

8 September 2022

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

Interim results for the six months ended 30 June 2022

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 2022 ("H1 2022").

Highlights for interim period ended 30 June 2022

Group Financial Results

Revenue up 5% in H1 2022 (US\$50.4 million) compared to H1 2021 (US\$48.1 million), reflecting stronger commodity prices and a higher volume of own ore sales (25,118 ounces of AuEq in H1 2022 vs 22,909 ounces in H1 2021).

Positive adjusted Group EBITDA¹ in H1 2022 of US\$4.9 million (H1 2021: US\$10.4 million), reflecting cost inflation and the adverse AMD/USD exchange rate during the period.

Cash and cash equivalents as at 30 June 2022 of US\$6.2 million (31 December 2021: US\$11.1 million) as a result of continued expenditure on development activities.

Group net debt² increased from US\$39.6 million at 31 December 2021 to US\$44.4 million at 30 June 2022 mainly reflecting utilisation of cash balances.

Kapan

Full-year guidance of 56-62koz of total own-ore and third-party ore production remains unchanged for 2022. This comprises 50-53koz own ore and 6-9koz third-party ore.

Own ore all-in-sustaining cost ("AISC"³) of US\$1,420 /oz in H1 2022 vs US\$1,063 /oz in H1 2021 (+33.6%) due to the strengthening of the Armenian Dram in Q2 2022 (AMD/USD + 10.3% vs H1 2021 average) and cost increases experienced in energy prices and raw materials in line with inflation seen across the mining sector globally.

Standalone Kapan adjusted EBITDA contribution of US\$8.1 million in H1 2022, a 41% decrease compared to H1 2021 adjusted EBITDA contribution of US\$13.8 million due to the above stated reasons.

Production was 30,562 gold equivalent ounces⁴ ("oz"), 23,877 oz from own ore vs 33,248 oz (-28.2%) in H1 2021, and 6,685 oz vs from third party ore versus 6,982 in H1 2021(-4.3%).

Third-party ore treatment of 63.5kt for H1 2022 vs 70kt for H1 2021 (-9.3%) was in line with budget and contributed US\$1.7 million to EBITDA for H1 2022.

Exploration of the East Flank area adjacent to the existing Kapan mine is progressing according to schedule.

Tulkubash, Kyzyltash and Kyrgyz Exploration

Chaarat issued updated Resource and Reserve estimates in May 2022 that showed a 13% increase in Ore Reserves (571koz to 647koz) based on the 2021 drilling programme results and a \$1,600/oz gold price.

2022 Exploration commenced in June 2022 and is progressing as per budget and schedule. The scope of this year's work is to determine the exploration potential of the wider licence area to help identify potential targets for the future.

Metallurgical test work on the Kyzyltash core drilled in 2021 continues as planned. Full results are expected in Q3 2022. Initial findings indicate strong gold recovering across alternative processing routes.

Outlook for 2022

Kapan remains on track to deliver on its full-year guidance of 56-62koz, comprising of 50-53koz from own ore and 6-9koz from third-party ore.

Discussions with potential project finance providers for Tulkubash are ongoing. The Company expects these to be assisted by the resolution of the dispute between the Kyrgyz Government and Centerra Gold. An update will be provided on the revised project schedule once a Final Investment Decision (FID) is made, which is expected in 2023.

The Company continues discussions with various parties and the loan noteholders on proposals in relation to the convertible loan notes due on 31 October 2022 and will provide an update on the status of these discussions in due course. The Company also continues to investigate cost saving initiatives at corporate level. Please refer to Note 2 of the Financial Statements, the Going Concern Statement, for further information on the Company's financing requirements.

¹ In reporting financial information, the Group presents adjusted EBITDA as an alternative performance measure, "APM", which is not defined or specified under the requirements of IFRS. The Group believes that this measure provides stakeholders with additional useful information on the performance of the business and, within that, Kapan. Adjusted EBITDA is calculated by adjusting profit/(loss) for depreciation and amortisation, net finance costs, unrealised foreign exchange gain/(loss), fair value gain on warrant, change in provisions and share-based payment charges.

² In reporting financial information, the Group presents Net debt as an alternative performance measure, "APM", which is not defined or specified under the requirements of IFRS. The Group Net debt comprises convertible loan notes, other loans, contract liabilities, lease liabilities and warrant financial liabilities, net of cash and cash equivalents.

³ AISC on a gold oz produced basis exclude smelter TC/RC charges, which in H1 2022 add c. USD 160/oz of cost. The H1 2022 AISC includes sustaining capex of c. USD3.1 million incurred during the period (which excludes non-sustaining capex i.e., development capex).

⁴ Gold equivalent ounces for 2021 recalculated on 2022 budget prices with Au at \$1,775/oz and gold ratios of 75 for silver, 6,597 for copper and 20,381 for zinc. In last years' Q1 2021 operations update, 2021 oz were based on gold ratios of 68 for silver, 7,287 for copper and 21,862 for zinc leading to a lower AuEq number reported in that previous year.

Mike Fraser, Chief Executive Officer, commented:

"Kapan made good operational progress in the first half of 2022 despite mining in narrower vein areas which had an impact on grade. Financial performance was impacted by lower realised commodity prices, higher energy and raw materials cost and a higher Armenian Dram compared to the US Dollar. We are monitoring the exchange rate development closely and are working on various initiatives to counter the cost increases and exchange rate impact.

We are pleased to note the final resolution of the dispute between Centerra and the Kyrgyz government. This was a material condition to progressing funding of our Tulkubash project. Engagement on all financing alternatives is ongoing.

Discussions for a solution on the convertible bond maturing at the end of October this year are in progress and we expect to update the market in due course."

Analyst and Investor conference call and presentation

Chaarat will host an analyst and investor conference call and presentation on Thursday, 8th 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.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014 (which forms part of domestic UK law pursuant to the European Union (Withdrawal) Act 2018).

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 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 May 2022. This was the first recordable injury in over 14 months at the mine. Recordable injury frequency rate ("RIFR") per one million hours worked is 0.74 for H1 2022 compared to 1.4 in H1 2021. Regrettably, since the period end, another fatal injury involving a Charat employee occurred which is currently being investigated. An update to the market may be provided after the investigation is completed. Further improvement actions are being implemented and awareness trainings are being held.

A total of 30,562 gold equivalent ounces was produced in the period, consisting of:

23,877 AuEq ounces produced from Kapan ore which represents an 8.1% decrease on H1 2021 (33,248 oz).

6,685 AuEq ounces from Third-party AuEq which represents a 4.3% decrease from H1 2021 (6,982 oz).

Own-ore production contained the following for H1 2022 and H1 2021:

	H1 2022	H1 2021
Gold (oz)	12,815	13,466
Silver (oz)	226,129	272,635
Copper (tonnes)	741.5	852.1
Zinc (tonnes)	2,804	3,169

Own-ore All-in-sustaining cost ("AISC") of US\$1,420 /oz has increased year on year due to inflationary pressure and lower gold production compared to US\$1,063 /oz in H1 2021 (+33.6%).

Third-party ore treated was 63.5kt for H1 2022 vs 70.0kt for H1 2021 (-9.3%). This is in line with plan of 120kt for the year.

Realised gold price for the half was US\$1,858 /oz versus US\$1,783 /oz in H1 2021 (+4%).

Tonnes mined was up year on year by 6.5%. Ore mined was 321.1 thousand tonnes ("kt") vs 303.7 kt in H1 2021. Mine grade was 12.2% lower at 2.94 g/t AuEq in H1 2022 compared to 3.35 g/t AuEq in H1 2021. Focus for H2 2022 remains on reducing dilution and developing areas of the mine with wider veins.

Mill throughput was stable at 373.3 kt year on year (-0.5%, H1 2021 374.8 kt).

Mill AuEq recovery for own ore was 79.5% compared with 79.4% in H1 2021. This is despite a 12% decrease in head grade.

Kapan has experienced significant price challenges during H1 related to increasing global inflation, the strengthening of the Dram and the flow through of higher commodity prices impacting reagents and consumables. Sourcing initiatives and cost reduction initiatives have managed to mitigate some of the impact and have kept costs in line with the 2022 plan.

Resource drilling was 33,772m in H1 2022 vs 30,796m in H1 2021 (+9.7%). Development metres were 12,919m in 2022 vs 11,783m in H1 2021 (9.6%).

Capital expenditure ("CAPEX"), including development expenditure of \$0.4 million, was US\$3.5 million in line with budget for the year. Annual CAPEX is still expected to be ca. US\$8 million.

Development of the exploration drive has been progressing and diamond drilling is planned to commence in H2 2022. Work will continue throughout 2023. Available results are expected to be incorporated into the 2023 resource model for inclusion in the annual resource and reserve update.

Outlook

Kapan remains on track to deliver on its full-year guidance of 56-62koz, comprising of 50-53koz from own ore and 6-9koz from third-party ore.

Third-party ore supply is expected to be in line with H1.

Development of the East Flank is progressing with first drill results expected by year end.

The Company is assessing several changes to the mining methods utilised at Kapan. The broad areas of mineralisation experiences initially at the Shahumyan deposit are progressively giving way to narrower and more variable veins. These require new methods to be adopted to manage the increasing dilution being experienced. Trial areas are being developed in several parts of the mine to assess the relative cost savings and ease of operability of the various methods. Smaller loaders and trucks previously retired from service are being overhauled and returned to operation to allow the test work to be carried out.

The Company is also looking to transition its fleet to electric vehicles over the next few years. This will reduce carbon intensity and improve working conditions in the mine due to the reduction of vehicle exhaust. Initial trials to retrofit existing equipment is underway and the focus for new equipment purchases will target electric vehicles whenever suitable.

Performance for the 2022 financial year is being impacted by the increases in energy prices and cost of other raw materials in line with inflation seen across the mining sector globally. The strengthening of the Armenian Dram in late Q2 2022 is also putting additional pressure on costs. The Dram strengthened 20% in late Q2 vs 2021 levels. Higher commodity prices have also adversely impacted reagents, fuel, explosives and consumables costs. Sourcing and cost reduction initiatives have managed to mitigate some of the impact and are helping to keep close to the 2022 plan.

Tulkubash, Kyzyltash and Kyrgyz Exploration Update

The updated mineral resource and ore reserve estimates were released in May 2022. The full reports are available on Chaarat's website. Highlights include:

Contained gold ounces in the Ore Reserves increased by 13% to 647 thousand ounces ("koz") compared to 571 koz in the 2021 bankable feasibility study (BFS).

Proven & Probable Reserves increased from 20.9Mt to 23.1Mt (+11%) with a slightly increased grade of 0.87 g/t compared to 0.85 g/t (+2%) in the BFS;

The pit shell optimisation for the Ore Reserve was based on a US\$1,600/oz gold price vs US\$1,450/oz gold price in the 2021 BFS as per latest long term gold price forecasts. 2022 Exploration programmes for Tulkubash commenced in June 2022 and is progressing as per budget and schedule.

Metallurgical test work on the Kyzyltash core drilled in 2021 continues as planned. Full results are expected in Q3 2022. To date the results, support the findings of the previous Kyzyltash studies. The results of the metallurgical study will be used to determine the most appropriate processing route for the refractory sulphide ore and to develop an initial prefeasibility level study in 2023-24.

2022 Exploration commenced in June 2022. The scope of this years' work is to assess the exploration potential of the wider license area and identify potential targets for further exploration. Work consists of aerial reconnaissance using drone technology and targeting trenching of high prospectivity areas. Work is progressing as per budget and schedule.

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

Corporate

Mike Fraser joined the company as Chief Executive Officer and member of the Board on 17 January 2022 bringing over 20 years of extensive experience in the global mining and metals industry.

Warren Gilman retired from the Board on 17 May 2022 following his decision not to seek re-election at the Company's 2022 annual general meeting due to other business commitments.

FINANCIAL REVIEW

Income statement

Revenue in the period amounted to US\$50.4 million (H1 2021: US\$48.1 million), comprising US\$41.4 million of own-ore revenue and US\$9.0 million of third-party revenue (H1 2021: US\$37.1 million own ore and US\$11.0 million third-party revenue). During this period, Kapan sold 25,118 ounces of AuEq (H1 2021: 22,909 ounces), including third-party sales, with a realised gold price per ounce of US\$1,858 (H1 2021: US\$1,783), a realised silver price per ounce of US\$23 (H1 2021: US\$26), a realised copper price per tonne of US\$9,816 (H1 2021: US\$8,752) and a realised zinc price per tonne of US\$3,807 (H1 2021: US\$2,890).

The Group operating profit for the period was US\$1.4 million (H1 2021: US\$7.8 million) and the Group adjusted EBITDA¹ was US\$4.9 million (H1 2021: US\$10.4 million). The decrease in adjusted EBITDA was mainly driven by cost inflation seen across the mining sector globally as well as the adverse AMD/USD exchange rate during the period which increased costs further (AMD/USD + 10.3% vs H1 2021 average).

	2022 Armenia	2022 Kyrgyz Republic & Corporate	2022 Total	2021 Armenia	2021 Kyrgyz Republic & Corporate	2021 Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Adjusted EBITDA ¹	8,134	(3,197)	4,937	13,788	(3,375)	10,413
Depreciation and amortisation	(5,396)	(249)	(5,645)	(2,385)	(252)	(2,637)
Net finance costs	(1,412)	(1,839)	(3,251)	(1,580)	(2,856)	(4,436)
Unrealised foreign exchange gain	2,568	-	2,568	1,293	-	1,293
Fair value gain on warrant	-	319	319	-	163	163
Change in provisions	(74)	-	(74)	-	-	-
Share-based payment charge	-	(373)	(373)	-	(1,251)	(1,251)
Profit/(loss) before tax	3,820	(5,339)	(1,519)	11,116	(7,571)	3,545
Income tax charge	(1,177)	-	(1,177)	(2,173)	-	(2,173)
Profit/(loss) after tax	2,643	(5,339)	(2,696)	8,943	(7,571)	1,372

¹ Adjusted EBITDA has been calculated as basic EBITDA, adjusted for unrealised foreign exchange gains, fair value gain on warrant, change in provisions and share-based payment charges, all of which are non-cash items.

Finance costs in H1 2022 were US\$3.3 million (non-cash US\$2.5 million) compared to US\$4.4 million (non-cash US\$3.3 million) in the comparable period. The variance related mainly to financing costs of US\$0.9 million that were incurred in H1 2021 in connection with the Labro Facility. As this Facility expired on 30 June 2021, no further financing costs were incurred beyond this date.

Income taxes in H1 2022 were US\$1.2 million compared to US\$2.2 million in H1 2021, reflecting the lower profit achieved at Kapan. Consequently, the Group made a loss after tax of US\$2.7 million in H1 2022 compared to a profit after tax of US\$1.4 million in the comparative 2021 period.

Balance sheet

The borrowings at the balance sheet date of US\$50.6 million (31 December 2021: US\$50.7 million) comprised US\$27.5 million of convertible loan notes due in October 2022 (31 December 2021: US\$25.6 million), US\$16.3 million of other loans (31 December 2021: US\$21.3 million), US\$5.4 million of contract liabilities (31 December 2021: US\$2.4 million), US\$1.3 million of lease liabilities (31 December 2021: US\$1.0 million) and US\$0.1 million of warrant financial liabilities (31 December 2021: US\$0.4 million).

The Group's net debt increased from US\$39.6 million at 31 December 2021 to US\$44.4 million at 30 June 2022, primarily as a result of the lower cash and cash equivalents balance on hand at 30 June 2022.

Non-current assets increased from US\$119.7 million at 31 December 2021 to US\$131.1 million at 30 June 2022. The increase was mainly due to the purchase of property, plant, and equipment at Kapan. Additionally, exploration and evaluation costs of US\$1.8 million were capitalised relating to the asset in the Kyrgyz Republic.

Current assets were US\$39.1 million at 30 June 2022 compared to US\$51.8 million at 31 December 2021. The decrease was mainly due to final receipts from Kapan's customers for sales before the 2021 year-end. Current

assets at 30 June 2022 included cash and cash equivalents of US\$6.2 million (31 December 2021: US\$11.1 million).

Total liabilities at 30 June 2022 were US\$92.2 million compared to US\$94.7 million at 31 December 2021. This reduction was mainly due to repayments of bank debt in the amount of US\$5.7 million (including interest), offset by accrued interest on borrowings for the H1 2022 period (US\$2.7 million) and a prepayment from Kapan's customer of \$3.0 million. The movement in liabilities is set out in more detail in Note 9 to the interim financial statements, including the split between long-term and short-term components. In addition, liabilities at 30 June 2022 included a provision for environmental obligations at Kapan of US\$13.7 million (31 December 2021: US\$10.5 million). The increase mainly related to foreign currency translation effects at 30 June 2022 due to the movement in the AMD/USD exchange rate.

Total equity was US\$78.0 million at 30 June 2022 compared to US\$76.9 million at 31 December 2021.

Cash flow

Cash and cash equivalents decreased from US\$11.1 million at 1 January 2022 to US\$6.2 million at 30 June 2022. The movement comprised of:

net operating cash flows of US\$7.7 million (H1 2021: US\$3.0 million), reflecting the EBITDA contribution from Kapan offset by working capital movements

net cash used in investing activities of US\$5.7 million (H1 2021: US\$8.7 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 outflows from financing activities of US\$6.1 million (H1 2021: inflows of US\$22.9 million) relating to external debt repayments, including interest, of US\$5.7 million

At 1 September 2022, the Group had approximately US\$3.3 million of cash and cash equivalents on hand.

Going concern

In order to achieve the planned future capital developments of assets, to sustain corporate activities and to refinance the convertible loan notes due on 31 October 2022, management will need to raise 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 such that the ability to refinance the convertible loan notes prior to 31 October 2022 represents a material uncertainty. 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 2020 and 2021. Accordingly, the Directors have adopted the going concern basis of accounting in preparing the interim financial statements. Further details of the Group's status as a going concern and expected future financing plans are set out below in Note 2 to these financial statements.

Mike Fraser
Chief Executive Officer

David Mackenzie
Interim Chief Financial Officer

7 September 2022

Consolidated Income Statement

For the six months ended 30 June 2022

	6 months ended 30 June 2022 (Unaudited) US\$'000	6 months ended 30 June 2021 (Unaudited) US\$'000
Revenue	50,391	48,095
Cost of Sales	(42,617)	(33,385)
Gross profit	7,774	14,710
Selling expenses	(1,149)	(956)
Administrative expenses	(5,212)	(5,958)
Other income	-	22
Operating profit	1,413	7,818
Finance income	15	9
Finance costs	(3,266)	(4,445)
Fair value gain on warrant	319	163
(Loss)/profit before tax for the period, attributable to equity shareholders of the parent	(1,519)	3,545
Income tax charge	(1,177)	(2,173)
(Loss)/profit after tax for the period, attributable to equity shareholders of the parent	(2,696)	1,372
(Loss)/earnings per share (basic and diluted) – US\$ cents	(0.39)	0.21

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022

	6 months ended 30 June 2022 (Unaudited) US\$'000	6 months ended 30 June 2021 (Unaudited) US\$'000
(Loss)/profit for the period, attributable to equity shareholders of the parent	(2,696)	1,372
Items which may subsequently be reclassified to profit and loss		
Exchange differences on translating foreign operations and investments	3,387	687
Other comprehensive income for the period, net of tax	3,387	687
Total comprehensive profit for the period attributable to equity shareholders of the parent	691	2,059

Consolidated Balance Sheet

As at 30 June 2022

	Note	As at 30 June 2022 (Unaudited) US\$'000	As at 31 December 2021 (Audited) US\$'000
Assets			
Non-current assets			
Exploration and evaluation costs	8	68,148	66,305
Other Intangible assets		1,326	1,213
Property, plant, and equipment		56,223	47,306
Prepayments for non-current assets		743	530
Deferred income tax assets		4,682	4,381
Total non – current assets		131,122	119,735
Current assets			
Inventories		19,173	18,442
Trade and other receivables		13,737	22,247
Cash and cash equivalents		6,202	11,134
Total current assets		39,112	51,823
Total assets		170,234	171,558
Equity and liabilities			
Equity attributable to shareholders			
Share capital		6,897	6,894
Share premium		242,757	242,695
Own shares reserve		(123)	(132)
Convertible loan note reserve		1,420	1,420
Merger reserve		10,885	10,885
Share option reserve		10,292	11,383
Translation reserve		(11,046)	(14,433)
Accumulated losses		(183,078)	(181,836)
Total equity		78,004	76,876
Liabilities			
Non-current liabilities			
Provision for environmental obligations		13,670	10,521
Lease liabilities	9	795	732
Other loans	9	5,500	9,688
Total non-current liabilities		19,965	20,941
Current liabilities			
Trade and other payables		25,645	30,717
Contract liabilities	9	5,354	2,379
Lease liabilities	9	552	246
Other loans	9	10,832	11,640
Warrant financial liability		61	380
Convertible loan notes	9	27,464	25,625
Other provisions for liabilities and charges		2,357	2,754
Total current liabilities		72,265	73,741
Total liabilities		92,230	94,682
Total liabilities and equity		170,234	171,558

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Share Capital	Share Premium	Own Shares Reserve	Convertible loan note Reserve	Merger Reserve	Share Option Reserve	Translation Reserve	Accumulat ed Losses	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As at 31 December 2020 (Audited)	5,401	191,594	(216)	2,493	10,885	14,103	(15,282)	(184,527)	24,451
Loss for the year	-	-	-	-	-	-	-	(3,588)	(3,588)
Translation losses for the year	-	-	-	-	-	-	849	-	849
Total comprehensive loss for the year	-	-	-	-	-	-	849	(3,588)	(2,739)
Share options lapsed	-	-	-	-	-	(715)	-	715	-
Share-based payments charge	-	-	-	-	-	1,251	-	-	1,251
Issuance of shares for cash	841	28,711	-	-	-	-	-	-	29,552
Issuance of shares for settlement of liabilities	652	22,390	-	-	-	-	-	(101)	22,941
Transfer of treasury shares	-	-	84	-	-	(3,256)	-	3,172	-
Modification of convertible loan notes	-	-	-	(1,073)	-	-	-	2,493	1,420
As at 31 December 2021 (Audited)	6,894	242,695	(132)	1,420	10,885	11,383	(14,433)	(181,836)	76,876
Loss for the period	-	-	-	-	-	-	-	(2,696)	(2,696)
Translation gains for the period	-	-	-	-	-	-	3,387	-	3,387
Total comprehensive income for the period	-	-	-	-	-	-	3,387	(2,696)	691
Share options lapsed	-	-	-	-	-	(1,092)	-	1,092	-
Share-based payment charge	-	-	-	-	-	373	-	-	373
Issuance of shares for settlement of liabilities	3	62	-	-	-	-	-	-	65
Transfer of treasury shares	-	-	9	-	-	(371)	-	362	-
As at 30 June 2022 (Unaudited)	6,897	242,757	(123)	1,420	10,885	10,292	(11,046)	(183,078)	78,004

Consolidated Cash Flow Statement

For the six months ended 30 June 2022

	6 months ended 30 June 2022 (Unaudited) US\$'000	6 months ended 30 June 2021 (Unaudited) US\$'000
Cash flows from operating activities		
Operating profit	1,413	7,818
Depreciation and amortisation	5,645	2,637
(Gain)/Loss on disposal of property, plant, and equipment	(11)	4
Non-cash expenses	-	59
Change in provisions	(618)	-
Unrealised foreign exchange gains	(1,989)	(1,339)
Share-based payments	373	1,251
Decrease/(increase) in inventories	2,572	(2,806)
Decrease/(increase) in trade and other receivables	12,863	(5,967)
(Decrease)/increase in trade and other payables	(12,321)	4,026
Increase/(decrease) in contract liabilities	2,167	(1,583)
Cash generated in operations	10,093	4,100
Income taxes (paid)/refunded	(2,372)	(1,107)
Net cash generated in operations	7,721	2,993
Investing activities		
Purchase of property, plant & equipment	(4,177)	(6,533)
Exploration and evaluation costs	(1,524)	(2,003)
Purchase of intangible assets	(10)	(144)
Proceeds from sale of property, plant & equipment	13	-
Interest received	15	3
Net cash used in investing activities	(5,683)	(8,677)
Financing activities		
Proceeds from issue of share capital	-	29,983
Share issue costs paid	-	(432)
Repayments of principal portion of lease liabilities	(374)	(334)
Finance costs paid for modifications of other loans	-	(104)
Repayments of principal amount of loan	(4,938)	(5,050)
Payments of interest	(790)	(1,193)
Net cash from financing activities	(6,102)	22,870
Net change in cash and cash equivalents	(4,063)	17,186
Cash and cash equivalents at beginning of the period	11,134	6,928
Effect of changes in foreign exchange rates	(869)	494
Cash and cash equivalents at end of the period	6,202	24,608

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 2022 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 September 2022 the Group had approximately US\$3.3 million of cash and cash equivalents and US\$42.2 million of debt (excluding lease liabilities and contract liabilities) comprising the following:

US\$28.1 million convertible loan notes, including accrued interest to 1 September 2022
US\$14.1 million borrowings outstanding

Kyrgyz Republic and corporate activities

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

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 2022, the convertible loan notes are due to be redeemed by conversion into equity, at the holders’ option, or will be repaid in cash for a total of up to US\$28.8 million (which includes accrued interest).

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 2022. To proceed with the development in Kyrgyz Republic and to sustain corporate activities further financing will also be required. A number of workstreams are underway to secure financing for the Company for these purposes.

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.

Notwithstanding the above, the directors consider there is a reasonable expectation that sufficient funding will be raised and therefore have continued to adopt the going concern basis.

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 2021 Annual Report. The results for the period are derived from continuing activities. The figures for the year ended 31 December 2021 have been extracted from the statutory financial statements, prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and on a historical cost basis, 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 2022 and 30 June 2021 (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 2021. There were no new applicable standards that became effective on 1 January 2022 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 2021.

4. Revenue

The revenue recognised from contracts with customers for the 6 months ended 30 June 2022 and 30 June 2021 consisted of the following:

	2022 US\$'000	2021 US\$'000
Copper concentrate	39,692	40,294
Zinc concentrate	9,897	7,198
Zinc concentrate freight	802	603
Total	50,391	48,095

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 2022, 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).

In addition to the Group's own concentrates, it processes third party ore into concentrate and sells it to customers. Of the US\$50.4 million generated from concentrate sales in H1 2022, US\$41.4 million relates to own concentrate sales and US\$9.0 million relates to third-party concentrate sales (2021: US\$37.1 million and US\$11.0 million).

In 2022, 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 9.

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 ("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 2022				
Revenue				
Sales to external customers	-	50,391	-	50,391
Total segment revenue	-	50,391	-	50,391
Operating profit/(loss)	(1,068)	5,232	(2,751)	1,413
Finance income	-	15	-	15
Finance costs	-	(1,427)	(1,839)	(3,266)
Fair value gain on warrant	-	-	319	319
Profit/(loss) before income tax	(1,068)	3,820	(4,271)	(1,519)
Income tax charge	-	(1,177)	-	(1,177)
Profit/(loss) after income tax	(1,068)	2,643	(4,271)	(2,696)
Assets				
Segment assets – non-current	81,419	49,702	-	131,121

Segment assets - current	551	34,340	4,221	39,112
Total assets	81,970	84,042	4,221	170,233
Liabilities				
Segment liabilities	2,707	61,805	27,718	92,230
Total liabilities	2,707	61,805	27,718	92,230

	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

6. Finance costs

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

	2022 US\$'000	2021 US\$'000
Interest on convertible loan notes	1,839	1,802
Interest on other loans	724	1,266
Interest on lease liabilities	71	69
Interest on contract liabilities	77	128
Unwinding of discount – provision for rehabilitation	554	315
Financing costs	-	865
Total	3,266	4,445

Interest on the convertible loan notes amounted to US\$1.8 million in H1 2022, in line with the comparable period.

The interest on other loans of US\$0.7 million includes interest on the Kapan acquisition loan of US\$0.6 million and interest on other borrowings of US\$0.1 million. The interest charge in the comparative period was higher as it included interest on the Labro Term Loan of US\$0.2 million (which was extinguished in H1 2021) and interest on the Kapan acquisition loan of US\$1.0 million due to a higher outstanding principal balance.

The financing costs of US\$0.9 million in H1 2021, a non-cash cost, related to the amortisation of the Labro Facility commitment fee. As this Facility expired on 30 June 2021, no further financing costs were incurred beyond this date.

7. Loss per share

Loss per share is calculated by reference to the loss for the 6 months ended 30 June 2022 of US\$2.7 million (2021: profit of US\$1.4 million) and the weighted average number of ordinary shares in issue during the period of 689,654,696 (2021: 657,425,878).

At 30 June 2022, 8,920,341 (2021: 8,920,341) warrants, 41,541,933 (2021: 55,027,006) 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	Kyzyltash	Total
	US\$'000	US\$'000	US\$'000
At 1 January 2022	56,204	10,101	66,305
Additions	1,788	55	1,843
At 30 June 2022	57,992	10,156	68,148

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 2022, management does not consider there to be any indicators of impairment in respect of these assets.

9. Liabilities

Reconciliation of liabilities

	Convertible loans	Contract liabilities	Lease liabilities	Other loans	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Liabilities from financing activities					
At 1 January 2022	25,625	2,379	978	21,328	50,310
Cash flows:					
Cash proceeds	-	3,000	-	-	3,000
Payment of interest	-	-	-	(790)	(790)
Payment of principal amount	-	-	-	(4,938)	(4,938)
Lease payments	-	-	(374)	-	(374)
Net proceeds	-	3,000	(374)	(5,728)	(3,102)
Non-cash items:					
Additions	-	-	537	-	537
Interest accrued	1,839	77	71	724	2,711
Settlement of interest against receivables	-	(16)	-	-	(16)
Reversal of lease liability	-	-	(66)	-	(66)
Amounts recognised as revenue	-	(833)	-	-	(833)
Effect of currency translation	-	747	201	8	956
Total liabilities from financing activities at 30 June 2022	27,464	5,354	1,347	16,332	50,497
Non-current	-	-	795	5,500	6,295
Current	27,464	5,354	552	10,832	44,202

Convertible loan notes

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

2021 Notes	US\$'000
At 1 January 2022	25,625
Cash proceeds	-
Transaction costs	-
Net proceeds	-
Amount classified as equity	-
Accrued interest	1,839
At 30 June 2022	27,464
Non-current	-
Current	27,464

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 2022. 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 2022 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. If not converted, the notes will be repaid in cash for a total of US\$28.8 million in October 2022, as disclosed in Note 2.

On 21 October 2021, the maturity date of the convertible loan notes was extended from 31 October 2021 to 31 October 2022 and the conversion price reduced, which was treated as a substantial modification for accounting purposes. The coupon interest rate remains at 12% p.a.

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

As the notes fall due in October 2022, they have been classified as current liabilities at 30 June 2022.

Contract liabilities

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

	US\$'000
At 1 January 2022	2,379
Cash received in advance of performance	3,000
Interest on contract liabilities	77
Settlement of interest against receivables	(16)
Amounts offset against receipts from customers	(833)
Effect of currency translation	747
At 30 June 2022	5,354
Non-current	-
Current	5,354

The contract liabilities balance relates to prepayments received from one of Chaarat Kapan's customers for the sale of concentrates. The prepayments accrue interest at a rate defined in the sales contract of 6-month LIBOR plus 5% p.a. and are settled by way of deduction against future 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, therefore 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 2022	760	3	763
Additions	-	537	537
Depreciation charge	(61)	(270)	(331)
Effect of currency translation	127	40	167
At 30 June 2022	826	310	1,136

Lease liabilities	Land US\$'000	Equipment US\$'000	Total US\$'000
At 1 January 2022	839	139	978
Additions	-	537	537
Interest expense	47	24	71
Lease payments	(87)	(287)	(374)
Reversal of lease liability	-	(66)	(66)
Effect of currency translation	144	57	201
At 30 June 2022	943	404	1,347
Non-current	795	-	795
Current	148	404	552

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 2022 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 2022 US\$'000
Land leases	131	117	908	112	1,268
Equipment leases	414	-	-	-	414
Total	545	117	908	112	1,682

As at 30 June 2022, the contractual discounted cash flows due on the Group's lease liabilities amounts to US\$1.4 million (31 December 2021: US\$1.0 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 2022, 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:

	Borrowings	Other Borrowings	Total
	US\$'000	US\$'000	US\$'000
At 1 January 2022	19,286	2,042	21,328
Interest accrued	655	69	724
Payment of interest in cash	(721)	(69)	(790)
Payment of principal in cash	(4,938)	-	(4,938)
Effect of currency translation	8	-	8
At 30 June 2022	14,290	2,042	16,332
Non-current	5,500	-	5,500
Current	8,790	2,042	10,832

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.

This bank financing has certain covenants attached to it that the Group needs to adhere to. All covenants were met as at 30 June 2022 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 at 1-month LIBOR plus 6% p.a. and are expected to 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.

10. Other provisions

Other provisions for liabilities and charges relate mainly to employment disputes in Armenia ("Legal Claims Provision") of US\$0.7 million at 30 June 2022 (31 December 2021: US\$1.2 million) and a legal claim of US\$1.4 million at 30 June 2022 (31 December 2021: US\$1.3 million) that was charged against Chaarat in the Kyrgyz Republic whereby compensation for agricultural losses was demanded ("Land Provision").

US\$0.8 million of the employment dispute provision was covered by an indemnity included in the original Kapan acquisition agreement. At 31 December 2021, the Directors considered recoverability virtually certain and accordingly recognised a corresponding within other receivables, however this has subsequently been provided against at 30 June 2022 as recoverability is no longer virtually certain.

The provisions have been recognised as, based on the Group's legal views, it is considered probable that an outflow of resources will be required to settle the disputes, however there is uncertainty around the timing of payments to be made. There are no expected reimbursements relating to these provisions.

The movement in provisions in 2022 is as follows:

	Legal Claims Provision	Land Provision	Other Provision	Total
	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2022	1,207	1,342	205	2,754
Change in provision	(98)	-	-	(98)
Settlement of provision in cash	(520)	-	-	(520)

Foreign exchange on conversion	124	89	9	221
At 30 June 2022	713	1,432	214	2,357

11. Related party transactions

Remuneration of key management personnel

Remuneration of key management personnel for the 6 months ended 30 June 2022 and 30 June 2021 is as follows:

	2022	2021
	US\$'000	US\$'000
Short term employee benefits	907	904
Share-based payments charge	373	856
Total	1,280	1,760

Included in the above key management personnel are 8 directors (one of whom retired on 17 May 2022) and 2 key managers (2021: 8 and 2).

Regarding the share-based payments charge, in January 2022, the Company granted options over five million ordinary shares of US\$0.01 each in the Company to the newly appointed Chief Executive Officer, Mr. Michael Fraser, under the Chaarat Gold Holdings Limited Management Incentive Plan 2019 (the "MIP"). The options are exercisable at a price of £0.42 per share between 18 January 2022 and 18 January 2027 subject to the rules of the MIP.

No further share awards have been granted for 2022, however should any such awards be made later this year, they will be accounted for in H2 2022.

Entities with significant influence over the Group

At 30 June 2022, Labro Investments Limited, Chaarat's largest shareholder, owned 44.51% (31 December 2021: 44.17%) 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 2022, are convertible into 3,579,088 Ordinary Shares.

12. Post balance sheet events

A fatal incident involving an employee occurred on 3rd September 2022. This followed injuries sustained at the Kapan mining operation. The area where the incident occurred was closed immediately and an internal investigation is underway. Chaarat is currently working with the authorities to facilitate their investigation of this tragic incident. Following a safety stop, mining operations are continuing in all other areas. Production guidance for the year from the Kapan mine remains unaffected