

The background is a high-contrast, dark image of a quarry or mining site. It shows large piles of dark, angular rocks and a yellow excavator working in a circular area of lighter, yellowish-brown material. The excavator is positioned in the lower-left quadrant of the image, facing right. The overall scene is dimly lit, with the excavator's lights providing a focal point of brightness.

# **Webcast – FY 2019 update**

**19<sup>th</sup> February 2020**



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# Agenda

- **Executive Summary**
  - Artem Volynets – CEO and Board Member
- **Operational Update**
  - Darin Cooper – COO
- **Geological Update**
  - Dorian (Dusty) Nicol – SVP Exploration
- **Financial Update**
  - Chris Eger – CFO
- **Summary**
  - Artem Volynets – CEO and Board Member
- **Q&A**

# Executive Summary

Artem Volynets – CEO

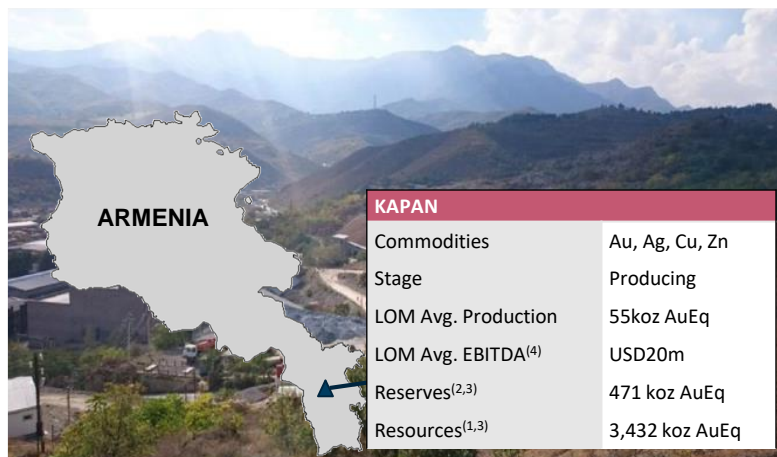
# Executive Summary

- **Chaarat has been fully transformed over the last 18 months and positioned for growth**
  - Management team and Board fully reshaped
  - The new team has 340 years of mining experience and 150 years of experience in the Former Soviet Union (FSU)
  - Acquisition of Kapan transformed Chaarat into a producing gold company
  - Tulkubash development advances according to schedule, Ciftay JV implemented - completing all equity funding required, debt finance progressing
  - Secured US\$115m of investment to acquire Kapan and develop portfolio of assets
- **Company executing on its rapid growth strategy**
  - Company delivered on the Kapan preliminary unaudited EBITDA result for 2019 at c. USD 11.5m and improved EBITDA from USD\$ 3.7 million in H1 2019 to USD\$ 7.7 million in H2 2019
  - Kapan steady state run-rate of 55koz pa AuEq <sup>(1)</sup>
  - 2020 – 2026 Life of Mine Plan has been implemented as of 1<sup>st</sup> January 2020
  - Substantial organic growth pipeline
    - The development of Tulkubash expected to increase production from 55 to 150 koz pa AuEq within two years
    - Kyzyltash development plans to increase production from the existing asset base up to 500koz
  - Chaarat continues to assess opportunities for growth through selective M&A (accretive bolt-on opportunities and transformational consolidation)
- **Kapan highlights**
  - Safety standards increased and only one Lost Time Injury (LTI) with all contractors also included in this statistic since taking ownership
  - Operational improvements in 2019 have shown results with further improvements planned
  - Kapan EBITDA improvement of c. 25% in 2019 vs 2018
- **Tulkubash highlights**
  - First stabilization agreement in country signed with the government in December 2019
  - Tulkubash construction advancing as planned through the winter period, project on track for Q4 2021 first gold pour
  - 2019 drilling program of 20km led to reserve increase of 91koz
  - Debt funding provider in detailed due diligence stage with other financiers in advanced discussions

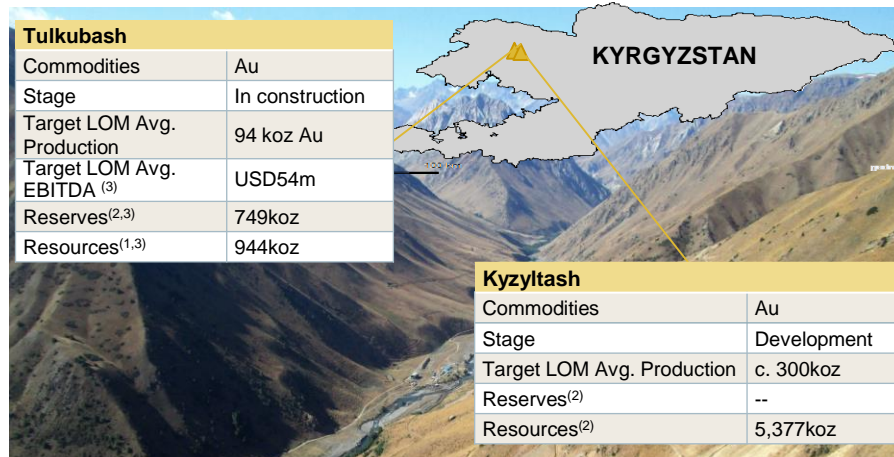
1. Guidance revised from 65koz due to higher gold prices and stable base metals prices

# Chaarat's Portfolio is Growing in Emerging Gold Districts

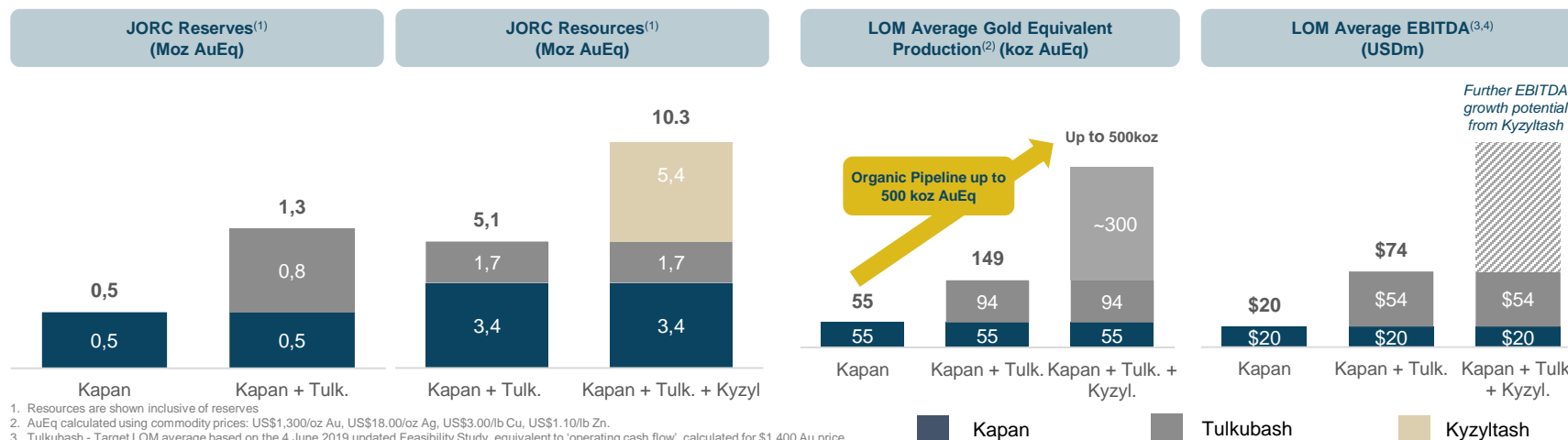
## Production



## Construction / Development



## Key Proforma Metrics



1. Resources are shown inclusive of reserves  
 2. AuEq calculated using commodity prices: US\$1,300/oz Au, US\$18.00/oz Ag, US\$3.00/lb Cu, US\$1.10/lb Zn.  
 3. Tulkubash - Target LOM average based on the 4 June 2019 updated Feasibility Study, equivalent to 'operating cash flow', calculated for \$1,400 Au price  
 4. Kapan - Target LOM average based on internal company projections at \$1,400 Au

# ESG performance

## Kapan

- Initiated work to improve the stability of the local tailings facility and improve water recycling on site
- Worked with local businesses to develop a water treatment facility to effectively remove dissolved metals from historical runoff from old Soviet-era mines in the area
- Improved safety programmes on site and integrated contractors in the company's safety management program
- Organised basketball and football competitions between the department and the workshops to promote a healthy lifestyle and sports
- Supported the renovation of the female health department at the Kapan Medical Centre clinic
- Hosted a charity event bringing attention to helping children from socially vulnerable families and children with health issues during the Christmas period
- Capital construction of the kindergarten in Kapan for 100 kids started in 2019

## Kyrgyz Republic

- Sponsored an annual conference in London promoting the benefits of doing business in the Kyrgyz Republic. This forms part of the Company's ongoing work with the EBRD and others to promote responsible foreign direct investment in the Kyrgyz Republic
- Contributed over USD\$210,000 to social causes to the Chatkal district
- Organized the Chaarat Cup to support sporting activities in the region
- Hosted children's master class painting events

## Chaarat 2020 Plan

- Opening a music and art school in Kapan
- Ongoing construction of new kindergarten in Kapan for 100 children
- Ongoing renovation of polyclinic in Kapan
- Fourth Kyrgyz-British Investment Forum
- Chaatkal Cup

### Women in Mining



### Kyrgyz Investment Forum



### Children Painting Class



# Operational Update

Darin Cooper – COO



# Kapan – 2019 Summary

- **Chaarat improves production and EBITDA in 2019**

- AuEq production of 60koz in 2019, almost 4koz more than in 2018
- AuEq recoveries were 5% higher than the previous year thanks to improvements achieved throughout the processing flowsheet
- A positive 25% increased unaudited preliminary EBITDA of USD\$ c.11.5 million from Kapan in 2019 (2018: USD\$ 9.2 million)
- The unaudited preliminary EBITDA improved from USD\$ 3.3 million in H1 2019 to c. USD\$ 7.7 million in H2 2019.

- **Safety**

- One Lost Time Injury in 2019 (Q2)
- Q4 had a total recordable injury case rate (per 1 million hours worked) of 0
- Improved safety standards implemented

- **Environmental**

- No environmental incidents since Chaarat ownership
- Continuing to implement international best practise standards

- **Mine Plan update was finalised in Q4 and has been applied as per beginning of 2020**

- New seven-year mine plan defined and incorporated

**Processing Facility**



**Water quality control**



**Chaarat made significant improvements to Kapan Operations during first year of ownership**

# Kapan – Operating Metrics

## KEY OPERATIONAL PARAMETERS

	Units	2019	2018	Delta	Delta
Ore Mined	tonnes	678,382	637,441	6%	40.941
Mine Head Grade	AuEq g/t	3.23	3.44	(6%)	(0,21)
Mill Throughput	tonnes	733,860	635,501	15%	98.358
Mill Head Grade	AuEq g/t	3.14	3.55	(12%)	(0,42)
Cu Conc Prod	tonnes	9,195	7,738	19%	1.457
Zn Conc Prod	tonnes	11,239	10,826	4%	413
Contained Metal <sup>(1)</sup>	AuEq (oz)	60,252	56,424	7%	3.828
Recovery AuEq	%	81.4	77.8	5%	3,68
AISC <sup>(2)</sup>	US\$/oz	1,040	1,183	14%	143

## COMMENTS

- 1) Mine production was up 6% Y-on-Y due to improved fleet usage
- 2) AISC decrease of 14%
- 3) Equipment issues experienced earlier in the year have now been resolved and new equipment is being purchased for 2020
- 4) Mill throughput 15% up year on year, due to more ore mined, stockpile utilised and 3<sup>rd</sup> party ore treated
- 5) Overall concentrate production and contained AuEq all above 2018 numbers
- 6) Recovery improvement due to improved grind size and reagent regime and detailed work on improving the efficiency in the plant

**In the first year of Chaarat ownership, Kapan demonstrated improvement in each operational metric**

1. excluding third party ore, 2018 number based on 2019 price assumptions

2. AISC excluding TC/RC, others of c. USD 150/oz, including sustaining capex

# Kapan – Recap on 2019 Improvement Programmes

- **Mine tonnes**

- Truck rebuild programme to improve fleet availability and provide mining flexibility

6% improvement on mine tonnes achieved in 2019 vs 2018

- **Grade**

- A review of mine planning, Grade and Blast Control processes is underway to identify options to improve grade and reduce dilution

Mill head grade improvements as a continuous target

- **Recoveries**

- Mill improvements through improved grind and reagent regime

Recovery improvements achieved a 5% increase Y-on-Y

- **Costs**

- A cost reduction program is underway to review all major expenditure areas and identify operational efficiencies
- A review of outsourced activities has resulted in several functions being brought back in house and resulted in lower costs

Cost program led to a USD 143 drop in AISC compared to 2018

- **Alternative ore sourcing**

- Treatment of value adding third party feeds was effectively trialled, with further campaigns planned
- Identifying further sourcing options to utilise existing mill capacity to guidance

Sourcing 3<sup>rd</sup> party ore since August 2019 of 8.5kt and in discussions with further suppliers

- **Capex guidance**

- Sustaining capex was around USD 4m for 2019 and expected to be similar in 2020

Targeting USD 4m for 2020



# Kapan – 2020-2026 LOMP improvement programme

## Renewing mine fleet

- Ordering required new equipment over the years as and when required to increase mining and milling efficiency

## New mine plan improvements

- Planning and operational flexibility to leverage the new mine plan

## Optimisation

- Containing Opex optimisation – to improve profitability

## Recoveries

- Further improve crushing, milling and floatation circuits to maximise recoveries

## Insourcing

- Increase in-house services including maintenance and other contracted work to reduce costs

## Alternative ore sourcing

- Contracted 3<sup>rd</sup> party ore and potential other sources estimated to contribute 50kt p.a. throughout the LOMP

**Chaarat is positive to maximize shareholder value creation over the next years from the Kapan mining operation**

# Tulkubash – Construction Update

- Construction continues at Tulkubash and the first gold production is on track for late 2021.
- Chaarat is proceeding with detailed engineering and has finalised several project components for immediate construction readiness.
- Pre-construction progress comprises:
  - Initial earthworks including equipment mobilization;
  - Ore haul road and platforms construction;
  - Access road to site has been upgraded to improve year-round access to site;
  - Advance construction camp was installed; 360-man camp was fabricated, and installation started with completion scheduled for Q3 2020;
  - Detailed design of HLF, Crushing Circuit and ADR is advancing
  - Tree Cutting permit for the whole site has been secured and tree-cutting started.
- Pamir (Ciftay's designated entity) is performing all earthworks on-site and training/developing operators from local communities
- Chaarat Social Program includes over USD215K annual social aid to the Chatkal region including:
  - Sustainable development projects
  - Infrastructure upgrades
  - Educational programs and
  - Promotion of sport and lifestyle

## Camp Construction



## Road construction



**Construction at Tulkubash is progressing per approved schedule to deliver first gold in Q4 2021**

# Geological Update

Dusty Nicol – SVP Exploration



# Kapan – Resource / Reserve update in November 2019

			Grade					Metal			
Classification	Tonnes (Mt)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)	AuEq (g/t)	Au (Koz)	Ag (Koz)	Cu (Kt)	Zn (Kt)	AuEq (Koz)
Proven	0.17	2.65	40.39	0.42	2.06	4.8	14	220	0.71	3.5	26
Probable	4.34	1.65	31.38	0.34	1.31	3.19	230	4,373	15	57	445
<b>Total P &amp; P</b>	<b>4.5</b>	<b>1.69</b>	<b>31.72</b>	<b>0.35</b>	<b>1.34</b>	<b>3.25</b>	<b>245</b>	<b>4,594</b>	<b>16</b>	<b>60</b>	<b>471</b>

			Grade					Metal				
Classification	Tonnes (mt)	Density	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)	AuEq (g/t)	Au (koz)	Ag (koz)	Cu (Kt)	Zn (Kt)	AuEq (koz)
Measured	0.76	3.04	4.23	68.62	0.74	3.24	8.21	103	1,674	5.6	25	200
Indicated	8.04	3.02	2.72	52.37	0.57	2.31	5.67	703	13,515	46	186	1,463
<b>M&amp;I</b>	<b>8.80</b>	<b>3.02</b>	<b>2.85</b>	<b>53.77</b>	<b>0.59</b>	<b>2.39</b>	<b>5.89</b>	<b>806</b>	<b>15,189</b>	<b>52</b>	<b>211</b>	<b>1,663</b>
Inferred	7.64	3.01	2.46	51.22	0.58	2.16	5.29	602	12,562	44	165	1,298

- Depletion continues to be replaced with new resources through the company's successful exploration programme
- Improved mine life to 2026 while maintaining financial targets
- Ongoing replacement of resource gives the Company the confidence that this mine should have many years of ongoing operation well beyond the current LOMP
- In 2020 the exploration is starting on the East flank of the Kapan deposit which has the potential to add significantly to the mine life

**2019 Reserve was signed off by AMC consultants and formed the basis for the 2020 – 2026 Life of Mine Plan.**

# Tulkubash – Resource / Reserve update in February 2020

Tulkubash Ore Reserve Estimate (eff 10 Feb 2020)

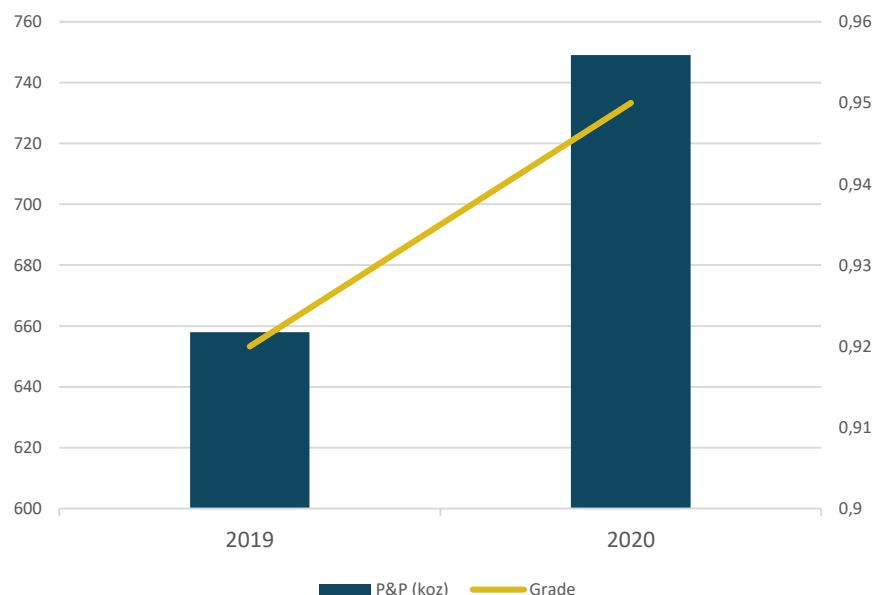
Category	Mt	Au (g/t)	Au (koz)
Proven	6.30	0.98	197
Probable	18.40	0.93	552
<b>P&amp;P</b>	<b>24.70</b>	<b>0.95</b>	<b>749</b>

Tulkubash Mineral Resource Statement (eff 10 Feb 2020)

Classification	Mt	Au (g/t)	Au (koz)
Measured	5.27	1.28	216
Indicated	18.08	1.21	702
<b>M&amp;I</b>	<b>23.35</b>	<b>1.22</b>	<b>918</b>
Inferred	0.91	0.90	26
<b>TOTAL</b>	<b>24.26</b>	<b>1.21</b>	<b>944</b>

- Reserve improved in terms of koz and grade
- Resource decrease
  - The project has advanced to construction stage, with well-defined pits, the Company has decided to constrain the resource estimate with an ultimate pit shell
  - This led to a decrease in tonnage and contained ounces in the Resource, without affecting the Reserve
- Due to higher share of oxidized material zones in the updated design, recoveries indicate to improve by 6% compared to 2018 model

14% Increase in Reserve compared to 2019



Successful reserve upgrades in 2019 will now be reviewed for the economic impact on the project

# Tulkubash – Exploration potential unchanged

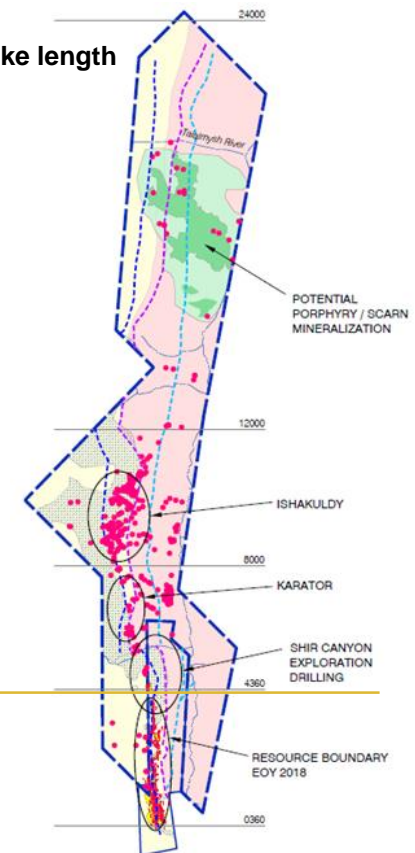
## Tulkubash District Potential

- 2019 programme successful in adding new mineralisation
- Additions within existing Resource footprint and in Shir Canyon area, northeast of current resource
- More drilling required to add some of new mineralisation to Resource
- To date, only about 5.5 kms of a prospective 24-km. trend has been drilled

Tulkubash District Scale c. 24,000m strike length

**73% of strike  
length  
remains undrilled**

**Area drilled  
c.5,500m strike  
length**



**2019 exploration confirms the Company's belief that Tulkubash has the potential to be an emerging world-class gold district**



# Financial Update

Chris Eger – CFO

# Financial Summary 2019

In 2019, Chaarat has been extremely proactive in managing its financial requirements and has successfully raised capital while continuing to demonstrate shareholder value creation, key activities include:

## Kapan Asset

- Acquired the Kapan mine for USD 50 million with USD 40 million debt
- Paid down USD 6 million of debt through exiting cashflows

## Tulkubash Asset

- Launched project finance discussions on the Tulkubash project

## Corporate Activities

- Upsized Investor Loan to USD17 million from USD10 million
- Drew USD2.5 million from the working capital facility with Labro
- Closed the 2021 Convertible Bond with USD19.7 million
- Raised close to USD9 million equity broadening the shareholder base

## Consolidated Debt Profile (Current)

	Units	Value
Investor Loan Facility	USD k	17,000
2021 Convertible Bonds	USD k	19,680
Kapan Loan Facility	USD k	34,000
Labro Working Capital Facility	USD k	3,500
<b>Total</b>	<b>USD k</b>	<b>74,180</b>

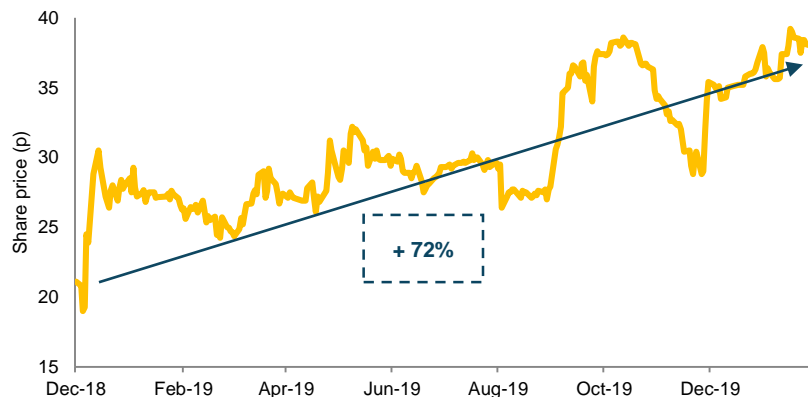
## Completed Ciftay equity partnership

- Agreement to sell 12.5% of Chaarat's mining projects Tulkubash and Kyzyltash for USD 31.5 million
- Implied transaction valuation of USD252m for Chaarat's Kyrgyz assets
- Provides the equity for project construction

**Chaarat has made good progress to optimize the capital structure and utilize the positive operational track record in 2019**

# Chaarat created above market shareholder value in 2019

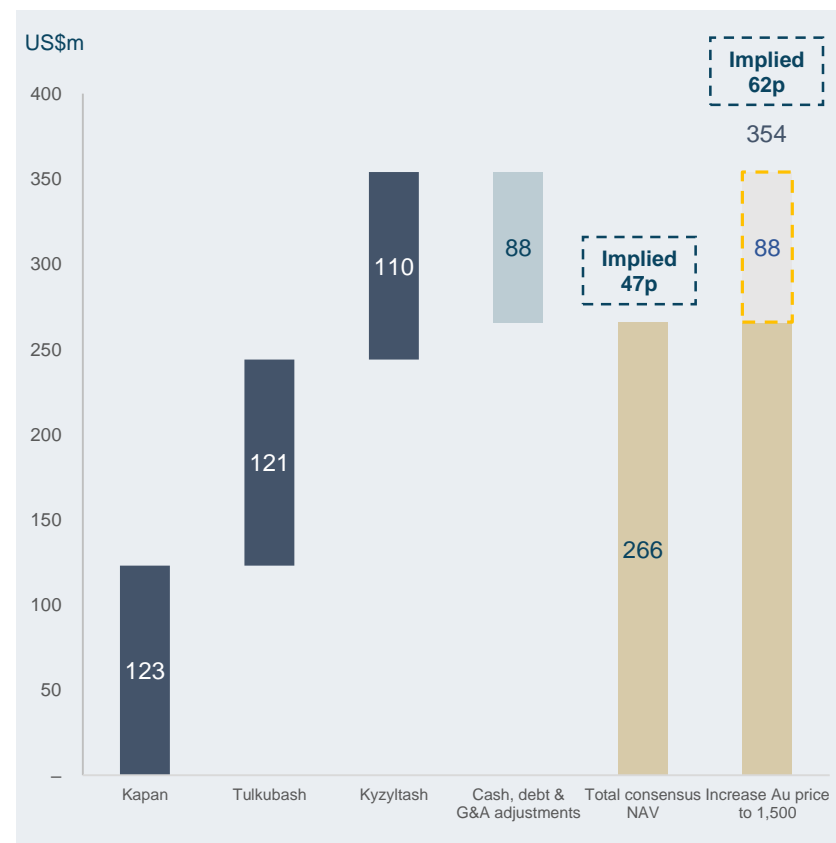
## Strong share price performance since readmission



## Brokers Estimate the Fair Value of the Stock at an Average 24% Premium to a GBp 38 Trading Price

Date	Broker	Rating	Target price (GBp)	Premium to 38p price (%)
22-Oct-19	<b>Numis</b>	Buy	50	32%
6-Jun-19	<b>Pareto</b>	Buy	55	45%
1-Aug-19	<b>SPANGEL</b>	Buy	42	11%
22-Oct-19	<b>HANNAM&amp;PARTNERS</b>	Buy	41	8%
	<b>Average</b>		<b>47</b>	<b>24%</b>

## Brokers NAV\* Implies Undervaluation



## Significant potential share price upside implied by broker consensus NAV estimates

Sources: Broker reports, Capital IQ as of 23 October 2019, GBP:USD: 1.29

\*Broker NAV is calculated using H&P model with Au price \$1,330/oz



# Current Financial Priorities

## Tulkubash Project Financing further advanced

- A bank in detailed due diligence stage with other banks studying situation
- Indicative term of 5-6 years at attractive cost of capital
- Customary conditions precedent to closing, representations and warranties
- Typical project finance security package over Tulkubash with parent company guarantees
- Very attractive debt / equity terms indicated, with most of the required equity funded via Ciftay contribution
- Targeting close by Q2 2020 and announce the proposed lending syndicate in the coming months

## Corporate debt maturing in Q1 2020

- Advanced discussions with multiple parties
- On track with negotiations to implement the solution in the next week
- Targeting close by March 2020

## Potential Kapan refinancing

- Advanced discussions with multiple parties
- Options for increasing the quantum of debt secured against Kapan, made possible by the improved operating performance at the mine
- Targeting close by Q1 2020

**Chaarat benefits from ample liquidity as a result of Labro working capital facility , Cash on hand and free cash flow from Kapan**

**Chaarat continues to evaluate opportunistic capital opportunities to either refinance existing financing facilities and/or reduce its overall cost of capital**

# Summary

# Chaarat Focus Areas

- **ESG**

- Continuing ESG initiatives for 2020 and beyond
  - Opening a music and art school in Kapan
  - Ongoing construction of new kindergarten in Kapan for 100 children
  - Ongoing renovation of polyclinic in Kapan
  - Fourth Kyrgyz-British Investment Forum

- **Kapan**

- Improvement programmes defined for 2020 to further improve on encouraging 2019 results
- Mine plan 2020 – 2026 update underpins the strategy and is now being implemented
- Detailed exploration work starting on the east flank

- **Tulkubash**

- Update of reserves, mine plan and economic model Q1 2020
- Update Bankable Feasibility Study based on updated Resource / Reserve Q2 – Q3 2020
- Progress construction efforts to remain on track for Q4 2021 first gold pour
- Close Project Financing (Q2 2020)

- **M&A**

- Continue to assess opportunities for growth through selective M&A (accretive bolt-on opportunities and transformational consolidation)
- Advanced discussions with several targets

- **Financing**

- Maintain a robust balance sheet, and continue to evaluate sources of capital that improve cost of capital and/or debt profile

## Q&A



# Investor Relations

**Contact:****Patrick Henze**

VP Corporate Development & Investor Relations

+44 (0) 20 7499 2612

[patrick.henze@chaarat.com](mailto:patrick.henze@chaarat.com)

**Charles Vivian / Barney Hayward / Gareth Tredway**

Tavistock

+44 (0) 20 7920 3150

[Chaarat@Tavistock.co.uk](mailto:Chaarat@Tavistock.co.uk)

**CHAARAT**

<https://www.chaarat.com/>



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