

The background of the slide is a high-angle photograph of a coal mine. It shows large piles of dark, jagged coal rocks and a yellow excavator working in a circular pit filled with lighter-colored gravel. The scene is dimly lit, with some light reflecting off the surfaces of the coal and the excavator.

# **Investor and Analyst Call H1 2021 Results**

**09 September 2021**



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# Agenda

- **Executive Summary**
  - Chris Eger – CFO
- **Operational Update**
  - Darin Cooper – COO
- **Financial Update**
  - Chris Eger – CFO
- **Q&A**

# Executive Summary

Chris Eger – CFO



# Executive Summary

## Group Financials

- 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 EBITDA 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 30 June 2021 of US\$24.6 million (30 June 2020: US\$5.9 million).

## Kapan highlights

- On track to deliver on our AuEq 57k oz guidance for the year.
- 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"<sup>2</sup>) of US\$1,063 /oz vs US\$1,076 /oz in H1 2020 (-1%).
- Increased third-party ore production of 70kt for H1 2021 vs 10kt for H1 2020 (+600%), contributing US\$1.8 million EBITDA 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 highlights

- Updated bankable feasibility study ("BFS") released in May 2021 confirming robust project economics.
- Exploration programmes for Tulkubash commenced in May 2021 and is progressing on budget and on schedule.
- Results of the drilling on Tulkubash are expected for Q4 2021.

## Kyzyltash highlights

- Drilling programme to obtain core for metallurgical testing is nearing completion.
- Metallurgical testing is expected to commence in November 2021.

# Building a Leading Gold Company in the FSU

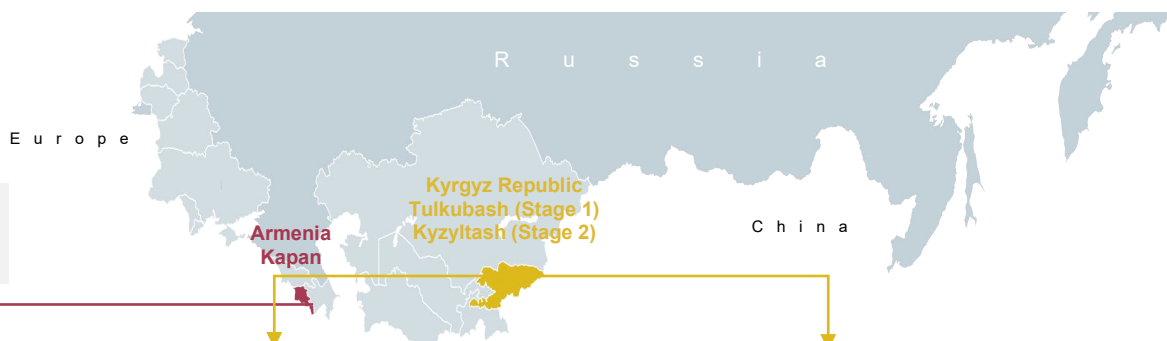
Company Overview



**1.0 Moz AuEq**  
P&P Reserves



**9.5 Moz AuEq**  
M&I, I Resources

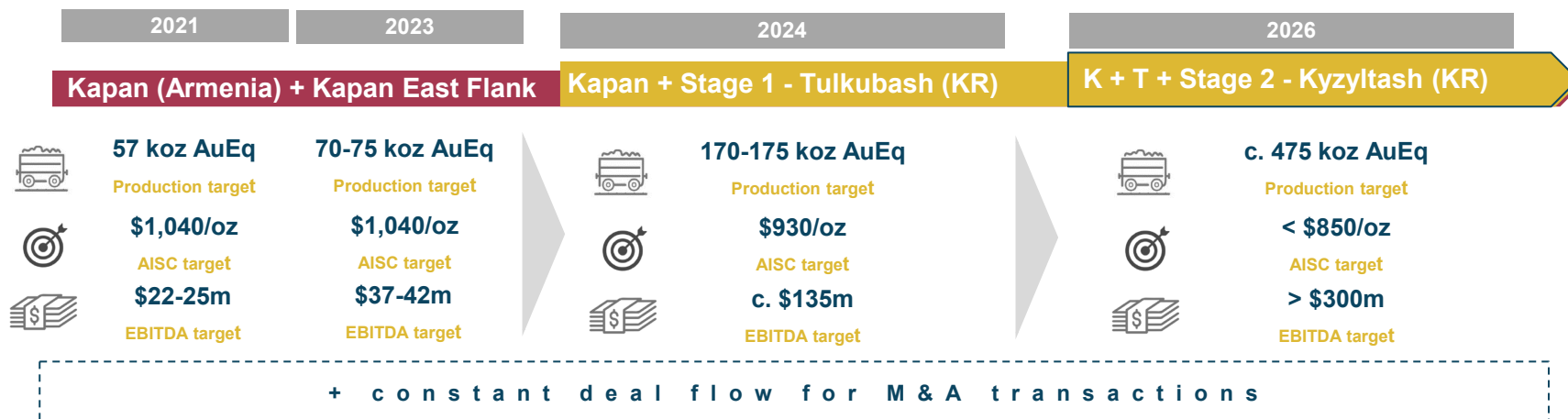


Kapan (current)	Producing
Commodities	Au, Ag, Cu, Zn
LOM Avg. Production <sup>1</sup>	c. 57koz AuEq
LOM Avg. EBITDA	c. US\$22-25m
Reserves	471 koz AuEq
Resources <sup>2</sup>	2,961 koz AuEq

Tulkubash	Construction
Commodities	Au
Target LOM Avg. Production	c. 95 koz Au
Target LOM Avg. EBITDA	c. US\$72m <sup>3</sup>
Reserves	571koz
Resources <sup>2</sup>	1,177koz

Kyzyltash	Development
Commodities	Au
Stage	Development
Target LOM Avg. Production <sup>4</sup>	c. 300koz
Reserves	--
Resources <sup>2</sup>	5,377koz

## Chaarat Gold Growth Pipeline



# Company substantially transformed since the Arrival of the New Management Team

	H1 '18	Q1 '19	Q2 '19	Q3 '19	Q4 '19	Q2 '20	Q4 '20	'21 YTD
<b>Management / Board</b>	<ul style="list-style-type: none"> <li>New CEO / CFO</li> </ul>	<ul style="list-style-type: none"> <li>Creation of independent board</li> </ul>	<ul style="list-style-type: none"> <li>Hire of COO</li> </ul>					<ul style="list-style-type: none"> <li>Appointment of Sandy Stash</li> <li>CEO transition</li> </ul>
<b>Asset Development</b>	<ul style="list-style-type: none"> <li>Signed term sheet for Kapan</li> </ul>	<ul style="list-style-type: none"> <li>Closing of Kapan for \$50m</li> </ul>	<ul style="list-style-type: none"> <li>Completed BFS Tulkubash</li> </ul>	<ul style="list-style-type: none"> <li>Identified East Flank growth opportunity at Kapan</li> </ul>	<ul style="list-style-type: none"> <li>Kapan life of mine update</li> </ul>	<ul style="list-style-type: none"> <li>Kyzyltash Metallurgical study completed</li> </ul>		<ul style="list-style-type: none"> <li>Updated Tulkubash BFS for Project Finance</li> </ul>
<b>Strategy</b>	<ul style="list-style-type: none"> <li>Relisting of Chaarat</li> </ul>	<ul style="list-style-type: none"> <li>Signed JV with Ciftay for \$31.5m</li> </ul>			<ul style="list-style-type: none"> <li>Signing of stabilization agreement for Kyrgyzstan</li> </ul>			<ul style="list-style-type: none"> <li>Received support from new president in KR</li> <li>New Ciftay agreement</li> </ul>
<b>Financing</b>	<ul style="list-style-type: none"> <li>Completed \$20m CB offering</li> <li>Completed Investor loan of \$10m</li> <li>Closing of \$15m working capital facility</li> </ul>	<ul style="list-style-type: none"> <li>Closing of \$40m Debt facility</li> </ul>		<ul style="list-style-type: none"> <li>Upsize of Investor loan to \$17m</li> </ul>	<ul style="list-style-type: none"> <li>Equity Raise of \$6m</li> </ul>	<ul style="list-style-type: none"> <li>Extension of loans, completion of \$14m equity raise due to COVID</li> </ul>	<ul style="list-style-type: none"> <li>Extension and refinance of \$22m investor loans</li> </ul>	<ul style="list-style-type: none"> <li>Primary equity placement of \$52 million</li> </ul>

<b>Kapan EBITDA</b>	<b>2018: \$8.7m</b>	<b>2019: \$12.7m</b>	<b>2020: \$19.4m</b>	<b>H1 2021: \$13.8m</b>
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➤ Completed over \$175m of capital inflow

➤ Moved from developer to producer

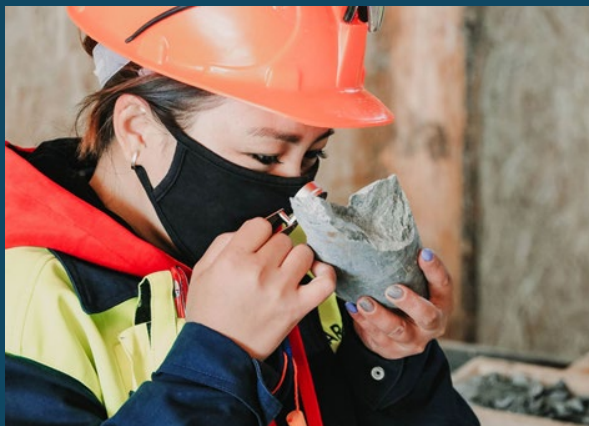
➤ Assembled exceptional management team

➤ Created a growth focused gold asset portfolio



# Operational Update

Darin Cooper – COO





# ESG Initiatives H1 2021

## Environmental / Health & Safety

### Tree planting initiative



### Health & Safety training for employees and the whole community



## Social

### Childrens Day



### New playground



### Music and Art School



### Volleyball Tournament



### Employee recognition



- Tree Planting trees on some of the historically impacted areas around Kapan
- Taking safety into the home with awareness sessions for schoolchildren of all ages
- New children's playgrounds constructed and opened in several Chatkal villages
- Ongoing sponsorship of cultural and educational events and buildings
- Recognizing the talent and high performance of our employees during Miners and Metallurgists Day
- Support for health and well-being through sponsorship and involvement in community sporting events and competitions

# H1 2021 Update

## COVID-19 response

- Continuing to follow best practice to prevent our employees contracting or spreading COVID-19
- Incident rates increased in both countries recently. This had no impact on our operations to date

## Safety

- One fatality occurred in early March due to neglecting basic general safety practices and behavioral safety principals. LTIFR of 1.43 in H1 2021
- Safety training enhancements along with an increased focus on the importance of behaviour safety in preventing serious incidents

## Environmental

- No environmental incidents since Chaarat ownership
- Improvements to the Kapan Tailing's Storage Facility ongoing

Health checks



Safety training



Water sampling



Ongoing engagement with our communities to ensure strong development and relationships



# Kapan – H1 2021 Operating Metrics

## KEY OPERATIONAL PARAMETERS

	Units	H1 2021	H1 2020	Delta
Kapan Ore Mined	tonnes	301,658	360,957	-16%
Mine Head Grade	AuEq g/t	3.33	2.94	13%
Total Milled	tonnes	374,794	365,650	3%
Kapan Mill Throughput	tonnes	676,867	733,859	-14%
Third-party ore treated	tonnes	70,005	10,127	591%
Own Ore AuEq production	AuEq (oz)	25,896	27,140	-5%
Third-party Ore AuEq production	AuEq (oz)	6,917	543	1,174%
Kapan ore recovery AuEq	%	79.4	79.2	0%
AISC <sup>(2)</sup>	USD/oz	1,063	1,076	-1%
Realised Gold Price	USD/oz	1,783	1,665	7%

## COMMENTS

- 1) Own ore production of 25,896 oz represents a 4.6% decrease on H1 2020 (27,140 oz). Fewer tonnes produced as a result of delayed development work in Q4 2020 caused by last year's hostilities.
- 2) Changes in mining method resulted 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.
- 3) Third-party ore treated was 70kt for H1 2021 vs 10kt for H1 2020 (+600%). Treatment was approximately 35kt above target due to contracting more material.
- 4) 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.

**Strong price environment and operational improvements providing positive results**

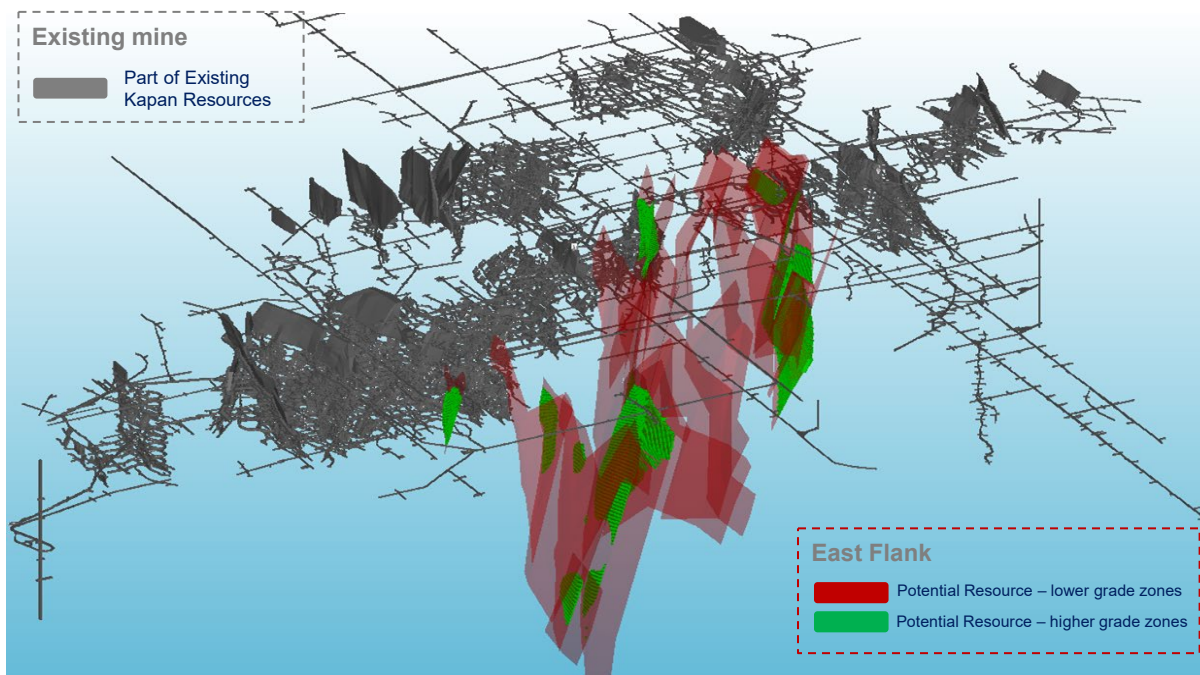
1. excluding third party ore, 2019 number based on 2020 price assumptions

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

# Kapan East Flank Exploration Update

- 17 veins have been identified
- The potential resource (the red area) is outlined over 600-700 meters strike and 300-400 meters vertical extend of the East Flank Vein cluster
- Mining development in parallel
- Mining drifting to access and build 6 drilling chambers is in progress
- 13,370 m NQ drilling is planned in 2021/2022
- 14,570 core & channel samples

## East Flank Potential



## Chaarat further defined estimate

Advanced  
Exploration  
Target<sup>1</sup>

c. 2.0 Mt  
@ 2 g/t AuEq

	Timeline	Cost
Resource definition	2021/22	c. \$3.5m
Development	2021/22	c. \$1-2m
Equipment	2022	c. \$3-5m



Exploration work will continue into 2022 with development work starting in parallel

1. The potential quantity and grade is based on a management estimate and is conceptual in nature with insufficient exploration to estimate a Mineral Resource and that it is uncertain if further exploration will result in the estimation of a Mineral Resource. The updated Target Exploration Estimate of the East Flank target area of the Kapan project was prepared Chaarat technical staff under the supervision of Mr. Joe Hirst, B.Sc. (hons), M.Sc., EurGeol. CGeol.



# Tulkubash – Construction Update

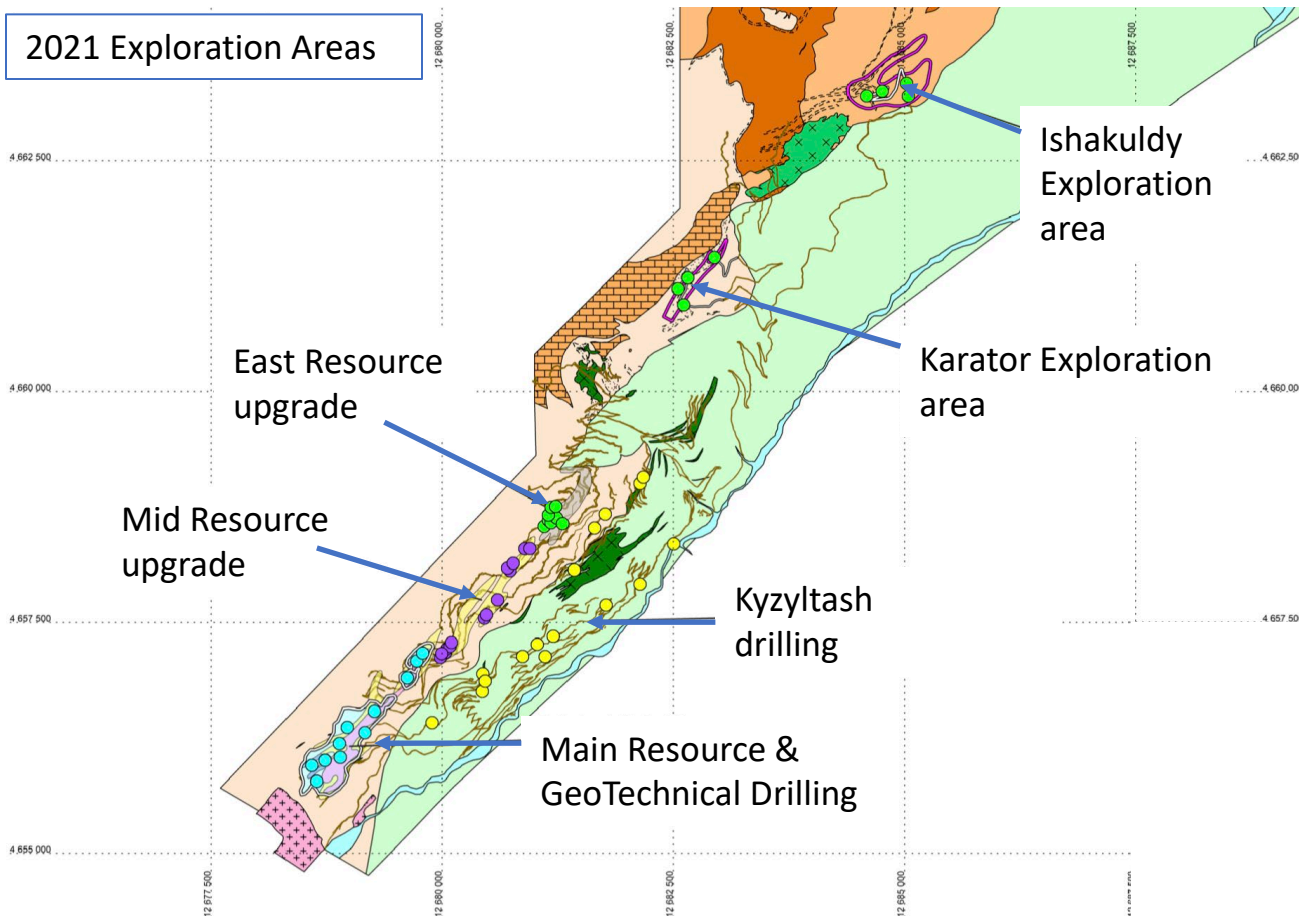
- The 2021 Bankable Feasibility Study update was released in May indicating a strong and robust project
- Bishkek and regional offices reopened after COVID-19 lock-down
- Engineering works resumed and are progressing on schedule
  - Process facilitates general layout being frozen
  - Crushing circuit selection
  - ADR detailed design is being finalized
  - Power plant design being finalized
- Limited construction activities in 2020 due to the COVID-19 restrictions and political situation in country. Key construction activities started in 2021 to allow fast ramp-up in 2022:
  - Camp construction
  - Stream crossing/bridge finalization
  - Additional geotechnical works required for legalization of designs in KR

**Project on track for fast full ramp-up of construction activities in Q1 2022**



# Tulkubash and Kyzyltash Exploration Update

## 2021 Exploration Areas



### Tulkubash

- 7,446 meters against target of 10,000 meters
- Infill drilling to convert inferred and unclassified to M&I

### Kyzyltash

- drilling core for metallurgical testing
  - Twin-hole drilling confirms previous results
  - Drilling will be complete in Sept
  - Assays complete in Oct
  - Met test program defined, to start in November

### Karator & Ishakuldy

- 2,000 meters of exploration drilling and 9,500 meters of trenching advancing to plan

**2021 Exploration designed to extend mine life and determine the further broad area potential of the license area**



# Financial Update

Chris Eger – CFO



# Selected H1 2021 Financial Results

## Robust Operating Performance

		Actual H1 2021	Actual H1 2020	Delta %	Actual FY 2020	Actual FY 2019	Delta %
<b>Kapan<sup>1</sup></b>							
<b>Physicals</b>							
Ore Mined	T	301,658	360,957	-16%	684,156	678,382	1%
Mine Head Grade	T	3.33	2.94	13%	3.03	2.93	3%
3rd Party treated	T	70,000	10,000	600%	67,838	8,543	694%
AuEq recoveries	%	79.4	79.2	0%	79.9	81.4	-1.80%
AuEq Production	AuEq oz	25,896	27,140	-5%	58,178	56,513	3%
<b>Kapan Financial</b>							
Revenue	USDk	48,095	29,886	61%	75,994	68,088	12%
EBITDA	USDk	13,788	4,102	236%	19,429	12,674	54%
AISC	USD/oz	1,063	1,076	-1%	1,034	1,040	-1%
Capex	USDk	2,517	3,817	-34%	7,266	4,523	61%
<b>Group Financials<sup>1</sup></b>							
Revenue	USDk	48,095	29,886	61%	75,994	68,088	12%
Operating profit/(loss)	USDk	7,818	-5,145	252%	1,895	-18,422	-110%
EBITDA	USDk	9,162	-2,221	513%	9,303	-12,780	-173%
Adjusted EBITDA	USDk	10,413	476	2088%	13,570	-2,379	-670%
Capex	USDk	4,658	8,424	-45%	17,268	18,653	-7%
External Debt	USDk	55,381	81,927	-32%	70,499	77,212	-9%

1. Percentage changes and numbers may differ from previous pages due to rounding

### Comments

#### Kapan

- On track to meet production guidance for year
- Filling excess mill capacity through third-party ore treatment
- EBITDA growth period over period as a result of better commodity price environment as well as enhanced operating metrics

#### Group Activity

- Robust financial performance in 2020 versus 2019 continued in H1 2021 as result of strong commodity prices and reduction in operating cost at corporate level
- Active management in reduction of Debt levels continuing

# Corporate Finance Update

## Proactive Management of Capital Structure

### Continued optimization of the balance sheet

#### H1 2021 Achievements

- Funding package of USD52.2 million closed in February 2021 reducing the net debt position from USD64.5 million as of 31 December 2020 to USD19 million as of 30 June 2021 (-70%).
- Simplified partnership structure with Çiftay İnşaat Taahhüt ve Ticaret A.Ş ("Çiftay") where they become a strategic investor at Chaarat level and Chaarat maintains 100% ownership in Tulkubash and Kyzyltash.

#### Consolidated Net Debt Profile (30 June 2021)<sup>1</sup>

	Units	Value	Maturity
Kapan Loan Facility <sup>2</sup>	USD k	24,000	02/2023
2021 Convertible Bond <sup>2</sup>	USD k	19,680	10/2021
<b>Total Debt</b>	USD k	<b>43,680</b>	
<i>Net debt</i>	<i>USD k</i>	<i>19,100</i>	

#### Outlook

**Kapan Senior Debt Loan** – will be reduced further by USD4 million in 2021 with potential to refinance as Kapan is a stable-production asset

**2021 Convertible Bond** - convertible to equity at maturity on 31 Oct 2021 (~34p strike price) or refinancable or repayable in cash

**Tulkubash debt finance in H2 2021** expected to add USD80 million of debt in next two years at competitive terms

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

1. As of 30<sup>th</sup> June 2021, excluding lease liabilities and contract liabilities  
2. Excludes accrued interest



# Tulkubash Project Economics

## Updated Bankable Feasibility Study released

### 2021 Feasibility Study Results

Feasibility Study Result	Unit	Value
Average gold production	koz	95.2oz
AISC	USD/oz	866
Initial Capital Expenditure (inc cont)	USDm	115
Post-tax NPV <sub>5%</sub> (USD 1,450 Au price)	USDm	85
Post-tax IRR	%	25

### Feasibility Study Sensitivity

Au   Ag price (USD/oz)	1,450   17.5	1,700   22.0	1,870   27.7 (Spot)
Ave Project Cash Flow p.a.	44	55	64
LOM Project Cash Flow incl. CAPEX (USDm)	134	199	217
NPV <sub>5%</sub> (USDm)	85	135	157
Post-tax IRR	25%	35%	39%

## Funding

Chaarat / Ciftay (Equity)	35
Project Finance (Debt)	80
<b>Initial Capital</b>	<b>115</b>

- Tulkubash debt financing process interrupted by external factors around the Kumtor mine
- Chaarat has paused a few options for the summer period and started to reengage with these counterparties
  - Comprehensive corporate solution favoured
  - Receiving healthy interest through fixed income investor meetings
  - Advancing other debt financing solutions in parallel

# Chaarat Upside Potential

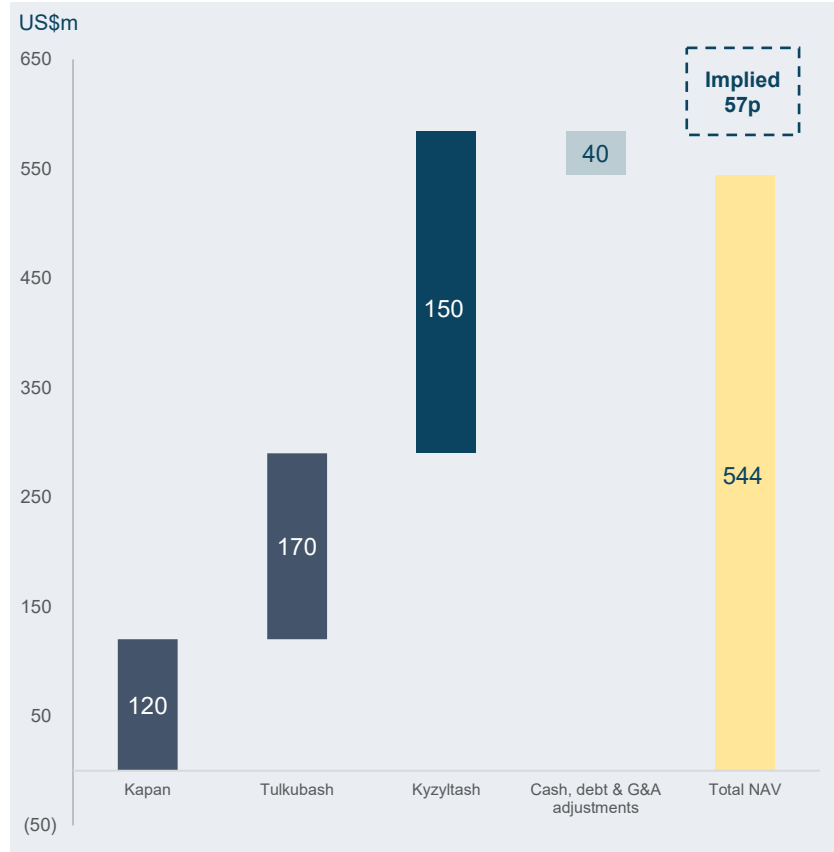
## Reasons why Chaarat Could Re-Rate

- Kapan mine life extension, East Flank development and free cash flow growth
- Potential Tulkubash reserve and resource base growth, with construction progressing
- Significant Kyzyltash resource supports long-term growth through staged development
- Actively evaluating pipeline of M&A targets

## Research Analysts Target Price

Date	Broker	Rating	Target price (GBP)	Premium to 25p price (%)
27-Jul-21	cg/Canaccord Genuity	Buy	65	160%
30-Jul-21	Panmure Gordon AND COMPANY	Buy	44	76%
27-Jul-21	finnCap	Buy	57	128%
	<b>Average</b>		<b>55</b>	<b>120%</b>

## Broker NAV\* Implies Undervaluation



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

Sources: Broker reports, Thomson Eikon as of 10 January 2021

\* Broker NAV is calculated using FinnCap's broker model numbers, corrected for latest net debt figure of USD 20m and USD:GBP 1.40

# Upcoming Milestones

Updated Bankable Documents	<ul style="list-style-type: none"> <li>Tulkubash updated BFS and ESIA (incorporating drilling to date and updated pricing environment)</li> </ul>	H1 2021
Tulkubash Debt Financing	<ul style="list-style-type: none"> <li>Complete Debt Financing and commence full scale construction of Tulkubash</li> </ul>	H2 2021
Kapan	<ul style="list-style-type: none"> <li>Continue East Flank exploration with first ore targeted in late 2022</li> </ul>	2022
Kyzyltash	<ul style="list-style-type: none"> <li>Results of Metallurgical Testwork</li> <li>Decision on optimal processing route</li> </ul>	H1 2022
Corporate	<ul style="list-style-type: none"> <li>Will continue to reduce debt profile - ~\$4m by year end</li> <li>Refinance existing debts and reduce cost of capital</li> </ul>	Ongoing



**Clear Near Term Accretive Milestones For Further Development of Chaarat**



# Q&A



# Investor Relations

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