aims”, “due”, “could”, “may”, “will”, “should”, “expects”, “believes”, “intends”, “plans”, “potential”, “targets”, “goal” or “estimates”. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions and actual results or events may differ materially from those expressed or implied by those statements. Accordingly, no assurance can be given that any particular expectation will be met, and reliance should not be placed on any forward-looking statement. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. No responsibility or obligation is accepted to update or revise any forward-looking statement resulting from new information, future events or otherwise. Nothing in this announcement should be construed as a profit forecast. This announcement does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase any shares or other securities in the Company, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or commitment or investment decisions relating thereto, nor does it constitute a recommendation regarding the shares or other securities of the Company. Past performance cannot be relied upon as a guide to future performance and persons needing advice should consult an independent financial adviser. Statements in this announcement reflect the knowledge and information available at the time of its preparation. Liability arising from anything in this announcement shall be governed by English law. Nothing in this announcement shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

OPERATIONAL REVIEW

Kapan

As previously disclosed, Kapan experienced a fatal workplace injury in early March. Recordable injury case rate (per one million hours worked) is 1.43 compared to 0.7 in H1 2020. Actions are ongoing to strengthen the gains made to the safety culture on site since the time of acquiring Kapan.

COVID-19 measures remain in place despite the country wide lifting of restrictions and the impact to operations has been minimal to date. The largest impact has been as a result of the global supply chain disruptions which have affected deliveries of spare parts and consumables.

Total of 32,813 gold equivalent ounces¹ produced, consisting of:

- Kapan AuEq production of 25,896 oz¹ which represents a 4.6% decrease on H1 2020 (27,140 oz). Fewer own ore tonnes were mined as a result of delayed development work in Q4 2020 caused by last year's hostilities.
- Third party AuEq production of 6,917 oz¹ which represents a substantial increase on H1 2020 (543 oz) and is linked to the increase in volume processed.

Own ore production consisted of the following for H1 2021 and H1 2020:

	H1 2021	H1 2020
Gold (oz)	13,466	13,723
Silver (oz)	272,635	261,551
Copper (tonnes)	852	960
Zinc (tonnes)	3,170	3,997

- Own ore All-in-sustaining cost ("AISC"²) of US\$1,063 /oz slightly improved compared to US\$1,076 /oz in H1 2020 (-1%).
- Third-party ore treated was 70kt for H1 2021 vs 10kt for H1 2020 (+600%). Treatment was approximately 45kt above target as management was able to contract more material in order to maximize mill throughput for the period².
- Realised gold price for the quarter of US\$1,783 /oz versus US\$1,665 /oz in H1 2020 (+7%) in line with the average gold price for H1 2021. Especially realised copper prices of US\$9,230/t vs US\$5,400/t in H1 2020 (+71 % vs H1 2020) had a significant positive impact.
- Tonnes mined were down year on year by 16.4% due to lower development mining during the hostilities, and changes in mining method resulting in a grade improvement of 13.3% with 3.33 g/t AuEq in H1 2021 vs 2.94 g/t AuEq in H1 2020.
- Mill throughput increased year on year by 2.5%. The reduced mining volumes were offset by higher grade and increased third-party ore treatment.
- AuEq recoveries were at 79.4% in H1 2021 compared with 79.2% in H1 2020.
- Despite the reduced development work, the team was able to return to the planned development schedule in H1 2021. 11,783 metres were achieved in the period compared to 11,216 metres in H1 2020 (+5%).
- Capital expenditure ("CAPEX") was US\$2.5 million, 40% lower than expected due to timing of capital decisions in relation to the initial plan. Annual CAPEX is still expected to be in line with the original guidance of ca. US\$8 million.
- The exploration work on the East flank started in May 2021 and is progressing well. Depending on results, development of a decline and ordering of first equipment will occur in 2022. Expected first ore from the new area is expected in 2023, in parallel with exploration to get to a JORC defined resource.

Outlook

- Chaarat remains on track to deliver on its AuEq 57koz guidance including third-party ore production for the year³.
- Third-party ore supply is expected to remain in line with H1 for the remainder of 2021.
- An update to the current resource and reserve statement is in progress with completion and release of the new Life of Mine targeted for Q4 2021.
- Development of the East Flank area, adjacent to the existing Kapan mine, is progressing according to schedule.
- The Company expects improved financial performance for the 2021 financial year vs 2020 due to increased commodity prices, higher-grade mining, and a consistent third-party ore supply.

¹ Gold equivalent ounces for 2020 recalculated on 2021 budget prices with Au at US\$1,700/oz and gold ratios of 68 for silver, 7,287 for copper and 21,862 for zinc. In last year's H1 2020 operations update, 2020 oz were based on gold ratios of 83 for silver, 7,778 for copper and 20,968 for zinc leading to a lower AuEq number reported in that previous year.

² AISC on a gold equivalent oz produced basis excluding smelter TC/RC, penalty, MTM charges, others which add c. US\$164/oz. Sustaining capex of c. US\$8 million p.a. is included in the AISC, of which capex of US\$2.5 million was spent in H1 2021.

³ 57koz AuEq guidance includes third-party ore production based on the assumption that purchased ore was sold by Kapan, whereas in 2021 third-party ore is treated on a tolling basis. 57koz AuEq total consists of 48koz AuEq produced from own ore and 9koz AuEq from third-party ore.

Tulkubash and Kyzyltash Project Update

The updated BFS for the Tulkubash project was published along with revised mineral resource and ore reserve estimates summarising the progress achieved since the previous 2019 BFS. The full study is available on Chaarat's website.

The 2021 exploration programme commenced in May 2021, with results expected in Q4 2021. The focus is infill drilling of areas currently classified as inferred, as well as new exploration of nearby areas with high potential. By the end of June, 1,633 metres from 10 drill holes were completed which represents 17% of this year's programme. 2,484 metres of the trenching programme were also complete (62%).

Geotechnical drilling of the Tulkubash ore body is also being carried out this year to improve the final pit designs ahead of production.

Drilling to obtain core for metallurgical testing of Kyzyltash ore has also commenced. Testing is planned to start in late 2021.

Site infrastructure works and early construction works are limited pending completion of the debt financing.

FINANCIAL REVIEW

Income statement

Revenue in the period amounted to US\$48.1 million (H1 2020: US\$29.9 million). During this period, Kapan sold 22,909 ounces of AuEq (H1 2020: 20,882 ounces) with a realised gold price per ounce of US\$1,783 (US\$1,665 in H1 2020).

The Group operating profit for the period was US\$7.8 million (H1 2020: loss of US\$5.2 million) and the Group EBITDA was US\$9.2 million (H1 2020: negative US\$2.2 million). The adjusted Group EBITDA, excluding non-cash items as detailed below, was US\$10.4 million (H1 2020: US\$0.5 million). The increase in EBITDA was mainly due to a more favourable commodity price environment and further improvements to the operational efficiency at Kapan.

	2021 Armenia	2021 Kyrgyz Republic & Corporate	2021 Total	2020 Armenia	2020 Kyrgyz Republic & Corporate	2020 Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
EBITDA	13,788	(4,626)	9,162	4,102	(6,323)	(2,221)
Depreciation and amortisation	(2,385)	(252)	(2,637)	(2,487)	(467)	(2,954)
Net finance costs	(1,580)	(2,856)	(4,436)	(1,990)	(6,021)	(8,011)
Unrealised foreign exchange gain	1,293	-	1,293	-	-	-
Fair value gain on warrant	-	163	163	-	-	-
Change in provisions	-	-	-	21	-	21
Profit/(loss) before tax	11,116	(7,571)	3,545	(354)	(12,811)	(13,165)
Income tax charge	(2,173)	-	(2,173)	(355)	-	(355)
Profit/(loss) after tax	8,943	(7,571)	1,372	(709)	(12,811)	(13,520)

The adjusted Group EBITDA, excluding the share-based payment expense, which is a non-cash item, was as follows:

	2021 US\$'000	2020 US\$'000
Kapan EBITDA	13,788	4,102
Kyrgyz Republic & Corporate EBITDA	(4,626)	(6,323)
Group EBITDA	9,162	(2,221)
Corporate share-based payment expense	1,251	2,697
Adjusted Group EBITDA	10,413	476

Finance costs in H1 2021 were US\$4.4 million (non-cash US\$3.3 million) compared to US\$8.0 million (non-cash US\$6.3 million) in H1 2020 mainly due to the refinancing of the Investor Loan in H2 2020 and settlement of the Labro working capital facility and Labro Term Loan in February 2021 resulting in less accrued interest in the period. Further, in H1 2020, a modification loss of US\$1.1 million was incurred in relation to the refinance of the Investor Loan versus nil in H1 2021. Income taxes were US\$2.2 million versus US\$0.4 million in the comparable period, reflecting the improved profit achieved at Kapan. Consequently, the Group made a profit after tax of US\$1.4 million in H1 2021 compared to a loss after tax of US\$13.5 million in the comparative 2020 period.

Balance sheet

Non-current assets increased from US\$109.3 million at 31 December 2020 to US\$112.7 million at 30 June 2021. The increase was mainly due to the purchase of property, plant, and equipment at Kapan. Additionally, exploration and evaluation costs of US\$1.6 million were capitalised relating to the asset in the Kyrgyz Republic.

Current assets were US\$51.8 million at 30 June 2021 compared to US\$25.8 million at 31 December 2020. The increase mainly related to the equity raise that took place in February 2021 resulting in an increase in cash and cash equivalents from US\$6.9 million at 31 December 2020 to US\$24.6 million at 30 June 2021.

Total liabilities at 30 June 2021 were US\$85.0 million compared to US\$110.7 million at 31 December 2020. This reduction was mainly due to repayments of bank debt and the Labro Facility in the amount of US\$6.2 million (including interest) and settlement of the Labro Term Loan in the amount of US\$22.1 million through shares

issued, offset by accrued interest on loans for the H1 2021 period. The movement in liabilities is set out in more detail in Note 11 to the interim financial statements, including the split between long-term and short-term components. In addition, liabilities at 30 June 2021 included a rehabilitation provision at Kapan of US\$8.5 million (31 December 2020: US\$7.5 million).

Total equity was US\$79.5 million at 30 June 2021 compared to US\$24.5 million at 31 December 2020. This mainly reflects the increase in share capital and premium of US\$51.7 million as a result of the equity raise in February 2021. Net proceeds of US\$29.6 million was raised and indebtedness reduced by US\$22.1 million from the issue of 146,549,943 ordinary shares of US\$0.01 each. Refer to Note 9 for further detail on movements in share capital.

Cash flow

During the first six months of 2021, the Group's operating profit was US\$7.8 million compared to a loss of US\$5.2 million in the first six months of 2020.

Cash and cash equivalents increased from US\$6.9 million at 1 January 2021 to US\$24.6 million at 30 June 2021. The movement comprised of:

- net operating cash flows of US\$3.0 million (H1 2020: US\$5.9 million), mainly due to improved operating performance offset by working capital movements at Kapan
- net cash used in investing activities of US\$8.7 million (H1 2020: US\$5.8 million) relating to the purchase of property, plant and equipment at Kapan and in the Kyrgyz Republic together with capitalised exploration and development spend in the Kyrgyz Republic
- cash inflows from financing activities of US\$22.9 million (H1 2020: US\$2.2 million) relating to the funds received from the equity raise of US\$29.6 million offset by external debt repayments, including interest, of US\$6.2 million

At 1 August 2021, the Group had approximately US\$23.0 million of cash and cash equivalents on hand.

Going concern

In order to achieve the planned future capital developments of assets and to refinance the convertible loan notes due on 31 October 2021, management will need to raise future financing. There are currently no binding agreements in place in respect of any additional funding and there is no guarantee that any course of funding will proceed. However, management is committed to raising additional funds and has an established track record of successfully achieving this in the past as demonstrated by the fundraising activities in early 2021. Further details of the Group's going concern and expected future financing plans are set out below in Note 2 to the interim financial statements.

Martin Andersson
Chairman and Interim Chief Executive Officer

Chris Eger
Chief Financial Officer

8 September 2021

Consolidated Income Statement

For the six months ended 30 June 2021

	6 months ended 30 June 2021 (Unaudited) US\$'000	6 months ended 30 June 2020 (Unaudited) US\$'000
Revenue	48,095	29,886
Cost of Sales	(33,385)	(24,448)
Gross profit	14,710	5,438
Selling expenses	(956)	(935)
Administrative expenses	(5,958)	(9,657)
Other income	22	-
Operating profit/(loss)	7,818	(5,154)
Finance income	9	13
Finance costs	(4,445)	(8,024)
Fair value gain on warrant	163	-
Profit/(loss) before tax for the period, attributable to equity shareholders of the parent	3,545	(13,165)
Income tax charge	(2,173)	(355)
Profit/(loss) after tax for the period, attributable to equity shareholders of the parent	1,372	(13,520)
Earnings/(loss) per share (basic and diluted) – US\$ cents	0.21	(2.76)

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

	6 months ended 30 June 2021 (Unaudited) US\$'000	6 months ended 30 June 2020 (Unaudited) US\$'000
Profit/(loss) for the period, attributable to equity shareholders of the parent	1,372	(13,520)
Items which may subsequently be reclassified to profit and loss		
Exchange differences on translating foreign operations and investments	687	(386)
Other comprehensive income for the period, net of tax	687	(386)
Total comprehensive profit/(loss) for the period attributable to equity shareholders of the parent	2,059	(13,906)

Consolidated Balance Sheet

As at 30 June 2021

	Note	As at 30 June 2021 (Unaudited) US\$'000	As at 31 December (Audited) US\$'000
Assets			
Non-current assets			
Exploration and evaluation costs	8	62,247	61,359
Other Intangible assets		1,307	1,221
Property, plant, and equipment		43,535	40,538
Prepayments for non-current assets		239	563
Deferred income tax assets		5,325	5,631
Total non – current assets		112,653	109,312
Current assets			
Inventories		15,794	12,251
Trade and other receivables		11,381	6,646
Cash and cash equivalents		24,608	6,928
Total current assets		51,783	25,825
Total assets		164,436	135,137
Equity and liabilities			
Equity attributable to shareholders			
Share capital	9	6,866	5,401
Share premium	9	241,922	191,594
Own shares reserve		(153)	(216)
Convertible loan note reserve		2,493	2,493
Merger reserve		10,885	10,885
Share option reserve		12,883	14,103
Translation reserve		(14,595)	(15,282)
Accumulated losses		(180,848)	(184,527)
Total equity		79,453	24,451
Liabilities			
Non-current liabilities			
Provision for rehabilitation		8,540	7,479
Lease liabilities	11	762	771
Other loans	11	14,062	21,947
Total non-current liabilities		23,364	30,197
Current liabilities			
Trade and other payables		17,533	17,400
Contract liabilities	11	4,051	5,328
Lease liabilities	11	461	654
Other loans	11	12,214	31,400
Warrant financial liability		651	814
Convertible loan notes	11	25,054	23,252
Other provisions for liabilities and charges		1,655	1,641
Total current liabilities		61,619	80,489
Total liabilities		84,983	110,686
Total liabilities and equity		164,436	135,137

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Share Capital	Share Premium	Own Shares Reserve	Convertible loan note Reserve	Merger Reserve	Share Option Reserve	Shares to be issued	Translation Reserve	Accumulated Losses	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As at 31 December 2019 (Audited)	4,688	168,616	(216)	2,493	10,885	10,624	217	(14,875)	(162,253)	20,179
Loss for the year	-	-	-	-	-	-	-	-	(22,443)	(22,443)
Translation losses for the year	-	-	-	-	-	-	-	(407)	-	(407)
Total comprehensive loss for the year	-	-	-	-	-	-	-	(407)	(22,443)	(22,850)
Share options lapsed	-	-	-	-	-	(159)	-	-	159	-
Share options expense	-	-	-	-	-	3,612	-	-	-	3,612
Share options exercised	1	21	-	-	-	(10)	-	-	10	22
Share scheme modification	-	-	-	-	-	36	-	-	-	36
Issuance of shares for cash	191	6,041	-	-	-	-	-	-	-	6,232
Issuance of shares for settlement of liabilities	513	16,707	-	-	-	-	-	-	-	17,220
Issuance of shares for exercised warrants	8	209	-	-	-	-	(217)	-	-	-
As at 31 December 2020 (Audited)	5,401	191,594	(216)	2,493	10,885	14,103	-	(15,282)	(184,527)	24,451
Profit for the period	-	-	-	-	-	-	-	-	1,372	1,372
Translation gains for the period	-	-	-	-	-	-	-	687	-	687
Total comprehensive income for the period	-	-	-	-	-	-	-	687	1,372	2,059
Share-based payment charge	-	-	-	-	-	1,251	-	-	-	1,251
Issuance of shares for cash	841	28,711	-	-	-	-	-	-	-	29,552
Issuance of shares for settlement of liabilities	624	21,617	-	-	-	-	-	-	(101)	22,140
Transfer of treasury shares	-	-	63	-	-	(2,471)	-	-	2,408	-
As at 30 June 2021 (Unaudited)	6,866	241,922	(153)	2,493	10,885	12,883	-	(14,595)	(180,848)	79,453

Consolidated Cash Flow Statement

For the six months ended 30 June 2020

	6 months ended 30 June 2021 (Unaudited) US\$'000	6 months ended 30 June 2020 (Unaudited) US\$'000
Cash flows from operating activities		
Operating profit/(loss)	7,818	(5,154)
Depreciation and amortisation	2,637	2,954
Loss/(gain) on disposal of property, plant, and equipment	4	(2)
Loss on sale of inventories	-	44
Non-cash expenses	59	-
Change in provisions	-	1,133
Unrealised foreign exchange (gains)/losses	(1,339)	141
Share-based payments	1,251	2,697
Increase in inventories	(2,806)	(858)
(Increase)/decrease in trade and other receivables	(5,967)	5,043
Increase/(decrease) in trade and other payables	4,026	(344)
Decrease in contract liabilities	(1,583)	-
Cash generated in operations	4,100	5,654
Income taxes (paid)/refunded	(1,107)	273
Net cash generated in operations	2,993	5,927
Investing activities		
Purchase of property, plant & equipment	(6,533)	(3,569)
Exploration and evaluation costs	(2,003)	(2,104)
Purchase of intangible assets	(144)	(140)
Proceeds from sale of property, plant & equipment	-	2
Interest received	3	13
Net cash used in investing activities	(8,677)	(5,798)
Financing activities		
Proceeds from issue of share capital	29,983	6,232
Share issue costs paid	(432)	-
Receipt of funds for share options exercised	-	22
Repayments of principal portion of lease liabilities	(334)	(322)
Proceeds from loans	-	2,500
Finance costs paid for modifications of other loans	(104)	(521)
Repayments of principal amount of loan	(5,050)	(4,000)
Payments of interest	(1,193)	(1,758)
Net cash from financing activities	22,870	2,153
Net change in cash and cash equivalents	17,186	2,282
Cash and cash equivalents at beginning of the period	6,928	3,585
Effect of changes in foreign exchange rates	494	66
Cash and cash equivalents at end of the period	24,608	5,933

Notes to the Financial Statements

1 General information and group structure

Chaarat Gold Holdings Limited (the “Company”) (registration number 1420336) is incorporated in the British Virgin Islands (BVI) and is the ultimate holding company for the companies set out below (the “Group”). The Company’s shares are admitted to trading on the Alternative Investment Market of the London Stock Exchange (AIM:CGH). The registered address of the Company is: Palm Grove House, PO Box 438, Road Town, Tortola, British Virgin Islands, VG1110.

As at 30 June 2021 the Group consisted of the following companies all of which are wholly owned:

Group company	Country of incorporation	Principal activity
Chaarat Gold Holdings Limited	BVI	Ultimate holding company
Zaav Holdings Limited	BVI	Holding company
Chon-tash Holdings Limited	BVI	Holding company
At-Bashi Holdings Limited	BVI	Holding company
Akshirak Holdings Limited	BVI	Holding company
Goldex Asia Holdings Limited	BVI	Holding company
Chon-tash Mining LLC*	Kyrgyz Republic	Exploration
At-Bashi Mining LLC*	Kyrgyz Republic	Exploration
Akshirak Mining LLC*	Kyrgyz Republic	Exploration
Goldex Asia LLC*	Kyrgyz Republic	Exploration
Chaarat Zaav CJSC*	Kyrgyz Republic	Exploration
Chaarat Gold International Limited	Cyprus	Holding company
Chaarat Gold Services Limited	England & Wales	Services company
Chaarat Kapan CJSC*	Armenia	Production company

*Companies owned indirectly by the Company.

2 Going concern

As at 1 August 2021 the Group had approximately US\$23.0 million of cash and cash equivalents and US\$48.9 million of debt (excluding lease liabilities and contract liabilities) comprising the following:

- US\$25.4 million convertible loan notes, including accrued interest to 1 August 2021
- US\$23.5 million borrowings outstanding

Kyrgyz Republic

In order to achieve the planned (though as yet uncommitted) capital developments of assets in the Kyrgyz Republic, future financing will need to be raised.

Kapan

The Board has based the cash flow forecasts for Kapan on the most recent budgets which show that Kapan is expected to generate sufficient revenue to cover its operating costs and principal and interest payments and meet its covenants. Based on current forecasts, covenants will be met, however, performance of Kapan is sensitive to commodity prices and production. If these were to decrease, there is a risk that covenants will be breached.

Convertible Loan Notes

By 31 October 2021 the convertible loan notes are due to be redeemed by conversion into equity at approximately £0.35 per ordinary share, at the holder's option, or will be repaid in cash for a total of US\$26.4 million (which includes accrued interest).

Labro Term Loan

In February 2021 Labro converted all of the outstanding US\$22.0 million term loan due, as well as the US\$0.2 million of accrued interest for US\$22.2 million in equity. Labro subscribed for 62,380,154 ordinary shares of US\$0.01 each in the Company at the issue price of £0.26 per share (non-cash). The loan therefore has been extinguished, avoiding any related financing required in future periods.

Labro Facility

In February 2021 the company repaid the outstanding US\$0.8 million owing under the Labro Facility. No further drawdowns took place from this point until the expiry date of the facility on 30 June 2021.

Conclusion

The convertible loan notes will need to be refinanced with cash or alternative funding, to the extent that loan note holders do not choose to convert to equity, prior to 31 October 2021. To proceed with the development in Kyrgyz Republic further financing will also be required.

The Board has a reasonable expectation that the Group will be able to raise additional funds as demonstrated by the Group's established track record in historical fund raisings and refinancing events and ongoing proactive discussions with stakeholders.

Subject to the above, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis. However, there are currently no binding agreements in place in respect of any additional funding and there is no guarantee that any course of funding will proceed. Therefore, this indicates the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

3 Accounting policies

The significant accounting policies which have been consistently applied in the preparation of these interim financial statements are summarised below:

Basis of preparation

The consolidated interim financial information has been prepared using policies based on International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board ("IASB"). It does not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2020 Annual Report. The results for the period are derived from continuing activities. The figures for the year ended 31 December 2020 have been extracted from the statutory financial statements, prepared under IFRS as adopted by the European Union, which are available on the Group's website www.chaarat.com. The auditor's report on those financial statements was unqualified and noted a material uncertainty in respect of the Group's ability to continue as a going concern.

The consolidated interim financial information for the six months ended 30 June 2021 and 30 June 2020 (unaudited) does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006.

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the consolidated interim financial information are consistent with those adopted in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020. There were no new applicable standards that became effective on 1 January

2021 and the Group has not early adopted any amendment, standard or interpretation that has been issued but is not yet effective. It is expected that where applicable, these standards and amendments will be adopted on each respective effective date.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expenses. Actual results may differ from these estimates.

In preparing the consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

4 Revenue

The revenue recognised from contracts with customers for the 6 months ended 30 June 2021 and 30 June 2020 consisted of the following:

	2021	2020
	US\$'000	US\$'000
Copper concentrate	40,294	23,794
Zinc concentrate	7,801	6,092
Total	48,095	29,886

The Group's sales of copper and zinc concentrate are based on provisional 1-3 month commodity forward prices and as such, contain an embedded derivative which is marked-to-market at each month end.

The Group's sales are to internationally well-established commodity traders under standard offtake terms.

In 2021, Copper concentrate sales are made on an Ex Works basis meaning that control passes to the buyer when the concentrate is loaded on the truck at the Kapan mine. Zinc concentrate sales are made on a cost, insurance and freight ("CIF") basis meaning that control passes to the buyer when the concentrate is loaded on the vessel in the port of shipment (e.g. port of Poti, Georgia).

Of the US\$40.3 million generated from copper concentrate sales in H1 2021, US\$29.2 million relates to own ore revenue and US\$11.1 million relates to third-party revenue (H1 2020: US\$23.8 million own ore and no third-party revenue).

In 2021, the Group has continued to recognise contract liabilities in relation to its contracts with customers for prepayments received for the future transfer of concentrates, as set out in Note 11.

5 Segmental analysis

Operating segments are identified based on internal reports about components of the Group that are regularly reviewed by the Board, in order to allocate resources to the segments and to assess their performance.

Based on the proportion of revenue and profit within the Group's operations and on the differences in principal activities, the Board considers there to be two operating segments:

- Exploration for mineral deposits in the Kyrgyz Republic with support provided from the British Virgin Islands ("Kyrgyz Republic")
- Exploration and production of copper and zinc concentrates at Kapan in Armenia ("Armenia")

	Kyrgyz Republic US\$'000	Armenia US\$'000	Corporate US\$'000	Total US\$'000
30 June 2021				
Revenue				
Sales to external customers	-	48,095	-	48,095
Total segment revenue	-	48,095	-	48,095
Operating profit/(loss)	(995)	12,695	(3,882)	7,818
Finance income	-	3	6	9
Finance costs	-	(1,583)	(2,862)	(4,445)
Fair value gain on warrant	-	-	163	163
Profit/(loss) before income tax	(995)	11,115	(6,575)	3,545
Income tax charge	-	(2,173)	-	(2,173)
Profit/(loss) after income tax	(995)	8,942	(6,577)	1,372
Assets				
Segment assets – non-current	73,495	39,158	-	112,653
Segment assets - current	267	30,348	21,168	51,783
Total assets	73,762	69,506	21,168	164,436
Liabilities				
Segment liabilities	2,063	55,993	26,927	84,983
Total liabilities	2,063	55,993	26,927	84,983

	Kyrgyz Republic US\$'000	Armenia US\$'000	Corporate US\$'000	Total US\$'000
30 June 2020				
Revenue				
Sales to external customers	-	29,886	-	29,886
Total segment revenue	-	29,886	-	29,886
Operating profit/(loss)	(1,260)	1,636	(5,530)	(5,154)
Finance income	-	13	-	13
Finance costs	-	(2,003)	(6,021)	(8,024)
Loss before income tax expense	(1,260)	(354)	(11,551)	(13,165)
Income tax charge	-	(355)	-	(355)
Loss after income tax expense	(1,260)	(709)	(11,551)	(13,520)
Assets				
Segment assets – non-current	66,937	42,103	108	109,148
Segment assets - current	491	16,828	3,745	21,064
Total assets	67,428	58,931	3,853	130,212
Liabilities				
Segment liabilities	4,426	58,287	38,647	101,360
Total liabilities	4,426	58,287	38,647	101,360

6 Finance costs

The finance costs for the 6 months ended 30 June consisted of the following:

	2021 US\$'000	2020 US\$'000
Interest on convertible loan notes	1,802	3,048
Interest on other loans	1,266	2,496
Interest on lease liabilities	69	83
Interest on contract liabilities	128	-
Unwinding of discount – provision for rehabilitation	315	345
Financing costs	865	2,006
Other	-	46
Total	4,445	8,024

Interest on the convertible loan notes amounted to US\$1.8 million in H1 2021. In H1 2020, the Investor Loan (which was refinanced in H2 2020) was reclassified from “Other loans” to “Convertible loans” resulting in a higher charge in this period.

The interest on other loans of US\$1.3 million includes interest on borrowings of US\$1.0 million and interest on the Labro Term Loan of US\$0.2 million. The interest charge in the comparative period was higher as it included interest on the Investor Loan and the Labro Facility amounting to US\$1.0 million.

The financing costs of US\$0.9 million, a non-cash cost, relates to the amortisation of the Labro Facility commitment fee as disclosed in Note 11. In H1 2020, the financing costs of US\$2.0 million comprised the modification loss on the refinancing of the Investor Loan of US\$1.1 million and the Labro security fee of US\$0.9 million.

7 Earnings per share

Earnings per share is calculated by reference to the profit for the 6 months ended 30 June 2021 of US\$1.4 million (2020: loss of US\$13.5 million) and the weighted average number of ordinary shares in issue during the period of 657,425,878 (2020: 490,694,593).

At 30 June 2021, 8,920,341 (2020: nil) warrants, 55,027,006 (2020: 57,712,508) share options and convertible loan notes have been excluded from the diluted weighted average number of ordinary shares calculation because their effect would have been anti-dilutive.

8 Exploration and evaluation costs

	Tulkubash US\$'000	Kyzyltash US\$'000	Total US\$'000
At 1 January 2021	52,157	9,202	61,359
Additions	1,485	131	1,616
Reclassification to PPE	(728)	-	(728)
At 30 June 2021	52,914	9,333	62,247

Exploration and evaluation assets comprise costs associated with exploration for, and evaluation of, mineral resources together with costs to maintain mining and exploration licences for mining properties that are considered by the Directors to meet the requirements for capitalisation under the Group's accounting policies. As at 30 June 2021, management does not consider there to be any indicators of impairment in respect of these assets.

9 Share capital

Ordinary shares of US\$0.01 each	Number of Shares ('000)	Share Capital	Share Premium
		Nominal Value US\$'000	Nominal Value US\$'000
Authorised	1,395,167	13,952	-
<i>Issued and fully paid</i>			
At 1 January 2021	540,061	5,401	191,594
Issued for cash	84,115	841	28,711
Issued to settle liabilities	62,435	624	21,617
At 30 June 2021	686,611	6,866	241,922

On 5 February 2021, the Company issued 55,240 ordinary shares to Labro to satisfy outstanding drawdown fees under the Labro Facility agreement, as disclosed in Note 13. On the same day, a further 62,380,154 ordinary shares were issued to Labro to set off the outstanding amount owed by the Company on the Labro Term Loan.

Later in February 2021, as part of an equity fundraise the Company issued a further 84,114,549 ordinary shares of US\$0.01 each to new and existing investors for cash (US\$30.0 million).

10 Share-based payments

Management Incentive Plan

On 18 September 2019, the Group adopted a new Management Incentive Plan ("MIP") whereby 56,805,258 share options exercisable at £0.42 per share and 21,494,198 restricted stock units ("RSUs") were granted to key management personnel ("KMPs") and other employees (subject to performance conditions for executives in the case of the RSUs). 33% of the share options and RSUs vested on 15 October 2019 (Tranche 1), 33% on 31 December 2019 and (in the case of RSUs subject to performance conditions) on 21 February 2020 (Tranche 2), and the remaining 33% of share options vested on 31 December 2020 subject to a vesting condition of continued employment by the Group. The remaining 5,308,640 RSUs (Tranche 3) vested on 15 April 2021 following final determination by the remuneration committee of the extent to which performance criteria had been achieved, in the case of awards subject to performance conditions. RSUs not subject to performance conditions in Tranche 3 vested at the same time.

On 22 April 2021, a further 2,122,466 RSUs were granted to KMPs and other employees which vested immediately on this date. As a result, a total share-based payment charge of US\$1.3 million was recognised during the 6 months ended 30 June 2021, US\$0.5 million of which related to the remaining Tranche 3 RSUs and US\$0.8 million to the additional RSUs granted on 22 April 2021.

There was no exercise or lapse of share options during the 6 months ended 30 June 2021.

No further share awards have been granted for 2021, however should any such awards be made later this year, they will be accounted for in H2 2021.

Employee Benefit Trust

On 7 October 2019, the Group established the Chaarat Gold Holdings Limited Employee Benefit Trust in order to acquire and hold sufficient shares to satisfy the awards under the new Plan. The Company was considered to have control over the Trust and therefore the results of the Trust were consolidated within these financial statements. During the period, expenses of US\$0.02 million were incurred by the Trust.

11 Liabilities

Reconciliation of liabilities

	Convertible loans	Contract liabilities	Lease liabilities	Other loans	Total
Liabilities from financing activities	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2021	23,252	5,328	1,425	53,347	83,352
Cash flows:					
Payment of interest	-	-	-	(1,193)	(1,193)
Payment of principal amount	-	-	-	(5,050)	(5,050)
Lease payments	-	-	(334)	-	(334)
Net proceeds	-	-	(334)	(6,243)	6,577
Non-cash items:					
Loan modification	-	-	-	8	8
Converted to equity	-	-	-	(22,117)	(22,117)
Interest accrued	1,802	128	69	1,266	3,265
Settlement of interest against receivables	-	(56)	-	-	(56)
Amounts recognised as revenue	-	(1,583)	-	-	(1,583)
Effect of currency translation	-	234	63	16	313
Total liabilities from financing activities at 30 June 2021	25,054	4,051	1,223	26,276	56,605
Non-current	-	-	762	14,062	14,824
Current	25,054	4,051	461	12,214	41,780

Convertible loan notes

During the period there were no new issues of 2021 convertible loan notes. The only movement in the period was accrued interest of US\$1.8 million (2020: US\$1.6 million).

2021 Notes	US\$'000
At 1 January 2021	23,252
Cash proceeds	-
Transaction costs	-
Net proceeds	-
Amount classified as equity	-
Accrued interest	1,802
At 30 June 2021	25,054
Non-current	-
Current	25,054

The number of shares to be issued on conversion is fixed. There are no covenants attached to the convertible loan notes.

The 2021 notes accrued interest at 10% p.a. until 30 April 2020 and then at a rate of 12% p.a. until 31 October 2021. The notes are secured on the shares of the Group's principal operating subsidiary, Chaarat Zaav CJSC via the intermediate holding company Zaav Holdings Limited. The notes are repayable on 31 October 2021 and can be redeemed by the Company at any time subject to paying a minimum of 5% interest. The notes, including accrued interest, can be converted into shares at any time at the holder's option at a USD conversion price of US\$0.473 or approximately £0.343 pending the USD/GBP foreign exchange rate. If not converted, the notes will be repaid in cash for a total of US\$26.4 million in October 2021, as disclosed in Note 2.

The value of the liability and equity conversion component was determined at the date of issue. The fair value of the liability component at inception was calculated using a market interest rate of 15% for an equivalent instrument without conversion option.

Contract liabilities

The movements in the Group's contract liabilities for the period are presented below:

	US\$'000
At 1 January 2021	5,328
Interest on contract liabilities	128
Settlement of interest against receivables	(56)
Amounts offset against receipts from customers	(1,583)
Effect of currency translation	234
At 30 June 2021	4,051
Non-current	-
Current	4,051

The contract liabilities balance relates to prepayments received from one of Chaarat Kapan's customers in December 2020 for the sale of concentrates in 2021. The prepayments accrue interest at a rate defined in the sales contract and are settled by way of deduction against outstanding invoices.

Lease liabilities

The Group's leases are accounted for by recognising a right-of-use asset and a lease liability except for leases of low value assets and leases with a duration of 12 months or less.

The Group leases equipment and land in the jurisdictions from which it operates, the most notable being the land that is leased in Armenia. Certain items of property, plant and equipment are also leased in the Kyrgyz Republic which contain variable payments over the lease terms, however these leases do not fall within the scope of IFRS 16, and right-of-use assets and lease liabilities are not recognised as a result.

The movements in the Group's right-of-use assets and lease liabilities for the period are presented below:

Right-of-use assets

	Land US\$'000	Equipment US\$'000	Total US\$'000
At 1 January 2021	808	460	1,268
Depreciation charge	(55)	(229)	(284)
Effect of currency translation	41	13	54
At 30 June 2021	794	244	1,038

Lease liabilities

	Land US\$'000	Equipment US\$'000	Total US\$'000
At 1 January 2021	859	566	1,425
Interest expense	47	22	69
Lease payments	(78)	(256)	(334)
Effect of currency translation	45	18	63
At 30 June 2021	873	350	1,223
Non-current	762	-	762
Current	111	350	461

The maturity of the gross contractual undiscounted cash flows due on the Group's lease liabilities is set out below based on the period between 30 June 2021 and the contractual maturity date:

	Within 6 months US\$'000	6 months to 1 year US\$'000	1 to 5 years US\$'000	Over 5 years US\$'000	Total at 30 June 2021 US\$'000
Land leases	108	96	881	147	1,232
Equipment leases	359	-	-	-	359
Total	467	96	881	147	1,591

As at 30 June 2021, the contractual discounted cash flows due on the Group's lease liabilities amounts to US\$1.2 million (2020: US\$1.4 million).

The discount rate used in calculating the lease liabilities is the rate implicit in the lease, unless this cannot readily be determined, in which case the Group's incremental rate of borrowing is used instead. In 2021, a discount rate of 12% per annum has been used to calculate the Group's lease liabilities for its land and equipment leases.

Other loans

The movements in the Group's other loans for the period are presented below:

	Labro Facility	Labro Term Loan	Borrowings	Other Borrowings	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2021	791	21,947	28,583	2,026	53,347
Interest accrued	17	176	1,008	65	1,266
Loan modification	14	(6)	-	-	8
Converted to equity	-	(22,117)	-	-	(22,117)
Payment of interest in cash	(22)	-	(1,121)	(50)	(1,193)
Payment of principal amount in cash	(800)	-	(4,250)	-	(5,050)
Effect of currency translation	-	-	15	-	15
At 30 June 2021	-	-	24,235	2,041	26,276
Non-current	-	-	14,062	-	14,062
Current	-	-	10,173	2,041	12,214

Labro Facility

In February 2021, the Company repaid the outstanding US\$0.8 million on the Labro Facility. The consideration paid exceeded the carrying amount extinguished and therefore a loss of US\$13,900 was recognised in profit or loss as a financing cost under IFRS 9. No further drawdowns took place from this point until the maturity date of the facility on 30 June 2021. The remaining commitment fee of US\$0.9 million was amortised and recognised as a financing cost in profit or loss on this date.

Labro Term Loan

In February 2021, the outstanding US\$22 million on the Labro Term Loan as well as the US\$0.2 million of accrued interest was converted into equity. Labro subscribed for 62,380,154 ordinary shares of US\$0.01 each in the Company at the issue price of £0.26 per share.

Borrowings

On 30 January 2019, the documentation was finalised for the Kapan Acquisition Financing totalling US\$40 million, which is syndicated with Ameriabank CJSC (US\$32 million), HSBC Bank Armenia CJSC (US\$5 million) and Ararat Bank OJSC (US\$3 million). The loan incurs interest at Libor plus 8% and was originally repayable through quarterly payments over a four-year period however in July 2021, the maturity date of the facility was extended from 31 January 2023 to 2 October 2023. The non-current and current balances as at 30 June 2021 reflect the revised repayment schedule, as disclosed in Note 13.

This bank financing has certain covenants attached to it that the Group needs to adhere to. All covenants were met as at 30 June 2021 and as such the Group remains in full compliance with the loan.

Other Borrowings

Other borrowings include an amount owing to one of Chaarat Kapan's customers in respect of prepayments for the future sale of concentrates. The prepayments accrue interest and will be settled in cash in accordance with a repayment schedule defined in the sales contract. The prepayments can be requested upon notice and therefore are repayable on demand.

12 Related party transactions

Remuneration of key management personnel

Remuneration of key management personnel for the 6 months ended 30 June 2021 and 30 June 2020 is as follows:

	2021 US\$'000	2020 US\$'000
Short term employee benefits	904	1,684
Share-based payments charge	856	2,970
Total	1,760	4,654

Included in the above key management personnel are 8 directors and 2 key managers (2020: 7 and 2).

Entities with significant influence over the Group

At 30 June 2021, Labro Investments Limited, Chaarat's largest shareholder, owned 42.66% (2020: 38.67%) of the ordinary US\$0.01 shares in Chaarat ("**Ordinary Shares**") and US\$1.0 million of 10% secured 2021 convertible loan notes which, assuming full conversion of principal and interest to maturity on 31 October 2021, are convertible into 2,849,330 Ordinary Shares (comprised of 2,111,484 Ordinary Shares in respect of principal and around 737,846 Ordinary Shares in respect of interest). If converted, Labro's ownership would increase to 42.89% of the Ordinary Shares in Chaarat at 30 June 2021.

Labro Loan Agreements

The Company has issued the following Ordinary Shares in the Company to Labro, payment for which was offset against drawdown fees incurred under the Labro Facility and reduction of indebtedness under the Labro Term Loan:

<u>Date payment due</u>	<u>Amount to be paid under Labro Loan Agreement</u>	<u>Type of payment under Labro Loan Agreement</u>	<u>No of shares issued to Labro in satisfaction</u>	<u>Date shares issued to Labro</u>
30 June 2021	US\$ 24,000	Drawdown fee	55,240	5 February 2021
n/a	US\$ 22,123,195	Indebtedness reduction	62,380,154	5 February 2021

Refer to Note 11 above for a reconciliation of the Labro Facility during the period, showing a nil balance as at 30 June 2021, the maturity date of the facility.

On 5 February 2021, the Company issued 55,240 Ordinary Shares at £0.33 per share to Labro to settle the drawdown fees that were incurred on the US\$0.8 million drawdown that took place in November 2020.

On the same date, the Company issued 62,380,154 Ordinary shares at £0.26 per share to Labro. Labro's obligation to deliver cash in respect of these shares was offset against the Company's indebtedness under the Labro Term Loan with the consequence that the Company's obligations under the Labro Term Loan decreased by US\$22.1 million to nil, as disclosed in Note 11.

Shares issued to Key Management Personnel

In April 2020, 1,286,839 Ordinary Shares were subscribed for by, and issued to, key management personnel ("KMPs") at a price of £0.26 per Ordinary Share upon terms that the subscription price would be satisfied by way of set-off against a proportion of fees and salaries due and to become due until such time as the subscription price was fully paid. The outstanding balance of the subscription price at 30 June 2021 is as follows:

<u>Category</u>	<u>Total No. of Placing Shares issued</u>	<u>Total amount</u>	<u>Total repayments</u>	<u>Outstanding balance at 30 June 2021</u>
Directors (including the Executive Chairman)	1,073,635	US\$ 352,500	US\$ 336,711	US\$ 15,789
Other KMPs	213,204	US\$ 70,000	US\$ 51,579	US\$ 18,421
Total	1,286,839	US\$ 422,500	US\$ 388,290	US\$ 34,210

13 Post balance sheet events

Amendment to Kapan Syndicated Loan Facility

In July 2021, an agreement was reached in principle with the security agent, Ameriabank CJSC, to extend the maturity date of the Syndicated Loan Facility from 31 January 2023 to 2 October 2023 and to amend the repayment schedule to reflect the new maturity date. Even though this is a post balance sheet event, this has been treated as an “adjusting event” as negotiations for the loan extension commenced in March 2021 and the revised maturity date had been substantively agreed by 30 June 2021. Therefore, the non-current and current balances disclosed in these financial statements reflect the amended repayment schedule.

Issue of shares to Çiftay

On 21 June 2021, Çiftay and the Company entered into a new investment agreement, in order to simplify the structure of the partnership and further align the interests of both parties. Charat will retain 100% ownership of the Tulkubash and Kyzyltash projects with Çiftay becoming a strategic investor at the Company level, through the issuance of new ordinary shares. On 30 July 2021, the Company issued 2.8 million new ordinary shares of US\$0.01 each in the Company to Çiftay in settlement of accrued expenses as at 30 June 2021.