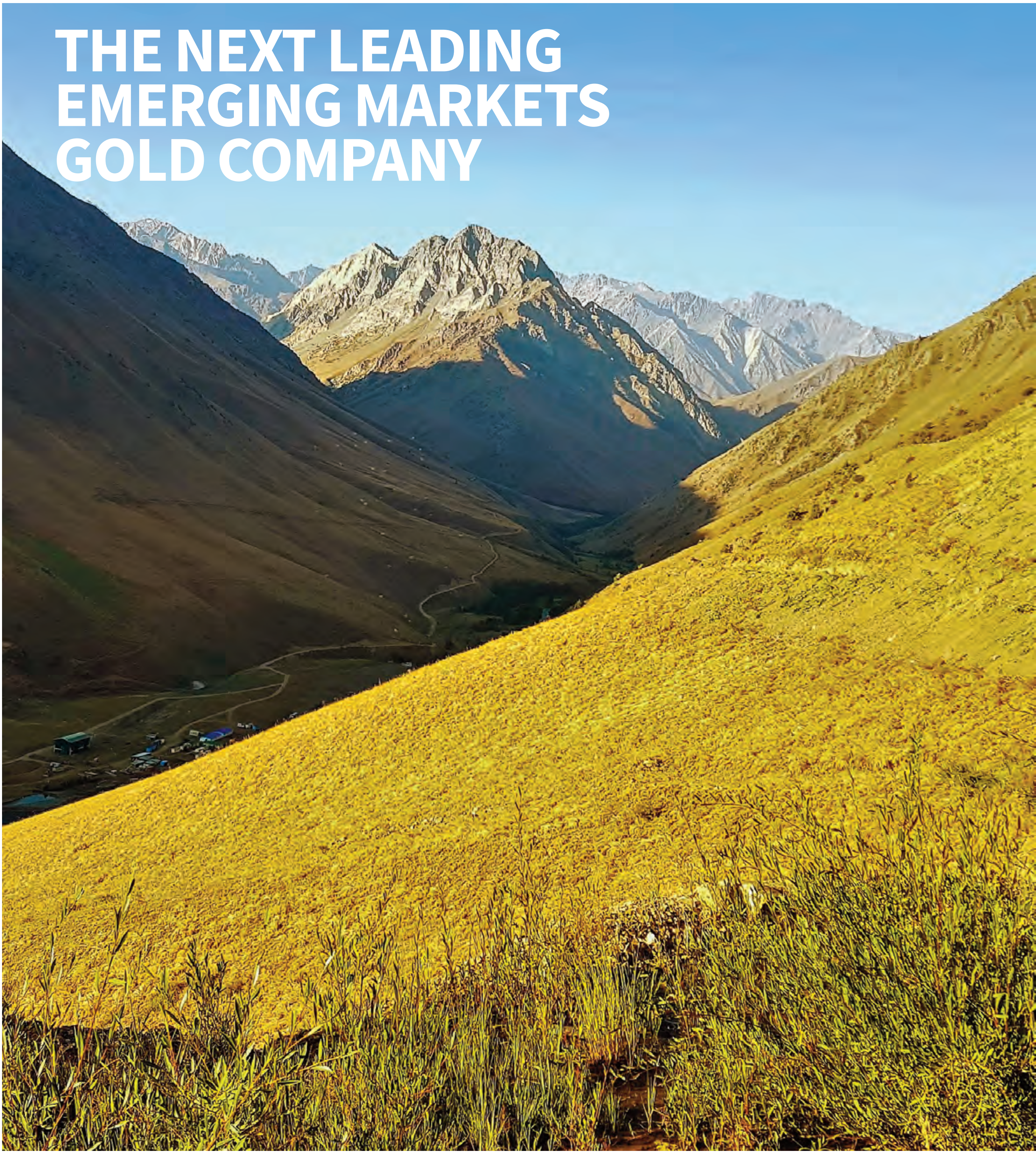
CHAARAT



Chaarat Gold Holdings Limited
Annual Report & Financial Statements 2023

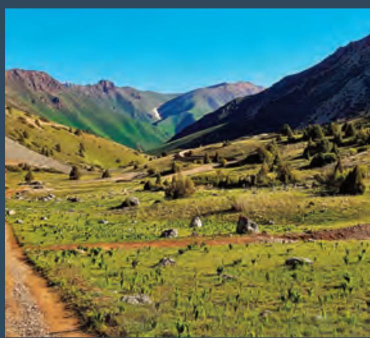
Contents

CHAARAT HAS TWO HIGH QUALITY ASSETS, TULKUBASH AND KYZYLTASH, LOCATED IN THE TIEN SHAN GOLD BELT IN THE KYRGYZ REPUBLIC

Kyrgyz Republic
Tulkubash

Overview
The Company's near term focus is the construction of the Tulkubash open pit heap leach mine (Stage 1). The Tulkubash asset is an oxide deposit with target production of 95,000 ounces Au per annum.

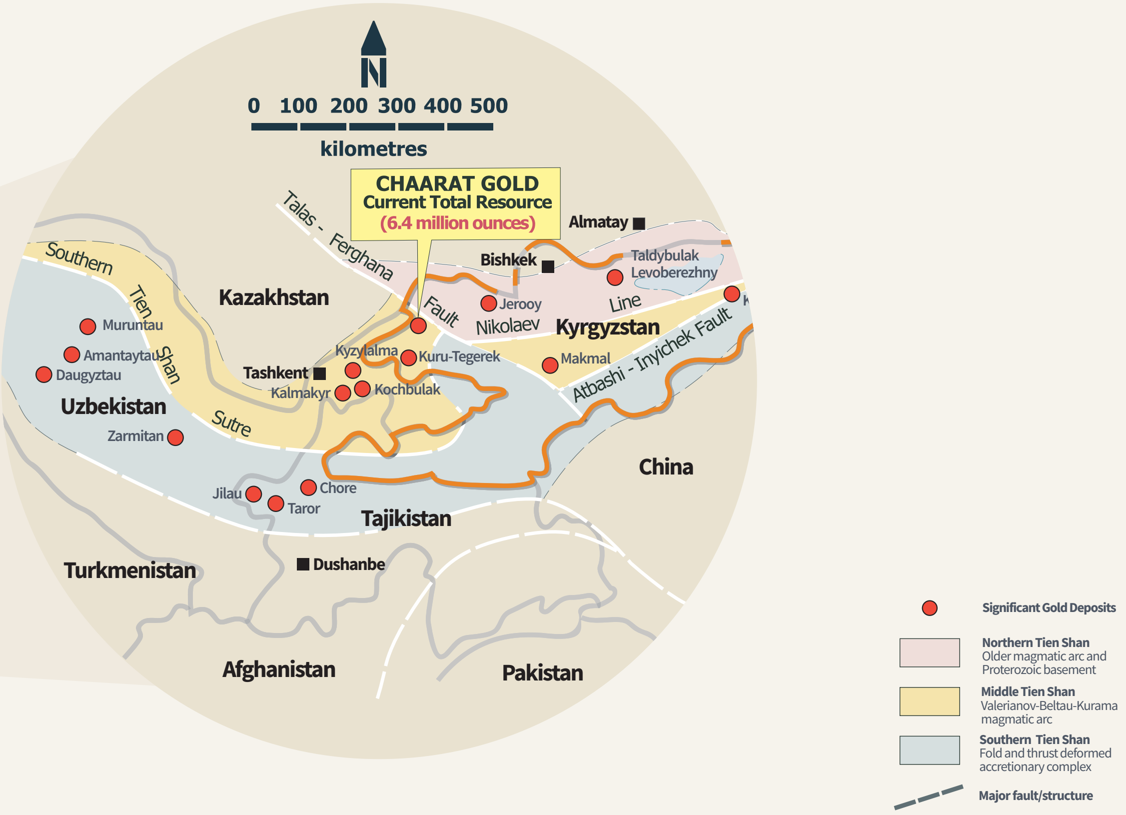
Read more: Operations Review on p.11 to 12.



Kyrgyz Republic
Kyzyltash

Overview
The Kyzyltash project represents the long term future for Chaarat in the Kyrgyz Republic and provides the next stage of development (Stage 2), after Tulkubash. Kyzyltash is a refractory sulphide deposit with a significant resource targeting 300,000 ounces Au per annum.

Read more: Operations Review on p.13.



Tulkubash
789koz
Tulkubash constrained M&I

Tulkubash Constrained Resource as at 31 December 2021

Tulkubash open pit heap leach cut-off grade (“COG”) 0.21g/t Au	Tonnes (mt)	Au (g/t)	Metal (koz)
Measured	-	-	-
Indicated	25.1	1.0	789
Measured and Indicated	**25.1**	**1.0**	**789**
Inferred	11.2	0.6	222

Kyzyltash
5,377koz
Kyzyltash unconstrained resource (M&I and Inferred)

Kyzyltash Unconstrained Resource as at 19 October 2014

Resource statement JORC 2014 (cut-off grade 2g/t)	Tonnes (Mt)	Au (g/t)	Metal (koz)
Measured	6.7	3.3	700
Indicated	32.8	3.8	3,900
Measured and Indicated	**39.5**	**3.7**	**4,600**
Inferred	6.6	4.1	777

BUILDING A LEADING EMERGING MARKETS GOLD COMPANY

Dear shareholder
I am pleased to introduce the annual report of Chaarat Gold Holdings Limited for the financial year ended 31 December 2023.

2023 progress
2023 has been a year of significant progress for Chaarat marked by the rationalisation of our portfolio with the sale of Kapan and recentring of our activities on our key pre-production gold assets in Kyrgyz Republic; the 1.01Moz Tulkubash Project, and the adjacent 5.4Moz Kyzyltash Project.

The work undertaken during 2023 has ensured that we are now construction ready at Tulkubash, with the EPC, mining and operations and maintenance contracts signed with Power China. Importantly, the EPC contract has been agreed on a fixed price lump sum turnkey basis, removing much of the development cost risk for Chaarat.

Tulkubash has a current mine life of six years, producing approximately 95,000 ounces per annum, however the team is focussed on expanding this to over 10 years. To achieve this ambition, the Chaarat team has evaluated additional potential mining areas to act as satellite pits to feed the main processing plant at Tulkubash. First amongst these satellite pits would be Karator, where a Maiden MRE was declared in Q1 2024 following a drilling campaign in 2023.

Our focus remains firmly on securing the requisite financing for our first phase of mining, centred on Tulkubash. As production ramps up at Tulkubash, we would then turn our attention to Kyzyltash, which we see as a truly transformational asset for Chaarat, capable of propelling us into mid-tier status with targeted production of 300,000 ounces per annum.

Alongside our production plans at Tulkubash and Kyzyltash, we remain open to additional interesting M&A opportunities in the Central Asian region. Our rationale remains that Chaarat could act as an ideal consolidator in the junior gold market, delivering new value accretive opportunities to the group and building a significant resource inventory to support multiple mining enterprises across Central Asia.

Board & Management Changes
Alongside the rationalisation of the Company's portfolio during the period, certain management changes were also agreed including the departure of Mike Fraser as Chief Executive Officer in October 2023 and Darin Cooper as Chief Operating Officer in June 2023. Until the appointment of a successor to Mike, the Executive Chair, Martin Andersson, and the Chief Financial Officer, David Mackenzie, will continue to lead the business.

Safety and health
The safety and health of our employees, contractors, and host communities is our key tenet, and we are working hard to ensure the highest standards are maintained at our Kyrgyz operations. Our experiences at the now relinquished Kapan Mine, which suffered an unacceptably poor safety record in the most recent past, will serve to inform our decisions for Tulkubash and Kyzyltash which we believe will become a new benchmark for operational standards in the region. Further details can be found in our ESG report on pages 8 and 9.

Sustainability
The Company continues to evaluate an appropriate climate corporate governance structure with a refocused effort on the planned construction of Tulkubash. Further details can be found in our ESG report on pages 8 and 9.

Corporate governance
As Chair, I am responsible for the running of the Board and for the Group's overall corporate governance. The Board and its committees play a key role in our governance framework by providing external and independent support. Further information can be found in the corporate governance statement on pages 24 to 30.

Investors
In October 2023 we extended the maturity of our convertible loan notes to 31 July 2024, and I am very grateful to our noteholders for their continued patience and understanding.

2024 and beyond
Chaarat is now at a pivotal time as we look to unlock the significant value of Tulkubash, and, in the longer-term, Kyzyltash. We are a mining company with a global resource inventory of 6.4Moz of gold however our market capitalisation doesn't reflect this which serves to highlight the significant upside potential for investors when we secure funding to enable us to eventually move into our first phase of production at Tulkubash.

Our team is committed to securing the funding required to enable Tulkubash to move into construction.

I would like to thank my fellow board members, our project team in Kyrgyz Republic and our shareholders for their continued support during the year.

Martin Andersson
Chair

8 April 2024

Our Strategy

ESG

We will work responsibly to:

- provide a safe work environment built on the highest standards of safety management
- operate to the highest standards of environmental stewardship including taking into account the impact of climate change
- enhance the infrastructure, education, and healthcare in our host communities and to improve the living standards and opportunities for those communities

Organic growth

We will maximise our production via:

- staged development of the assets at our Kyrgyz Republic operations (Tulkubash and Kyzyltash)

Inorganic growth

We will selectively identify value-accretive opportunities in our target regions if we see the potential for those to deliver value to shareholders by utilising Chaarat's experience and skillsets in both the short term and through longer-term exploration and development potential

People

We will attract, retain, and develop a skilled and diverse workforce across all levels of our organisation with a focus on developing local talent in our host communities and creating an environment in which those employees can thrive and learn

Finance

We will identify opportunities to secure funding and reduce the cost of capital with the main objective of maximising value for shareholders with appropriate consideration to levels of shareholder dilution

Strategy Priorities for 2024

ESG	• Continue the Company's journey in maturing climate change impact assessments, developing potential mitigation strategies, and reporting • Ensure reviews are undertaken at project development sites to ensure standards continue to be achieved
Strategic review of assets	• Review strategic options to unlock the value of the Kyrgyz Republic assets • Pursue jurisdiction diversification via M&A activity in Central Asia
Financial balance sheet restructuring	• Refinance convertible bonds via a sustainable long term solution and secure necessary funding to bring Tulkubash into construction
Corporate structure	• Ensure the Company has the appropriate internal capability to support growth and ensure the corporate structure is efficient and attractive for investment

CHAARAT IS COMMITTED TO GOOD INTERNATIONAL INDUSTRY PRACTICE

Safety and Health

2023 was disappointing from a safety perspective for Chaarat with a fatality occurring at our recently disposed Kapan mine in March 2023. A fall of ground incident occurred in the mine that resulted in fatal injuries to a driller who was carrying out ground support activities. The root cause of the fatality related to the use of the jack leg drill inside the man basket. The drill was confined in the basket, and this resulted in an uncontrolled energy event when the loose rock broke free while the drill rod was still inside the loose.

The authorities concluded their investigation shortly thereafter, and their assessment was that the fatal injury was caused by delamination of the rock due to external impact. With the lessons learnt, Chaarat immediately began to address the potential inadequacies in current risk assessments, procedures and training on site, and a task force was put in place to review and modify all activities to meet the revised expectations. This was done with a particular focus on mining activities underground.

There were no injuries in Kyrgyz Republic during the 2023 exploration season or during the various activities at camp during the year.

Community and Government Relations

Chaarat continued to support local community development via its long-standing social package assistance plan in the Kyrgyz Republic. The social package provides approximately US$170,000 per annum for local community support. In 2023, the fund provided assistance for: study expenses for medical students and other students enrolled in mining and agricultural occupations, construction costs of playgrounds for local communities, support for local orphanages, payments for initiatives to support those in need of social support, and further development of local agricultural infrastructure. Chaarat continues to commit to the long-standing programme at a similar level in 2024.

Engagement sessions were held throughout the year to keep communities and the government informed of Chaarat's plans and ongoing commitment to the projects.

Chaarat was an active participant on various government committees and working groups during 2023 related to mining and other commerce issues, providing input on a variety of issues. Input has been provided into exploration licensing, mineral extraction laws, and royalty frameworks in both countries.

Environment and Cultural Resource Protection

Work on the Kapan Tailings Storage Facility (TSF) buttressing continued during 2023. This work was related to improving the strength of the original upstream constructed dam wall by applying additional reinforcement material to improve the overall stability and safety of the dam.

Climate Change

During 2022, Chaarat engaged with the European Bank for Regional Development (EBRD) on green energy initiatives with the support of the Green Climate Fund (GCF). KPMG was hired to conduct an audit of Chaarat's current status regarding climate change strategy, risk management, governance, internal and external reporting of key metrics, and public disclosure - with a particular focus on Kapan. This work was designed as a precursor to a Task Force on Climate Change and Financial Disclosure (TCFD) exercise for the Company, with a particular emphasis on the Kapan asset.

Wardell Armstrong was also retained to conduct a resource efficiency assessment of the Kapan Mine. Wardell assessed the current level of emissions from Kapan, the actions the Company have taken to date, and future plans to reduce carbon equivalent emissions. During 2023 and until Kapan was sold, Chaarat reviewed the proposals and modelled potential changes to infrastructure and mobile fleet per the recommendations.

Chaarat continues to work on its corporate approach to climate change. The ESG Committee of the Board provides overall governance and oversight. The Committee is chaired by Sandra Stash, Independent Non-Executive Director. David Mackenzie, CFO, holds executive accountability for the risks and opportunities of the climate agenda.

Climate is incorporated into the Chaarat Risk Register, which is overseen by the Audit Committee.

KAPAN

CONSOLIDATING OUR POSITION AS AN EFFICIENT OPERATOR

Introduction
Kapan is an underground sulphide polymetallic mine. It consists of a series of narrow steeply dipping polymetallic veins containing gold, copper, zinc, and silver.

The Mill produces two flotation concentrates - one high in gold, copper, and silver, the second a zinc concentrate containing payable gold and silver credits.

The mine has a production capacity of approximately 600-700kt per annum ("pa"), depending on the mining method used. The milling and flotation circuits have a current capacity of approximately 800kt pa.

Kapan Operational Comments:

- In the first nine months of 2023, Kapan produced 29.7 koz gold equivalent ounces from its own ore, versus the comparable nine month period in 2022 production guidance of 37.9 koz (17% decrease).
- Tonnes mined for the first nine months of the year prior to disposal in 2023 were 396,086t compared to 481,216t for the same period in 2022 (18% decrease).
- Mill throughput for the first nine months of the year prior to disposal in 2023 was 516,049t compared to 571,036t for the same period in 2022 (10% decrease). Own ore treated for the first nine months of the year prior to disposal in 2023 was 414,102t compared to 477,578t for the same period in 2022 (13% decrease). Third-party ore treated for the first nine months of the year prior to disposal increased to 101,947t from 93,458t in 2022 (9% increase).
- Recoveries from own ore dropped from 79.1% to 76.5% (3% decrease).

Kapan was sold during 2023 as the Group focused its efforts on the assets in the Kyrgyz Republic, with the sale reaching completion on 30 September 2023.

TULKUBASH

OXIDE GOLD DEPOSIT READY FOR CONSTRUCTION

Introduction
Tulkubash is the Company's oxide gold deposit in the Kyrgyz republic. The project has a fully detailed bankable feasibility study and early-stage development of the site is well advanced, including ore haul road, camp, and initial preparations on the heap leach area. Tulkubash has a JORC compliant ore reserve of 647Koz gold and inclusive mineral resource of 1,011Koz gold.

During 2023, additional exploration was carried out on the wider licence area, just to the northeast of the current Tulkubash mineral resource at the Karator prospect. As announced on 18 January 2024, a maiden MRE at the Karator prospect confirmed 207Koz in JORC compliant Indicated and Inferred oxide gold resource. Significant upside potential of non JORC compliant mineralisation of 5 to 10Mt at 0.8-0.9g/t gold is subject to further exploration.

The Tulkubash project remains ready for execution pending project financing being finalised. Financing discussions continue with various financial and strategic parties.

Exploration
Exploration License 3319 was successfully extended until 7 September 2026 over a reduced area of 27.4 sq km hosting prospective ground to the northeast of Tulkubash and including the Karator resource and Ishakuldy gold prospect. The completed Karator 2023 drilling programme consists of nine drill holes, totalling 1,603 metres as an initial phase of a planned multistage resource definition drilling programme consisting of systematic drilling on 40 by 40 metre centres over more than 1 km Karator strike length. All nine completed drill holes intersected oxide gold mineralization, including 3.38 g/t gold over 21.5 metres in DH23K625 and 1.43 g/t gold over 95 metres in DH23K628, confirming Karator's potential to add a high quality additional Tulkubash type gold resource.

Karator key drilling intercepts

DHID	From (m)	To (m)	Interval (m)	Au (g/t)	True width (m)
DH23K621	9.0	52.5	43.5	0.85	NA
	67.5	90.0	22.5	0.81	NA
DH23K622	17.5	87.5	70.0	0.65	35.1
DH23K625	84.0	105.5	21.5	3.38	10.3
	138.5	184.0	25.5	0.98	12.2
DH23627	3.0	10.5	7.5	1.27	6.5
	24.0	43.5	19.5	0.86	16.8
	51.0	78.0	27.0	1.48	23.3
DH23K628	6.0	46.5	40.5	1.42	22.9
	73.5	90.0	16.5	2.10	9.4
	105.0	200.0	95.0	1.43	54.2
DH23K620bis	33.0	57.0	24.0	1.41	NA

A full disclosure of the drill results can be found on the Company's website.

Exploration (continued)
Half HQ (occasionally quarter PQ) core was sampled on average intervals of 1.5 metres considering all clear geological breaks. Fire assays (FA) and/or Inductively Coupled Plasma Spectroscopy (ICP 35) analysis were conducted on the samples by Stewart Assay and Environmental Laboratories in Kara Balta, Kyrgyz Republic. In any 20 regular samples, 1 duplicate, 1 standard (reference material) and 1 blank sample were introduced. All QA/QC results were prepared in accordance with JORC code guidelines and meet international industry standards.

Further systematic step out and infill drilling totaling approximately 10 km is planned in two phases of drilling on 40 by 40 metre centres over the more than 1 km strike of Karator. Our target is to delineate 300 to 500Koz gold in JORC compliant Indicated resources.

Resource and Reserve Update
Following the 2023 exploration drilling programme a maiden mineral resource estimate was completed on Karator increasing the gold resource to the Tulkubash project by 20%.

Tonnage increased to 43.0Mt from 36.3Mt (+19%) with a slightly increased grade of 0.88 g/t compared to 0.87 g/t (+1%).

The 2022 Tulkubash Mineral Resource Estimate and the 2024 Karator Mineral Resource Estimate are shown below.

Table 1. 2022 Tulkubash Mineral Resource Estimate

Classification	Tonnes (Mt)	Au (g/t)	Au (koz)
Measured	-	-	-
Indicated	25.1	0.98	789
M&I	25.1	0.98	789
Inferred	11.2	0.62	222
Total	**36.3**	**0.87**	**1,011**

Notes
- Figures are rounded in accordance with disclosure guidelines.
- The Mineral Resource was estimated using 5 m x 5 m x 5 m (x, y, z) blocks, with minimum sub-block dimensions of 1 m x 1 m x 1 m (x, y, z).
- The estimate was constrained to the mineralised zone using wireframe solid models.
- Grade estimates were based on 1.5 m composited assay data.
- The interpolation of the metal grades was undertaken using Ordinary Kriging.
- The Mineral Resource was bounded by a pit shell based on a gold price of US$1,800/oz Au.
- A cut-off grade of 0.21 g/t Au was applied to report the Mineral Resources.

Table 2. 2024 Karator Mineral Resource Estimate

Classification	Tonnes (Mt)	Au (g/t)	Au (koz)
Measured	-	-	-
Indicated	2.5	0.96	77
M&I	2.5	0.96	77
Inferred	4.2	0.97	130
Total	**6.7**	**0.96**	**207**

Notes:
- This statement of Mineral Resource has been prepared by Mr. Dimitar Dimitrov, P. Geo, AIG member and a Competent Person under the JORC Code, 2012..
- Mr Dimitrov was former senior VP Exploration of Chaarat, but now operates in an independent consultancy capacity.
- The effective date of the reported Resource is 15th January 2024.
- The resource estimate is according the JORC Code (2012)
- Applied cutoff grade: 0.21 ppm Au.
- The Mineral Resources that are not Mineral Reserve do not demonstrate economic viability.
- Numbers may not sum due to rounding.
- Grade estimation completed via Ordinary Kriging, within block model with a parent block size of 5 m x 5 m x 5 m.
- Mineral Resources are constrained by manually designed Resource shell, within the area with denser drilling grid, in terms to apply Reasonable Prospects for Eventual Economic Extraction.

The Tulkubash Ore Reserve remained unchanged during 2023.

Table 3. 2022 Tulkubash Ore Reserve Estimate

Classification	Ore (Mt)	Au (g/t)	Au (koz)
Proven	-	-	-
Probable	23.1	0.87	647
Total	**23.1**	**0.87**	**647**

Notes:
- This statement of Ore Reserves has been prepared by Mr. Peter C. Carter, an independent consulting mining engineer, based on a review of work performed by Chaarat Gold and associated technical staff.
- Mr. Carter is a member of the Association of Professional Engineers and Geoscientists of British Columbia and is qualified as a Competent Person under the JORC Code, 2012.
- There are no Proven Reserves as drillhole density and historical data quality do not support Measured Resources.
- Tonnages are in metric tonnes.
- Figures have been rounded to three significant figures.
- Ore Reserves are reported inclusive of mining dilution (10%) and mining recovery (97.5%).
- A gold price of US$1,600/oz was used in the preparation of the estimate.
- Ore Reserves are based on a marginal cut-off grade of 0.22 g/t Au.
- Estimated metallurgical recovery for the Ore Reserve is 74.0% based on a geo-metallurgical model.
- Reserve is contained in a minable pit design generated from an optimised pit shell based on a gold price of US$1,350/oz.

The Kyzyltash deposit is a sulphide ore body that lies below and extends beyond the Oxide Tulkubash ore zones. It has an Unconstrained Measured and Indicated Resource of 4.6M ounces of gold.

The final SGS-Lakefield (SGS) metallurgical report of the 2022 detailed metallurgical study was completed on representative core drilled during the 2021 exploration season. Over 3,500 metres of large diameter diamond drilling comprising 16 holes were sampled to make representative composites of the Kyzyltash ore body.

SGS tested pressure oxidation (POX), biological oxidation (BIOX) and Albion oxidation of refractory sulphide gold ore. These three technologies were selected to assess the most likely processing routes for Kyzyltash's refractory ore based on previous test work and analysis.

POX uses high-pressure and temperature conditions to oxidize refractory sulphides prior to gold extraction. The Albion™ process employs low pressure aeration with cyanide to extract gold. Bio-oxidation uses specific bacteria in the oxidation process.

The results showed good recoveries for all three of the technologies tested. POX and Albion™ had comparable results, with BIOX returning the best overall recoveries.

Highlights of the Metallurgical Testing Programme results included:

- flotation recoveries of 87-90% for gold with a 23-24% mass pull.
- Flotation + POX + CIL and Flotation + Albion + CIL flowsheets gave similar results of 80% gold recovery for the Contact Zone and 69% gold recovery for the Main Zone.
- The Flotation + BIOX + CIL flowsheet gave the highest gold recoveries of 88.2% for the Contact Zone and 82.2% for the Main Zone. The reagent consumption is high; 1.6 – 2.0kg NaCN/t ore and 6.8 – 9.5kg Lime/t ore.

These test results will be used for an economic trade-off study to determine the preferred processing option. This study will include an assessment on flotation and full ore processing options as part of a feasibility study.

Risk Management

Leadership and oversight
The Board has overall responsibility for risk management at Chaarat. The following is an overview of our risk management governance structure, the implementation of which was completed during the year:

Board of Directors – Risk Governance and Oversight

- Overall responsibility for risk management
- Sets and communicates risk appetite
- Identifies and communicates those risks to which it has zero tolerance
- Approves code of conduct and other policies to underpin desired culture
- Satisfies itself that there is in place an appropriate risk management framework
- Provides oversight of risk exposures and risk taking
- Monitors effectiveness of governance practices

Leadership Team

- Assesses effectiveness of and provides assurance to the Board that risk management and internal control systems are operating effectively
- Ensures all appropriate controls are identified, and responsibility assigned
- Provides recommendations to the Board on risk policy, frameworks, and risk practices
- Makes sure the business operates within the limits of the Board's risk appetite
- Identifies risks, establishes root causes, assesses impacts and likelihood of occurrence
- Prioritises key risks, identifies risk controls and mitigation actions
- Allocates to each key risk a senior management team "owner"
- Manages internal assurance processes around key risks
- Monitors progress of actions to mitigate key risks
- Manages reporting on risk matters

Business Units

- Owns and manages risk
- Identifies emerging risks
- Identifies and manages controls
- Reports variation and non-compliances and measures effectiveness of critical controls
- Improves overall risk exposure through improvement actions and enhanced control

Oversight by Audit, Technical, and ESG Committees

- Oversee risk management framework and processes
- Review action plans to manage significant risks

Independent Assurance

- External audits and/or reviews of control environment (where appropriate)

Risk governance framework
Chaarat has completed implementation of its risk management framework. The framework has been designed to ensure that Chaarat has control over its principal business risks and emerging risks to help achieve strategic objectives and create sustainable value for shareholders. During the year a review of the Company's risk management framework was undertaken, and the Board is satisfied that it remains appropriate.

Board independence	The majority of our Board is independent and consists of directors bringing a suitable mix of skills and experience, and diversity to Board oversight and decision making.
Board committees	The Board has established Audit, Remuneration, Nomination, Technical, and ESG committees, each with its own terms of reference, to assist with the discharge of its responsibilities.
Organisational structure	There is an established organisational structure and reporting lines with appropriate authorities and responsibilities. These include guidelines and limits for approval of contracts and capital expenditure. There is a list of matters reserved for Board approval.
Code of conduct and Whistleblowing policy	There is a code of conduct aimed at ensuring that anyone who is employed by Chaarat acts in an ethical manner. There is also a whistleblowing policy.
Risk identification, review and assurance	During the year the leadership team undertook an in-depth review of the Company's risk registers to ensure that they properly identified all the risks faced by the Group together with their associated controls and mitigating actions. Management holds quarterly risk workshops at which it identifies, assesses, reviews and prioritises risks, identifies risk mitigation actions and assigns responsibilities and assurance on risk profile.
Compliance programme	The Board's audit committee continues its periodic monitoring of compliance and incident reporting.

Principal Risks and Uncertainties

Risk	Existing mitigating actions
KGZ geohazards Avalanches, rockfalls and mudslides could cause multiple fatalities or serious injuries. They could severely damage buildings, roads, plant, infrastructure and heap leach pad.	Implementation of proper geohazard mitigation measures and maintenance of a proper hazard management programme, including engineering hazard mitigation measures.
Liquidity Liquidity – The Group requires significant additional financing in the future to develop projects and to meet ongoing financial needs. The Group's US$36.4 million (US$39.5 million at maturity) convertible loan notes fall due on 31 July 2024. There can be no assurance that additional financing will be available, or if available, that it will be on acceptable or favourable terms. The failure to obtain additional financing as needed on reasonable terms, or at all, may require the Group to reduce the scope of its operations or anticipated expansion, dispose of or forfeit its interest in some or all of its properties and licences, incur financial penalties or reduce or terminate its operations. Further detail on this material uncertainty is set out in Note 2 to the financial statements.	Maintain discussions with existing lenders and potential finance providers. Address potential gating items to securing project finance. Looking for new funding options.
Country Risk The laws and regulations related to mineral exploration, extraction and development are constantly being reviewed and adjusted by the Kyrgyz government.	Processes in place to monitor prospective legislative changes, and to engage with government via industry bodies and directly to ensure that the industry and company perspectives on the requirements to develop a solid extractive industry are shared.
Commodity price volatility Adverse movements in precious metals prices could materially impact the Group in various ways. These include the feasibility of projects and the economics of mineral resources as well as the profitability of future operations.	Hedging strategies are periodically considered. Conservative long-term prices are used to evaluate projects.
Health and Safety Mining and mineral project development and processing have inherent health and safety risks associated with them that need to be effectively managed to ensure the wellbeing of our employees and contractors. Failure to manage these risks can result in occupational illness, injuries, and loss of life.	Identification of hazards and associated risks. Development of appropriate risk mitigation measures including engineering controls, procedures and the use of protective equipment. Planned preventative maintenance programmes for equipment including timely replacement. Targeted recruitment of specialists in the field of HSE and regular training of employees and contractors. Continuous monitoring of high-risk workplace activities.
Climate change Climate related uncertainty is increasing as experienced by changing weather patterns, increased unpredictability and increased frequency of extreme weather events. The impact of greenhouse gases and human activity on the climate broadly accepted.	Development of a Climate change policy. Development of alternate practices and implementation of new technologies to reduce dependence on carbon fuels and water within our businesses.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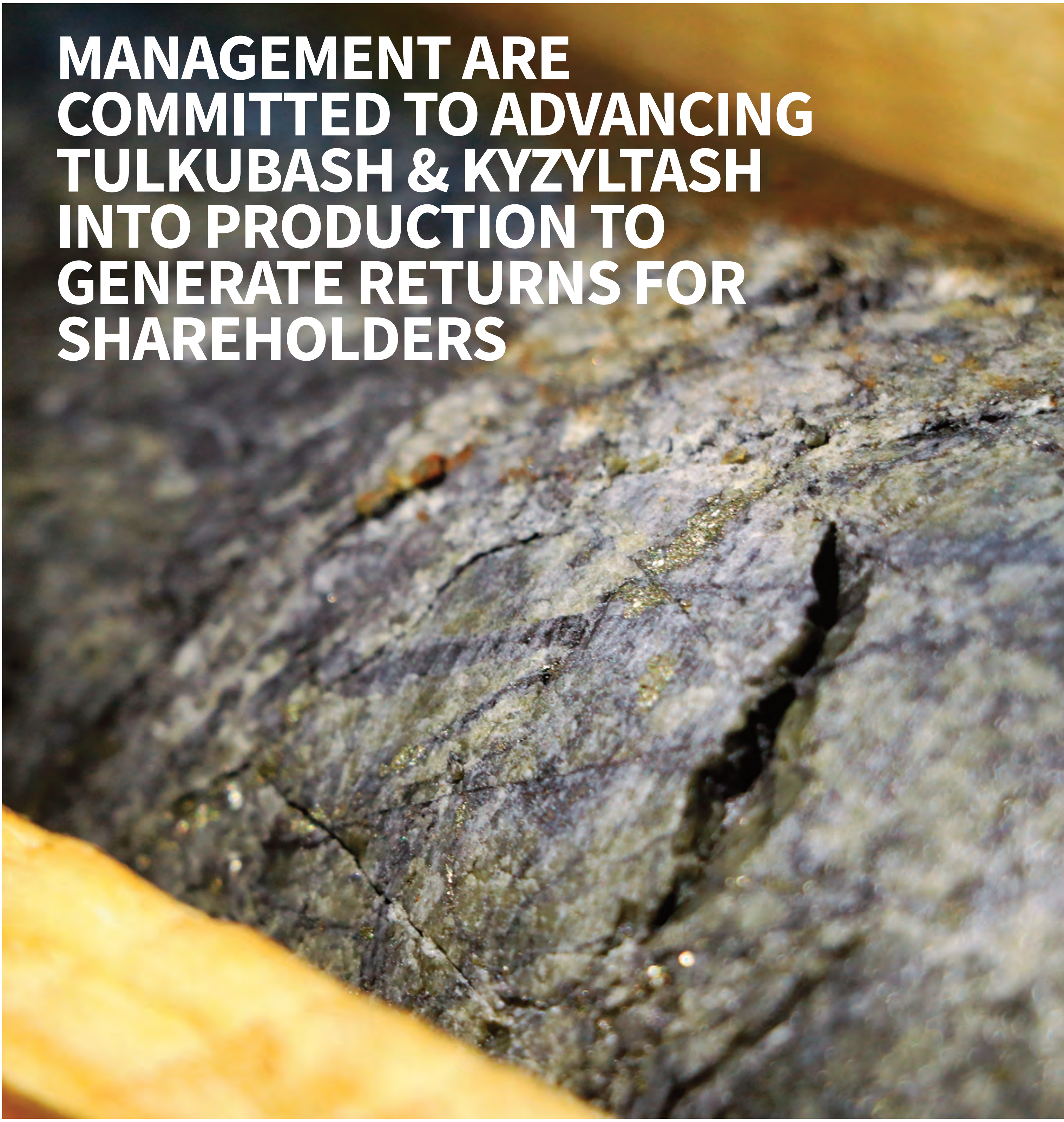
MANAGEMENT ARE COMMITTED TO ADVANCING TULKUBASH & KYZYLTASH INTO PRODUCTION TO GENERATE RETURNS FOR SHAREHOLDERS



Basis of Preparation
As set out in Notes 2 and 3 to the financial statements, the consolidated financial information has been prepared in accordance with United Kingdom adopted international accounting standards and International Financial Accounting Standards issued by the International Accounting Standards Board and on a going concern basis.

As explained in Note 4 to the financial statements, the Group completed the sale of its 100% owned Armenian subsidiary, Chaarat Kapan, on 30 September 2023. Chaarat Kapan has been treated as a discontinued operation in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" and prior year comparatives have been restated as applicable.

Going Concern
In order to achieve the planned future capital developments of assets, to sustain corporate activities and to repay the convertible loan notes due on 31 July 2024, management will need to raise future financing. There are currently no binding agreements in place in respect of any additional funding and there is no guarantee that any course of funding will proceed such that the ability to refinance the US$36.4 million (US$39.5 million at maturity) of convertible loan notes prior to 31 July 2024 which presents a material uncertainty. However, management is committed to raising additional funds and has an established track record of successfully achieving this in the past. Accordingly, the Directors have adopted the going concern basis of accounting in preparing the consolidated financial statements. Further details of the Group's status as a going concern and expected future financing plans are set out in Note 2 to the financial statements.

Income statement
The Group loss for the year was US$25.3 million (2022: US$8.6 million). The main driver was the loss for the year from discontinued operations totalling US$12.3 million (2022: profit of US$1.7 million). Included in this was a US$4.8 million loss recognised on the sale of Kapan that was completed in September 2023. The loss for the year from continuing operations was US$13.1 million (2022: US$10.3 million).

Administration expenses from continuing operations decreased from US$7.0 million in 2022 to US$5.2 million in 2023 mainly driven by US$1.1 million reduction in corporate salaries.

Finance costs from continuing operations in 2023 were US$7.9 million (of which US$7.5 million was non-cash) compared to US$3.6 million in 2022 (of which US$3.6 million was non-cash).

Balance sheet
As discussed above, the sale of Kapan was completed in September 2023. This transaction had a material impact on the Company's balance sheet as noted below. The borrowings at the balance sheet date amounted to US$37.6 million (2022: US$51.9 million). These comprised US$36.4 million of convertible loan notes (including accrued interest to the year-end) due in July 2024 (2022: US$29.2 million), US$1.2 million of other loans (2022: US$17.8 million), US$nil of contract liabilities (2022: US$3.7 million) and US$nil of lease liabilities (2022: US$1.2 million).

The Group's net debt decreased from US$51.3 million at 31 December 2022 to US$35.9 million at 31 December 2023 (refer to Note 19 (a)).

Non-current assets decreased from US$130.7 million at 31 December 2022 to US$83.6 million at 31 December 2023. During the period, exploration and evaluation costs of US$1.6 million were capitalised relating to the asset in the Kyrgyz Republic.

Current assets were US$1.9 million at 31 December 2023 compared to US$27.5 million at 31 December 2022. Current assets at 31 December 2023 included cash and cash equivalents of US$1.7 million (2022: US$0.6 million).

Total liabilities at 31 December 2023 were US$40.6 million compared to US$85.6 million at 31 December 2022.

Total equity was US$44.9 million at 31 December 2023 compared to US$72.6 million at 31 December 2022.

Cash flow
Cash and cash equivalents increased from US$0.6 million at 1 January 2023 to US$1.7 million at 31 December 2023. The movement comprised of:

- net operating cash flows of US$8.7 million (2022: US$7.1 million), mainly due to working capital movements at Kapan prior to its disposal;
- net cash used in investing activities of US$2.7 million (2022: US$10.1 million) relating to the purchase of property, plant, and equipment at Kapan (prior to disposal) and in the Kyrgyz Republic together with capitalised exploration and development spend in the Kyrgyz Republic partly offset by disposal proceeds from the sale of Kapan; and
- cash outflows from financing activities of US$4.0 million (2022: cash outflow of US$5.8 million) mainly relating to external debt repayments, including interest, of US$6.9 million offset by additional funding obtained during the year.

Board of Directors

Executive Directors

Martin Andersson
Executive Chair,
age 57

Appointed: October 2016

N

A graduate of the Stockholm School of Economics and HEC Paris, Martin worked in mergers and acquisitions at Booz Allen Hamilton, and advised the Russian Government on its privatization programme. In 1993 he co-founded Brunswick Brokerage – a Moscow based investment bank that was later sold to UBS – initially holding the position of CEO and from 1999 as Chair of the joint venture, Brunswick UBS Warburg. Between 2006 and 2013 he was a shareholder serving on the board of Siberian Coal Energy Company (SUEK), one of the largest thermal coal producers in Russia.

Martin first invested in Chaarat in 2011 and he intends (via Labro) to be a long term and supportive shareholder.

Martin manages an active investment portfolio with an interest in real estate, financial services, and information technology.

Non-Executive Directors

Gordon Wylie
Senior Independent Director,
age 71

Appointed: November 2017

A N E T

Skills, experience, and contribution
Gordon has over 48 years' experience in the mining industry and directly relevant experience of growing companies from exploration to production. During his eight years as a member of AngloGold Ashanti's senior management team, Gordon was responsible for their global exploration programme, part of which included moving into new prospective, higher risk, geographical regions. Gordon has been a non-executive director of numerous junior exploration companies operating globally since leaving AngloGold Ashanti. He was previously the chair of Lydian International which was constructing a mine at the Amulsar open pit, heap leach, gold project in Armenia.

External commitments
Gordon is a non-executive director of Caledonia Mining Corporation Plc., the AIM, NYSE and ZSE quoted gold mining company focused on Zimbabwe.

Hussein Barma
Independent Non-executive Director,
age 58

Appointed: December 2018

A R N

Skills, experience, and contribution
A qualified lawyer and chartered accountant by background with over 20 years' experience in senior positions in the mining sector, Hussein brings to Chaarat a wealth of experience in accounting, internal control, governance, risk management, and compliance. Hussein has significant FTSE-50 senior executive experience, gained over 15 years at Antofagasta plc, where he led its UK presence through a period of change and growth as the UK-based CFO. He has also had earlier careers in professional services and academia.

External commitments
Hussein is an independent non-executive director and the audit chair of both Atalaya Mining plc and Fidelity Asian Values plc. He is also a principal at Barma Advisory where he has worked on various assignments within the natural resources and other sectors. He is a governor of the University of the Arts London.

Robert Benbow
Non-executive Director,
age 70

Appointed: July 2018

N E T

Skills, experience, and contribution
A civil engineer with over 50 years' experience in mining and 40 years in gold mining, Bob brings invaluable technical knowledge to Chaarat. During his 50-year career, Bob has taken three greenfield gold developments into production, including Alacer Gold Corp.'s Çöpler Gold Mine in Turkey, which has produced over 2 million ounces as one of the lowest cost producers in the world.

External commitments
Bob is a Director/Owner of Powderhouse Gulch LLC (Colorado).

Key to Committee Membership

- A Audit Committee
- R Remuneration Committee
- N Nomination Committee
- H Health, Safety, Environment & Community Committee
- T Technical Committee
- Denotes Committee Chair

Senior Management

Robert Edwards
Independent Non-executive Director, age 57

Appointed: September 2018

A N R E T

Skills, experience, and contribution
A mining engineer with a degree from the Camborne School of Mines, Robert is the former chair of Global Mining at Renaissance Capital and has also worked for HSBC and the Royal Bank of Canada. He has worked in the natural resources industry for 29 years primarily in frontier and emerging markets, advising the managements of numerous companies on a range of industrial issues. Robert brings to Chaarat his deep sector knowledge of the FSU mining sector. Robert has played a central role in multiple IPOs, capital raisings and M&A transactions and is a well-known figure across the global mining investor base.

External commitments
Robert is currently lead independent director of NYSE listed Lifezone Metals and a non-executive director of ASX-listed Sandfire Resources Limited. He is also an adviser to several private natural resource companies.

Sandy Stash
Independent Non-executive Director, age 64

Appointed: May 2021

N E T

Skills, experience, and contribution
Sandy has over 36 years of international executive and non-executive board experience. Her professional career spans top leadership positions in general management, ESG, major projects, commercial negotiations, engineering and operations, supply chain management, HSE, and external affairs in both the energy and hard rock mining industries. A petroleum engineer by training, Sandy was one of the first women to work as a drilling engineer at locations across North America.

External commitments
Sandy is a non-executive director of Diversified Energy Company plc, Trans Mountain Company, and Medallion Midstream, LLC. Sandy is also a member of the board of governors of the Colorado School of Mines Foundation and serves in an advisory capacity and as a director for several not-for profit and privately-held community firms.

David Mackenzie
Chief Financial Officer, age 41

Appointed: June 2023

David has over 15 years' experience in the natural resource sector with extensive knowledge in project management, strategy, finance, audit, accounting and IR. David first joined as Group financial controller in January 2021 and acted as interim Chief Financial Officer of the Group from November 2021 to June 2023. David was previously General Manager Finance at Alufer Mining Ltd. David holds a Post Graduate Diploma of Commerce from the University of Otago and is a Certified Practising Accountant (Australia).

Directors' Report

The directors of the Company (the "Directors" and/or the "Board") present their report and audited financial statements for the year ended 31 December 2023 (the "Directors' Report").

The strategic report on pages 6 to 19, which incorporates the strategy and strategic priorities for 2024 sections, the environmental, social, and governance report, the operations review, risk management, principal risks and uncertainties, and the financial review (the "Strategic Report"), is incorporated by reference in the Directors' Report. The corporate governance statement on pages 24 to 30 also forms part of and is incorporated by reference in the Directors' Report.

Incorporation

Chaarat Gold Holdings Limited is incorporated in the British Virgin Islands under company registration number 1420336.

Registered office and principal place of business

The Company's registered office is at Palm Grove House, PO Box 438, Road Town, Tortola, VG 1110, British Virgin Islands. The Company's principal place of business is the Kyrgyz Republic.

Principal activity

Chaarat is a gold mining company which owns the Tulkubash and Kyzyltash gold projects in the Kyrgyz Republic. Further information is included in the Strategic Report.

Business review

The Strategic Report provides a review of the Group's business together with a description of the principal risks and uncertainties that it faces is set out on pages 6 to 16.

The Strategic Report contains certain forward-looking statements, particularly concerning the development plans at the Chaarat Gold project and the Group's M&A strategy. These statements have been made by the Directors in good faith based on the information available at the time of the approval of this Annual Report. By their nature, such forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements depending on a variety of factors such as, inter alia, increased costs, possible variations in mineral resources, grades or recovery rates, disruption of supplies, failure of equipment or processes to operate as anticipated, a weaker gold market and changes in exchange rates.

Financial results

The Group made a consolidated loss after taxation for the year of US$25.3 million (2022: US$8.6 million loss). The Directors do not recommend the payment of a dividend (2022: Nil).

Subsequent events

Except as noted in Note 2 to the financial statements, no other material fact or circumstance has occurred between 31 December 2023 and the date of the Annual Report.

Directors

The Directors who held office during the year and up to the date of approval of the financial statements were:

Executive directors	
Martin A C Andersson	Executive chair
Michael J Fraser	Chief executive officer (resigned 7 October 2023)
Non-executive directors	
Hussein Barma	Independent non-executive director
Robert D Benbow	Non-executive director
Robert W J Edwards	Independent non-executive director
Sandra (Sandy) M Stash	Independent non-executive director
Gordon F Wylie	Independent non-executive director

The Directors' interests in the shares of the Company are disclosed in the Remuneration Report on pages 36 to 38.

Share capital

The Company's issued share capital as at the date of this report is comprised of 728,056,182 ordinary shares of US$0.01 each nominal value ("Ordinary Shares"). Each Ordinary Share carries the right to one vote at general meetings of the Company.

Further details of the Company's share capital, including shares and share options issued in the year, are disclosed in Note 19 to the financial statements.

Trading of shares

The Ordinary Shares of the Company are admitted to trading on AIM, a sub-market of the London Stock Exchange (AIM:CGH). Trading in the Ordinary Shares was suspended on 24 October 2022 (the "Suspension") following media speculation that the Company was contemplating a reverse takeover of another business. Following the Company's decision to no longer to pursue the acquisition of the target, it requested the Suspension to be lifted and trading in Chaarat's shares was restored on 24 April 2023.

Issuing of new Ordinary Shares

At the annual general meeting of the Company held on 27 July 2023, the Directors were authorised by shareholders to allot and grant rights over Ordinary Shares comprised within the unissued share capital of the Company up to a maximum of 705,498,927 Ordinary Shares without first making a pro rata offer to all existing ordinary shareholders. That authority is due to expire on 28 July 2025.

Substantial shareholdings

As at the date of this report, the Company was aware of the following holdings of 3% or more in the Company's issued share capital:

	Number of shares	%
Labro Investments Limited	326,083,870	44.79%
East Capital	25,126,923	3.45%
China Nonferrous Metals International Mining Co. Ltd	22,469,289	3.09%

Martin Andersson, the Company's executive chair, is the ultimate controlling party of Labro Investments Limited ("Labro"). He is also personally beneficially interested in 6,969,592 Ordinary Shares, representing 0.96% of the Company's issued share capital. Mr Andersson's interests combined with Labro's total 45.75%.

Labro also holds US$1,000,000 of secured convertible loan notes with a final repayment date of 31 July 2024. The number of Ordinary Shares arising on conversion, assuming full conversion of principal and interest to maturity, is 4,921,448.

Shares not in public hands

So far as the Company is aware, the percentage of the Company's issued share capital that is not in public hands for the purposes of the AIM Rules as at the date of this report is 46.68%.

Distribution of shares

The distribution of the registered ownership of the Company's shares (ORDs) and depositary interests (DIs) as at 31 December 2023 was as follows:

Range	Total number of registered ORD and DI holders	Percentage of registered holders	Total number of ORDs/DIs	Percentage of issued share capital
1 to 1,000	20	8.16%	11,958	0.00%
1,001 to 10,000	56	22.86%	255,164	0.04%
10,001 to 100,000	56	22.86%	2,339,372	0.32%
100,001 to 1,000,000	63	25.71%	26,071,939	3.58%
1,000,001 to 10,000,000	37	15.10%	117,160,251	16.09%
10,000,001 to 50,000,000	12	4.90%	226,946,135	31.17%
50,000,001 to 500,000,000	1	0.41%	355,271,363	48.80%
Totals	**245**	**100.00%**	**728,056,182**	**100.00%**

Financial risk management objectives and policies

The Group's exposure to financial risks and its policies in relation to the use of financial instruments are explained in Note 31 to the financial statements.

Going concern

Details of the Group's status as a going concern are set out in Note 2 to the financial statements.

Articles of association

The Company's articles of association can be found on our website at www.chaarat.com. They may only be amended by a special resolution at a general meeting of shareholders.

Provision of information to auditor

The Directors in office at the date of this report are not aware of any relevant information that has not been made available to the auditor and each Director has taken steps to be aware of all such information and to ensure that it is available to the Company's auditor.

Appointment of auditor

On 13 January 2023, the Board appointed MHA MacIntyre Hudson to conduct the audit of the Company's consolidated financial statements for the financial year to 31 December 2022. Following a rebranding exercise on 15 May 2023 the trading name of the Company's independent auditor changed from MHA MacIntyre Hudson to MHA. MHA were re-appointed at the Company's Annual General Meeting on 27 July 2023 as auditors for the 2023 year end.

MHA has expressed its willingness to continue in office as the Group's auditor and, accordingly resolutions to appoint it and to authorise the audit committee, for an on behalf of the Directors, to determine its remuneration will be proposed at the forthcoming annual general meeting.

Annual general meeting

The Company's annual general meeting ("AGM") will be held at 11.00am BST on Wednesday, 5 June 2024, at the offices of Shakespeare Martineau LLP, 6th Floor, 60 Gracechurch Street, London EC3R OHR. The Notice of AGM (the "Notice") is available on the Company's website. The Notice specifies deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be passed at the AGM. All proxy votes will be counted and the number for, against of withheld in relation to each resolution will be announced at the AGM and published on the Company's website.

By Order of the Board

Ben Harber
Company Secretary

8 April 2024

Corporate Governance Statement

The Board is accountable to shareholders for the governance of the Group's affairs and is committed to maintaining high standards of corporate governance for the long-term success of the Company. The Company reviews its standards of governance against the principles and recommendations of the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"). The QCA Code is designed for growing companies which we believe is the most appropriate for Chaarat at this stage of its development. There are no significant areas where our governance structures and practices differ from the QCA Code's expectations.

The following explains how Chaarat applies the 10 principles of the QCA Code.

1. ESTABLISH A STRATEGY AND BUSINESS MODEL WHICH PROMOTE LONG-TERM VALUE FOR SHAREHOLDERS

The Board seeks to maximise value for all our shareholders whilst ensuring continuity and consistency through sustainable and responsible exploration and mining. The Group's vision is to build a leading emerging markets gold company through a mixture of organic growth and selective acquisitions, and which delivers value to all our stakeholders by adhering to the highest ESG standards.

Ultimately, a diversified portfolio of producing and developing mines will generate the cashflow to fund ongoing organic growth and deliver a strong equity return to investors. By maintaining a focus on active engagement with host communities, the benefits of this strategy will flow to all stakeholders, helping to manage ongoing risks.

The Group is looking at all strategic options to realise value from its primary asset, the Chaarat Gold Project in the Kyrgyz Republic, including but not limited to unlocking its long-term potential through development. The Chaarat Project comprises two distinct mineralised zones: the Tulkubash ore body ("Tulkubash") and the neighbouring Kyzyltash sulphide ore body ("Kyzyltash"). The mining licence granted to Chaarat Zaav CJSC in respect of the Chaarat Project is valid until 25 June 2032.

Further information regarding our business model and strategy including key challenges and how they are addressed are contained within this Annual Report.

2. SEEK TO UNDERSTAND AND MEET SHAREHOLDER NEEDS AND EXPECTATIONS

Communications

The Board is committed to maintaining good communication with its shareholders by providing effective communication through the Company's annual and interim reports together with Regulatory News Service ("RNS") announcements.

The Chair, Martin Andersson, can be contacted by shareholders on matters of governance, as can the Company's nominated adviser, Strand Hanson Limited ("Strand Hanson"). Contact details are provided within every Company RNS announcement.

Strand Hanson is briefed regularly and periodically updates the Company on shareholder views and expectations.

Website

The Company also uses its website, www.chaarat.com, for news which shareholders might be interested in. Ongoing news flow in Chaarat's social media channels provides another interaction and update opportunity for shareholders.

Annual general meeting

The Board supports the use of the Company's annual general meeting (the "AGM") to communicate with both institutional and private investors.

At the AGM, separate resolutions are proposed on each substantially separate issue. For each resolution, proxy appointment forms are issued alongside the release of the annual report for that year, which provide voting shareholders with the option to vote in advance of the AGM if they are unable to attend in person. All valid proxy votes received for the AGM are properly recorded and counted by Link Market Services (Guernsey) Limited, our registrars.

As soon as practicable after the AGM has finished, the results of the meeting are released via a RNS and a copy of the announcement is posted on the Company's website at www.chaarat.com/investors/regulatory-news-filings. At the Company's 2023 AGM, all resolutions were duly passed.

Takeover provisions in the Articles

As the Company is incorporated in the British Virgin Islands, it is not subject to the UK City Code on Takeovers and Mergers. The articles of association of the Company (the "Articles") contain a regulation which provides that where any person (i) acquires interests in shares which (taken together with interests in shares held or acquired by persons acting in concert with him) carry 20% or more of the voting rights of the Company; or (ii) holds (together with persons acting in concert with him) interests in shares representing not less than 20% but not more than 50% of the voting rights and such person (or any person acting in concert with him) acquires an interest in additional shares which increases his percentage of voting rights, the Board shall be entitled, but not obliged, to require that person to extend a mandatory offer to all of the Company's shareholders to acquire their Ordinary Shares.

To date, the Board has exercised its discretion under the Articles so as not to require a mandatory offer to be made in connection with the issue of securities (including any conversion of such securities) to Labro and Martin Andersson or as a result of any redemption or purchase by the Company of its own voting shares at any time in the future.

Relationship agreement

The Company entered into a relationship agreement (the "Relationship Agreement") with Labro on 27 September 2016 in order to manage the relationship between them to ensure, amongst other things, that the Company would at all times be capable of carrying on the business of the Company independently of Labro and its associates and so that all transactions and arrangements between the Company, Labro and its associates would be at arm's length and on normal commercial terms. The principal terms of the Relationship Agreement are summarised in the appendix to the website- published version of this statement.

3. TAKE INTO ACCOUNT WIDER STAKEHOLDER AND SOCIAL RESPONSIBILITIES AND THEIR IMPLICATIONS FOR LONG-TERM SUCCESS

The Board recognises that the long-term success of the Company is reliant upon the efforts of employees of the Group and its contractors, suppliers, and the communities in which it operates along with other stakeholders and the need to maintain effective working relationships with all of them. The Group's operations and working methodologies take into account the need to balance the needs of all of these stakeholder groups while maintaining focus on the Board's primary responsibility to promote the success of the Group for the benefit of its members as a whole. The Board has put in place a range of processes and systems to ensure that there is close oversight and contact with its key resources and relationships. Stakeholder feedback is gathered via meetings and conversations. The Group endeavours to take account of feedback received from stakeholders, making amendments to working arrangements and operational plans where appropriate and where such amendments are consistent with the Group's longer-term strategy.

The Company has a dedicated environmental, social, and governance committee (the "ESG Committee") comprised solely of non-executive directors. More about the work of this committee can be found on page 39 of this Annual Report.

Chaarat is committed to meeting the expectations of good international industry practice, including recommendations set out by the IFC Performance Standards on Environmental and Social Sustainability. Chaarat strives to ensure that it maintains the highest standards of health and safety, as well as taking all precautions for the protection of the environment, and at the same time respecting local culture. Chaarat is committed to international environmental, social, and governance ("ESG") standards and provides ongoing support to local communities through community services and infrastructure, healthcare, education and skill building, job creation, community facilities, and microfinance.

The Group takes due account of any impact that its activities may have on the environment and seeks to minimise this impact wherever possible. Through the various procedures, policies, and systems which it operates, the Group ensures full compliance with health and safety and environmental legislation relevant to its activities.

The Group also works with local communities to ensure that its legacy is positive. Chaarat has provided training and support to multiple business start-ups in the Chatkal region of the Kyrgyz Republic where it is building the Tulkubash mine. The Company directly employs a number of nationals with many more employed via the companies from which we purchase goods and services. We also create employment for specialised professionals such as doctors, nurses and engineers allowing them to find positive employment in their home communities. Through our social engagement programmes, we provide educational support and sponsorships.

Information about the Group's ESG activities during 2023 can be found on pages 8 and 9 of this Annual Report.

4. EMBED EFFECTIVE RISK MANAGEMENT, CONSIDERING BOTH OPPORTUNITIES AND THREATS, THROUGHOUT THE ORGANISATION

The Board has overall responsibility for the Group's systems of internal control and risk management and for reviewing the effectiveness of those systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. Any system can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board recognises the need for an effective and well-defined risk management process and, whilst it oversees and regularly reviews the current risk management and internal control mechanisms, it has delegated this responsibility primarily to the audit committee of the Board and senior management.

The Board confirms that there are ongoing procedures for identifying, evaluating, and managing significant risks faced by the Group, and reviews these with management before the financial year end (as well as the ongoing review of risks which emerge throughout the year).

Further information regarding the Board's leadership and oversight of risk management can be found on pages 14 to 16 of this Annual Report.

5. MAINTAIN THE BOARD AS A WELL-FUNCTIONING, BALANCED TEAM LED BY THE CHAIR

Board balance
The Board is currently comprised of six directors, five of whom are non-executives and four of whom are considered independent. The chair of the Board, Martin Andersson, is not defined as independent according to the QCA Code, due to his executive status and significant beneficial interest in the Company.

As executive chair ("EC"), Martin Andersson is responsible for:

- Board leadership – ensuring its effectiveness in all aspects of its role, setting its agenda, oversight of the Company's corporate governance model, and ensuring good and timely information flows between executive and non-executive directors.
- ESG – fostering ethical and responsible decision making by the Board.
- Strategic development – working with the Board to develop the strategy for the Company's future growth and to identify opportunities for value-enhancing strategic initiatives including acquisitions, joint ventures, and strategically important relationships.
- Communications – ensuring effective communication with shareholders and working on critical issues related to government relations.
- Management oversight – acting as a sounding board, adviser, and confidant to the management team.

The Board considers that it is appropriate for Martin Andersson to continue to serve as EC and that it continues to be in the best interests of all shareholders. His significant experience of operating in the Central Asian region and his extensive network remain critical to the delivery of the Company's strategy to achieve production through the Tulkubash project. His interests are fully aligned with all shareholders, and he is keen to maintain the highest standards of corporate governance to allay any concerns regarding independence.

5. MAINTAIN THE BOARD AS A WELL-FUNCTIONING, BALANCED TEAM LED BY THE CHAIR (CONTINUED)

Board balance (continued)
The Company does not currently have a chief executive officer and the EC, together with the CFO are currently assuming the responsibilities of that role which include:

- Culture and values – defining and upholding the Company's culture and values
- Leadership – developing and leading the executive team
- Operational excellence – running the Group's business
- Stakeholders – ensuring effective communications with communities and governments in all jurisdictions in which Chaarat operates as well as with shareholders, investors and employees
- ESG – ensuring that the Company maintains high environmental, social responsibility and governance standards in all jurisdictions in which it operates
- Strategy – developing and communicating the strategy of the Group and the detailed underlying operational plans to deliver it

Our non-executive directors ("NEDs") are members of the Board who are not employees of the Company such that they bring to the Board qualities of independence and impartiality. They have been appointed due to their wide executive and industry experience, special knowledge and personal attributes that add value to the effectiveness of the Board. NEDs support the EC and provide objective and constructive challenge to management.

During the year, the Board conducted its annual assessment of the independence of its directors. Other than their interests in shares in the Company and the receipt of fees for acting as directors, none of the NEDs has business relationships that would interfere with their independent judgement. Gordon Wylie is the senior independent NED (the "SID"). The SID provides a sounding board for the EC and serves as an intermediary for other directors and shareholders when required. The SID is also responsible or conducting the annual performance evaluation of the EC, in conjunction with other independent NEDs. The SID also acts as the clearance officer under the Company's share dealing code.

Three of the other NEDs, namely Hussein Barma, Robert Edwards, and Sandy Stash are also considered by the Board to be independent in character and judgement. The remaining NED, Robert Benbow, is a former executive of the Company and is therefore not considered by the Board to be independent. The Board believes this to be an appropriate composition to maintain effective corporate governance. Each NED is expected to commit such time as is necessary to perform their duties as an officer of the Company and is expected to attend all Board meetings.

Board meetings are open and constructive, with every director participating fully. Senior management are frequently invited to meetings, providing the Board with a thorough overview of the Group. The Board and its committees regularly receive information regarding the operations of the Group.

Conflict of interest
The directors have a duty to avoid conflicts of interest. In accordance with the Articles, each director is required to disclose his interests in all matters relating to the Company. A director having an actual or potential conflict of interest absents himself from any decision making regarding that subject matter. Directors are required to disclose any other new appointments before agreeing to take them on, so that any conflicts of interest can be identified and addressed. The Board would also assess conflicts of interest before making any new appointments.

6. ENSURE THAT BETWEEN THEM THE DIRECTORS HAVE THE NECESSARY UP-TO-DATE EXPERIENCE, SKILLS, AND CAPABILITIES

Skills and experience
In June 2023, the Board's Nominations Committee undertook a review of the Board's skills and experience. The current balance of skills of the Board as a whole reflects a range of commercial and professional skills across mining, accounting, banking, and finance. The Board's review concluded that its breadth and depth of skills and experience enabled it to discharge its duties properly. A biography of each of the directors is included on the Company's website at www.chaarat.com/theboard-of-directors.

Diversity
The Board consists of individuals with different backgrounds and expertise including mining engineering, geology, and finance which of itself brings diversity of thought to Board discussions. The Board is mindful of the benefits that more diversity would bring to the Board

Training
The Board is kept informed on an ongoing basis by the company secretary about their duties and corporate governance requirements.

Directors are invited to identify to the company secretary any desired skills and knowledge enhancements that they require so that appropriate training can be arranged.

7. EVALUATE BOARD PERFORMANCE BASED ON CLEAR AND RELEVANT OBJECTIVES, SEEKING CONTINUOUS IMPROVEMENT

As part of its commitment to good practice corporate governance and as required by the Quoted Companies Alliance Corporate Governance Code, a formal and rigorous board effectiveness review was undertaken encompassing an evaluation of the Board as a whole, its committees and individual directors. The review was led by the Chair and facilitated by the company secretary.

The evaluation comprised of a questionnaire and discussions by the Board and each of its committees. This methodology had been agreed by the Board and each of its committees in December 2023.

The evaluation questionnaires considered whether the Board as a whole and its committees were adequately discharging their respective key functions, processes, composition, balance of skills, experience, and knowledge, behavioural dynamics, and other factors relevant to their effectiveness.

Responses to all Board and committee questionnaires were collated and anonymised by the company secretary and included in reports which were considered by the Chair and, for the committees, the relevant committee chair and subsequently the relevant committee.

The findings were presented to the Board, including individual recommendations made by directors. The Board discussed the outcomes and agreed that it, its committees, and individual directors were operating effectively, whilst also noting areas for development which included risk management oversight and strategy.

8. PROMOTE A CORPORATE CULTURE THAT IS BASED ON ETHICAL VALUES AND BEHAVIOURS

The Board believes that the promotion of a corporate culture based on sound ethical values and behaviours is essential to maximise shareholder value. The Company's culture is consistent with its objectives, strategy, and business model. The Company has various ethics and business integrity policies, the effectiveness of which is monitored by the Board's audit committee.

9. MAINTAIN GOVERNANCE STRUCTURES AND PROCESSES THAT ARE FIT FOR PURPOSE AND SUPPORT GOOD DECISION-MAKING BY THE BOARD

The Board has overall responsibility for promoting the success of the Group. The Executive Chairman and the Chief Financial Officer have day-to-day responsibility for the operational management of the Group's activities. The non-executive directors are responsible for bringing independent and objective judgement to Board decisions.

All major decisions relating to the Group are made by the Board. Operations of the Group are conducted by the subsidiaries of the Company under the direction of the directors of each of the subsidiary companies.

10. COMMUNICATE HOW THE COMPANY IS GOVERNED AND IS PERFORMING BY MAINTAINING A DIALOGUE WITH SHAREHOLDERS AND OTHER RELEVANT STAKEHOLDERS

The Board attaches great importance to providing shareholders and other stakeholders with clear and transparent information on the Company's activities, strategy, and financial position. The Group's website is regularly updated.

Chaarat communicates its governance activities as part of its ESG principles through a number of channels and interactions. Channels include:

- Corporate website homepage with dedicated ESG section and governance principles
- Regularly updated corporate investor presentation available for download or upon request
- Social Media channels
- Regular interviews, press releases, and presentations at global leading conferences
- Innovative online marketing platforms where existing and new shareholders can approach the Company
- Share chat platforms where communications are followed to gauge investor feedback
- Direct email and telephone conversations.

Corporate Governance Framework and Operation of the Board

Governance framework
There is a clear division between the Board's responsibilities and those which it has delegated to management.

Board of Directors

Role of the Board

The Board is responsible for ensuring that the affairs of the Group are organised and controlled in a manner that promotes the long-term success of the Company, generates value for shareholders and which is consistent with the Company's articles of association, law, and regulation, and good corporate governance practice. The Board's responsibilities include:

- Strategy
- CEO and management team oversight
- Monitoring performance
- Governance, risk management, and compliance
- Stakeholders
- Decision
- Culture

The Board is supported by its five committees. The committees' terms of reference are available on the Company's website www.chaarat.com.

The Board has delegated responsibility for management of the Group to the Chief Executive Officer and the management team.

Matters reserved for the Board

The Board has a formal schedule of matters specifically reserved for its decision, covering the following themes:

- Strategic oversight
- Governance and management
- Risk management, systems, and controls
- Financial reporting
- Communication
- Corporate structure and capital
- Expenditure, transactions, borrowings, and security
- Senior executive remuneration

Supported by

Audit Committee

Purpose:
To assist the Board in discharging its responsibilities relating to financial reporting and internal control and risk management.

ESG Committee

Purpose:
To assist the Board in discharging its responsibilities relating to health, safety, environmental, and community matters.

Nomination Committee

Purpose:
To assist the Board in keeping under review the structure, size, and composition of the Board, formulating plans for succession, and managing the appointment process for new board directors.

Remuneration Committee

Purpose:
To assist the Board in discharging its responsibilities relating to remuneration policy and practices.

Technical Committee

Purpose:
To assist the Board in discharging its responsibilities relating to technical matters including resource and reserve disclosures.

Operation of the Board

Commitment
Each director is expected to commit such time as is necessary to perform his duties as an officer of the Company. All NEDs are required to disclose other significant commitments both before appointment and following subsequent changes so that the Board can satisfy itself that each of the directors has sufficient time to allocate to the Company to discharge their responsibilities effectively.

Meetings
There are four scheduled Board meetings a year with additional ad hoc meetings convened as and when required.

In circumstances where a director is unable to attend a meeting, they are afforded the opportunity to provide their views on the subjects being discussed in advance so that those views can be taken account of at the meeting. Details of Board meeting attendance in 2023 is below:

During the year there were 23 meetings of the Board (including ad hoc committees of the Board). Attendance at those meetings was as follows:

	Four scheduled Board meetings (eligibility)	19 ad hoc Board meetings called on short notice (eligibility)
M Andersson [2]	4 (4)	16 (19)
H Barma [2]	4 (4)	18 (19)
R Benbow [2]	4 (4)	18 (19)
R Edwards [2]	3 (4)	17 (19)
M Fraser [1]	3 (3)	17 (17)
S Stash [2]	4 (4)	17 (19)
G Wylie [2]	4 (4)	16 (19)

Reasons for non-attendance
1 Resigned as a director during the year
2 Meeting called on short notice and/or unsociable hour due to time zone in location and/or travelling unavoidable and/or circumstances

There are five Board committees, the roles, and responsibilities of which are set out in the individual committee reports on pages 31 to 40. Details of committee meeting attendance details can also be found within those individual committee reports.

Minutes of all Board meetings are formally approved by all directors attending the meeting. Minutes of all Board committee meetings, once approved by the relevant committee chair, and subsequently other committee members, are provided to the Board and papers for all Board committee meetings are available to all directors on the Board's portal.

Information and advice
Assisted by the company secretary, the Executive Chair is responsible for ensuring that directors receive accurate and timely information on all relevant matters. The directors receive a monthly report of current and forecast trading results and treasury positions.

All directors have access to the company secretary for advice. Additionally, directors may, at the expense of the Company, seek independent advice in conducting their duties.

Insurance and indemnity
The Company has arranged insurance cover and indemnifies directors in respect of legal action against them to the extent permitted by law. Neither applies in situations where a director has acted fraudulently or dishonestly.

Corporate Governance Framework and Operation of the Board
(continued)

Operation of the Board (continued)

Board activity in 2023

Operations	• Kept under review the Company's strategy and the challenges and opportunities facing the Company • Oversight of Kapan performance and monitoring of improvement action plans • Reviewed and approved the 2023 budgets • Monitored the impact of the Russia–Ukraine conflict • Received regular updates from the chair of the Board's technical committee • Reviewed and approved the quarterly production and operational market updates
Safety, health, and environment	• Reviewed management's reports into the fatal incidents at Kapan and monitored management's follow-up actions • Monitoring of the ongoing works to the Kapan mine's tailings storage facility • Discussed climate change and agreed areas on which to focus immediate attention • Received regular updates from the chair of the Board's ESG committee
Finance and internal control	• Kept under review the various funding initiatives to raise finance for the Tulkubash development project • Oversight of options to refinance the convertible loan notes and the independent members of the Board approved the extension of their maturity to 31 July 2024 • Reviewed proposed amendments to Chaarat Kapan CJSC's syndicated loan facility agreement • Reviewed terms of short-term working capital loans to the Company • Reviewed and approved cost reduction initiative • Reviewed and approved the Company's 2022 annual report and financial statements and the 2023 interim results to 30 June 2023 • Received reports and presentations from the CFO regarding the Group's financial performance and refinancing plans • Received regular reports from the audit committee chair • Discussed the Board's risk appetite
Governance, risk, and compliance ("GRC")	• Considered the outcome of the 2022 Board effectiveness review and agreed the process for the conduct of the 2023 evaluation of the Board and its committees • Reviewed and approved changes to the terms of reference of the audit committee and the remuneration committee on the recommendation of the respective committees • Considered the remuneration committee's recommendations regarding achievement of management's 2022 performance measures • Reviewed the Board's skills and experience • Reviewed and approved Board committee composition and conducted a review of the Board's independence • Agreed the process for the conduct of the 2023 evaluation of the Board and its committees • The independent members of the Board considered whether it was appropriate to grant waivers of the mandatory takeover provisions in the Articles so as to enable Labro to participate in the equity fundraise and to enable it to make market purchases of Chaarat shares. • Reviewed compliance with BVI economic substance requirements
Investor relations	• Reviewed shareholder votes cast in respect of the business before the Company's 2023 AGM
M&A opportunities and corporate actions	• Considered various potential M&A opportunities • Reviewed and approved the disposal of Chaarat Kapan CJSC

Audit Committee Report

2023 membership and attendance

Name	Committee member since	Attendance (Eligibility)
Hussein Barma (Chair)	14 Dec 18	4 (4)
Sandy Stash	1 Jul 22	4 (4)
Gordon Wylie	14 Dec 18	4 (4)

Dear shareholder
I am pleased to present the audit committee report for the financial year ended 31 December 2023.

The audit committee provides oversight of the financial reporting process to ensure that the information provided to shareholders in fair, balanced and understandable and allows accurate assessment of the Company's position, performance, business model and strategy. During the year, the committee continued to oversee the Company's risk management and internal control systems and is satisfied that the controls over the accuracy and consistency of information are robust.

Key responsibilities
The committee's terms of reference describe the committee's responsibilities in detail, and they are available on the Company's website.

The committee assists the Board in meeting its responsibilities relating to financial reporting and internal control and risk management. It provides oversight and ensures that appropriate arrangements are in place in the following areas:
- Financial reporting, including responsibility for reviewing the year-end and half-year financial reports
- Oversight of the external audit process and management of the relationship with the Group's external auditor
- Risk management and related controls and compliance
- Review of arrangements for whistleblowing and prevention of fraud, bribery, and corruption

Committee composition and governance
The committee comprises three independent non-executive directors and acts independently of management. As independent non-executive directors, my colleagues and I work co-operatively with management and the external auditors and will constructively challenge their decisions and opinions wherever we feel this is necessary. For the purposes of the assessment conducted by the Board during the year, each committee member confirmed that they considered that they remained independent throughout the year. In particular, each member confirmed that the quantum of share incentives in the Company held by them was not material to themself, and would not create a conflict of interest, impact their decision-making, or compromise their independence in any way.

The nominations committee reviewed the composition of the audit committee during the year. Amongst its members, the committee has extensive business experience, knowledge of financial markets, an understanding of risk and other management practices and knowledge of the mining sector and understanding of the operational aspects of the Group in order to discharge its duties in accordance with its terms of reference. The committee has recent and relevant financial experience through myself, as chair of the committee.

The committee has four scheduled meetings a year and additional meetings as required. In circumstances where a committee member is unable to attend a meeting, that member's views on the matters that are to be the subject of discussion at the meeting are obtained in advance of the meeting. Other regular attendees of committee meetings during 2023 were the chief executive officer, the chief financial officer, the chief operating officer, the head of legal and compliance officer, the company secretary, and representatives from the external auditor. All non-executive directors have an open invitation to meetings of the committee and have access to the papers for each meeting. Minutes of committee meetings are provided to all directors and, as committee chair, I provide a verbal update at each subsequent board meeting. The committee met privately with the former external auditor on two occasions during the year and the committee members met privately amongst themselves on two occasions.

Audit Committee Report
(continued)

Key activities in 2023
The committee met four times in 2023 and the table below summarises its key activities during the year:

Financial reporting:	• Reviewed the full-year results including and annual report and accounts, the preliminary announcement of the full-year results • Assisted the board in ensuring that the annual report, when taken as a whole, is fair, balanced, and understandable • Reviewed the interim results statement and, as the external auditor had not been engaged to perform a review of the same, challenged management's underlying assumptions in detail to ensure that all key risk areas had been identified and appropriately addressed • Reviewed the basis for the going concern statement for the purposes of the interim and full-year results statements • Considered the appropriateness of accounting policies, and matters of key accounting significance and judgement
External audit:	• Reviewed and approved the audit engagement letter, audit plan and strategy including fees • Assessed the effectiveness of the external audit process and the effectiveness and independence of the external auditor • Reviewed management's responses to auditor's prior year management letter points
Risk and internal control:	• Reviewed the internal control environment • Assisted the board in its review of the effectiveness of risk management and internal control processes • Monitored developments in the Group's risk management processes • Regular review of financial oversight
Compliance:	• Reviewed compliance with and the effectiveness of arrangements under the various ethics and business integrity policies operated by the Company • Reviewed the Group's authority matrix to gain assurance that it was complied with and that it remained appropriate • Reviewed management's periodic compliance assurance reports to the committee • Reviewed the term of and compliance with the Company's related party disclosure policy
Other:	• Reviewed legal, tax, and accounting due diligence on an M&A opportunity and the disposal of Chaarat Kapan CJSC • Considered the outcome of the 2022 committee effectiveness review and agreed the process for the conduct of future evaluation of the committee • Reviewed and recommended changes to the committee's terms of reference • Considered briefings on proposed audit and governance reform

Review of matters of accounting significance and judgement

The committee received reports from management and the external auditor setting out the significant accounting and financial reporting matters and judgements in respect of the financial statements. The table below summarises the main areas of judgement considered by the committee. For each area, the committee was satisfied with the accounting and disclosures in the financial statements.

Going concern	The committee reviewed the adequacy of the disclosures in Note 2 to the financial statements relating to going concern and the related material uncertainty and it concluded that it is appropriate. It concluded it was satisfied that it remained appropriate to prepare the financial statements on a going concern basis.
Carrying value of exploration and evaluation costs and production mining assets	The committee considered the carrying value of the Group's mining assets in the Kyrgyz Republic and challenged management's impairment indicator review. The committee concluded that there were no indicators of impairment and therefore no impairment review was required for either asset.
Disposal of subsidiary	The committee considered the treatment of the disposal of Chaarat Kapan CJSC, including the application of IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations". The committee concluded that the treatment of the Kapan disposal, including the calculation of the loss on disposal, the determination of the effective disposal date and the disclosures made in the financial statements was appropriate.

External auditor

The committee monitors the relationship with the external auditor and annually reviews the Group's audit requirements together with the effectiveness of the incumbent external auditor prior to any decision to re-appoint. The committee is responsible for ensuring that the independence and objectivity of the external auditor is not compromised or put at risk of compromise.

Committee evaluation

The committee undertakes an annual evaluation of its performance and effectiveness using an internal questionnaire to evaluate the work of the committee containing both quantitative and qualitative questions. The responses were considered and discussed by the committee. The committee concluded that it had continued to perform effectively. The committee is satisfied that the scale of operations do not currently warrant an internal audit function, it was agreed that in 2024 the committee should continue to monitor the ongoing maturing of risk management processes, and ensure it retained appropriate oversight of internal control, compliance, financial reporting and external audit.

Key areas of committee focus in 2024

The committee's oversight of financial reporting and the control and risk environments have continued to be areas of significant focus during the year and will remain so for the 2024 financial year.

I would like to extend my thanks to committee colleagues for their work and support during the year.

Hussein Barma
Chair of the audit committee

8 April 2024

Remuneration Committee Report

2023 membership and attendance

Name	Committee member since	Attendance (Eligibility)
Hussein Barma	14 Dec 18	2 (2)
Robert Edwards (Chair)	1 Oct 20	2 (2)

Dear shareholder
I am pleased to present the Company's remuneration report for the financial year ended 31 December 2023.

Key responsibilities
The role of the committee is to review the performance of the executive directors and senior management and to set the scale and structure of their remuneration, having due regard to the interests of shareholders as a whole and the performance of the Group. The committee also oversees the Company's share incentive arrangements under The Chaarat Gold Holdings Limited Management Incentive Plan 2019 (the "2019 MIP").

The committee's terms of reference describe the committee's responsibilities in detail, and they are available on the Company's website.

Remuneration policy
The policy of the Company is to ensure the members of the Board and senior management are fairly remunerated with regard to the responsibilities undertaken and with regard to comparable pay levels in the mining industry. Non-cash bonuses and the award of share options may be used to attract, retain, and motivate directors and senior management where appropriate.

Committee composition and governance
The committee comprises two independent non-executive directors and acts independently of management. For the purposes of the independence assessment conducted by the board during the year, each committee member confirmed that he considered that he remained independent throughout the year. In particular, each member confirmed that that the quantum of share incentives in the Company held by him was not material to himself, and would not create a conflict of interest, impact his decision-making, or compromise his independence in any way.

The committee had two scheduled meetings during the year. In circumstances where a committee member is unable to attend a meeting, that member's views on the matters that are to be the subject of discussion at the meeting are obtained in advance of the meeting. Other regular attendees of committee meetings are the Company chair, the CEO and the company secretary, although no individual is present when their own remuneration is discussed. All non-executive directors have an open invitation to meetings of the committee and have access to the papers for each meeting. Minutes of committee meetings are provided to all directors and the committee chair provides a verbal update at each subsequent board meeting.

Key activities in 2023
The committee met twice in 2023 and the table below summarises its key oversight and review activities during the year:

Long-term incentive plan	• Considered and discussed potential structures for long-term incentives • Reviewed the lapsing of share options during the year • Reviewed and approved the award of share options to the CFO
Short-term incentive plan for 2023	• Reviewed management's initial proposals for performance metrics for the 2023 short-term management incentive
Remuneration:	• Annual review of base salaries for senior executives: no increases were made.
Other:	• Considered a briefing paper from the company secretary on the published views of the Company's largest institutional investor, other institutional shareholders, and proxy advisory agencies on executive remuneration • Reviewed and approved the 2022 remuneration report • Considered the outcome of the 2022 committee effectiveness review and agreed the process for the conduct of the 2023 evaluation of the committee

2023 short-term incentive plan
Short-term incentives were not put in place for 2023 given anticipated restructuring of the senior management team. The Committee reviewed and approved the award of share options to the CFO given changes to his role following other management departures.

2024 short-term and long-term incentive plans
The committee continues to work on developing incentive plans for 2024 as well as the setting of relevant KPIs.
As at the date of this report, the plans have not been finalised.

Committee evaluation
The committee undertakes an annual evaluation of its performance and effectiveness. For 2023 an internal questionnaire was used to evaluate the work of the committee. The review concluded that, overall, the committee functioned effectively.

Key areas for committee focus in 2024
During 2024 the committee will continue work on developing and articulating an executive remuneration policy that is fair, supports strategy and has regard to stakeholders.

I would like to extend my thanks to my committee colleagues for their work and support during the year.

Robert Edwards
Chair of the remuneration committee

8 April 2024

Remuneration Report

Non-executive Directors

Non-executive directors ("NEDs") have letters of engagement setting out their duties and time commitment expected. Their appointments are terminable on three months' notice without compensation. They are paid base fees and committee chair fees. Current annual fees (which have not been increased since 1 October 2020) are as set out in the table below:

• Base fee	US$45k pa
• Committee chair fee	US$5k pa
• SID fee premium	US$25k pa

Total remuneration of directors serving during the year (audited):

Year ended 31 December 2023	**Salary US$'000**	**Fees US$'000**	**Termination payments US$'000**	**Share based payments US$'000**	**Total US$'000**
Executive Directors					
Martin Andersson	-	*275	-	7	282
Michael Fraser	**301	-	-	-	301
Non-Executive Directors					
Hussein Barma	-	50	-	1	51
Robert Benbow	-	50	-	1	51
Robert Edwards	-	50	-	1	51
Sandy Stash	-	50	-	1	51
Gordon Wylie	-	70	-	1	71
Total	**301**	**545**	**-**	**12**	**858**

* US$412,500 of these fees (includes US$137,500 from the prior period) have not yet been paid to Mr Andersson at 31 December 2023.
** Michael Fraser resigned on 7 October 2023. US$150,000 of this amount had not yet been paid to Mr Fraser at 31 December 2023.

Year ended 31 December 2022	Salary US$'000	Fees US$'000	Termination payments US$'000	Share based payments US$'000	Total US$'000
Executive Directors					
Martin Andersson	-	*275	-	-	275
Michael Fraser	**640	-	-	373	1,013
Non-Executive Directors					
Hussein Barma	-	50	-	-	50
Robert Benbow	-	50	-	-	50
Robert Edwards	-	50	-	-	50
Warren Gilman***	-	17	-	-	17
Sandy Stash	-	50	-	-	50
Gordon Wylie	-	70	-	-	70
Total	**640**	**562**	**-**	**373**	**1,575**

* US$137,500 of these fees had not yet been paid to Mr Andersson at 31 December 2022.
** This amount includes a 15% salary supplement in lieu of pension contributions and insured benefits. US$175,000 of this amount had not yet been paid to Mr Fraser at 31 December 2022.
*** Mr Gilman ceased to be a director on 17 May 2022.

Directors' Interests

Share Interests

Directors' interests in Ordinary Shares

The interests of the directors who held office as at 31 December 2023 (and of persons connected with them), in the Company's Ordinary Shares as at year end and as at the date of this report are shown below:

	Ordinary Shares of US$0.01 each		
Director	at 8 April 2024	at 31 December 2023	at 31 December 2022
Executive Director			
M A C Andersson	*333,053,462	*333,053,462	*315,720,129
Non-Executive Directors			
H Barma	276,748	276,748	276,748
R D Benbow	1,379,843	1,379,843	1,379,843
R W J Edwards	231,849	231,849	231,849
SM Stash	-	-	-
G F Wylie	576,262	576,262	576,262

* This figure comprises 326,083,870 Ordinary Shares held by Labro and 6,969,592 Ordinary Shares in which Mr Andersson is personally interested.

The Chaarat Gold Holdings Limited Employee Benefit Trust (the "EBT") holds shares to satisfy the vesting of MIP awards. Executive directors are deemed to have an interest in the Ordinary Shares held by the EBT. As at each of 31 December 2023 and the date of this report the EBT held 1,070,295 Ordinary Shares.

Directors' interests in convertible loans

As at each of the date of this report, 31 December 2023 and 31 December 2022, Martin Andersson was indirectly interested in the following convertible loan notes (assuming full conversion of principal and interest to maturity).

	as at 31 December 2023 and 8 April 2024				as at 31 December 2022			
Loan Note	US$1,746,825				US$1,470,500			
	Principal	Interest	Fees	**Total**	Principal	Interest	Fees	**Total**
Number of Shares	4,271,267	650,182	-	**4,921,448**	3,595,608	327,200	24,452	**3,947,260**

Note:
On 9 August 2023, the maturity of the secured convertible loan notes was extended from 31 July 2023 to 31 October 2023 (the "Extension") with interest and the fee granted for the extension granted in October 2022 being capitalised as of 31 July 2023. A one-off fee was payable on the repayment date of 31 October 2023. There was no change to the conversion price of 611,290 Ordinary Shares for each US$250,000 of Loan Notes (and pro rata for any amounts less than US$250,000).

Note:
On 26 October 2023, the maturity of the secured convertible loan notes was extended from 31 October to 31 July 2024 (the "Extension") with interest and the fee granted for the extension granted in July 2023 being capitalised as of 31 July 2023. There was no change to the conversion price of 611,290 Ordinary Shares for each US$250,000 of Loan Notes (and pro rata for any amounts less than US$250,000).

Save as disclosed in this report, no directors of the Company who held office as of 31 December 2023 (or any persons connected with them), had any interest in loan notes convertible into, and warrants to subscribe for, Ordinary Shares as at year end or as at the date of this report.

The Chaarat Gold Holdings Limited Management Incentive Plan
All options granted under the Management Incentive Plan prior to 1 January 2023 have either lapsed prior to 31 December 2023 or between this year-end date and the date of this report, or were cancelled during 2023.

On 20 December 2023, the Company cancelled, with mutual agreement and immediate effect, 20,449,894 options over Ordinary Shares (the "Historic Options") which had previously been issued to the Executive Chairman and to Non-Executive Directors. On the same date, the Company granted a total of 22,500,000 options over Ordinary Shares, a portion of which are to replace the Historic Options alongside the grant of options to a new holder. The share options are exercisable at £0.20 per share and vest in two equal tranches on the first and second anniversaries of the grant date.

Directors' interests in restricted share awards
At 31 December 2023, no directors held any restricted share awards in the Company.

Directors' interests in share options
At 31 December 2023, the directors held options to subscribe for Ordinary Shares as follows:

Director	Date of grant	Exercise price	Number of Ordinary Shares under option as at 01 January 2023	Number granted during 2023	Number (lapsed/ surrendered) during 2023	Number of Ordinary Shares under option as at 31 December 2023	Exercise end date
Executive Directors							
M A C Andersson	18 Sep 19	£0.42	16,300,639	-	(16,300,639)	-	
	20 Dec 23	£0.20	-	15,000,000	-	15,000,000	20 Dec 28
Non-executive Directors							
H Barma	18 Sep 19	£0.42	592,751	-	(592,751)	-	
	20 Dec 23	£0.20	-	1,500,000	-	1,500,000	20 Dec 28
R D Benbow	18 Sep 19	£0.42	1,778,252	-	(1,778,252)	-	
	20 Dec 23	£0.20	-	1,500,000	-	1,500,000	20 Dec 28
R W J Edwards	18 Sep 19	£0.42	592,751	-	(592,751)	-	
	20 Dec 23	£0.20	-	1,500,000	-	1,500,000	20 Dec 28
S M Stash	20 Dec 23	£0.20	-	1,500,000	-	1,500,000	20 Dec 28
G F Wylie	18 Sep 19	£0.42	1,185,501	-	(1,185,501)	-	
	20 Dec 23	£0.20	-	1,500,000	-	1,500,000	20 Dec 28

Other Committees

Environmental, Social and Governance Committee

2023 membership and attendance

Name	Committee member since	Attendance (Eligibility)
Robert Benbow	14 Dec 18	2 (2)
Robert Edwards	14 Dec 18	1 (2)
Sandy Stash (Chair)	1 Jul 21	2 (2)
Gordon Wylie	14 Dec 18	2 (2)

Key responsibilities

The committee assists the Board in discharging governance responsibilities in respect of the Company's safety, health, environmental and community functions. It provides oversight and ensures that appropriate arrangements are in place in the following areas:

- Safeguarding the health of the Group's employees, contractors, and the public
- Maintaining good community relations
- Ensuring that the standards and procedures adopted for the Group's operations meet the requirements of both the laws of the relevant local jurisdictions and international standards of best practice

The committee's terms of reference describe the committee's responsibilities in detail, and they are available on the Company's website.

Key activities in 2023

The ESG committee met twice in 2023. All meetings were held remotely. Relevant members of senior management attended all meeting of the committee in order to brief the committee. The table below summarises the committee's key oversight, review, and monitoring activities during the year:

Safety and health:

- Review of reports of incidents at Kapan and implementation of post incident actions
- Safety measures at the Tulkubash camp construction
- Safety performance at Kapan and Tulkubash

Environmental:

- Consideration of the Company's approach to climate change
- Received briefing on climate change reporting

Community:

- Community programmes undertaken by the Group at Kapan and Tulkubash during the year
- Community support given during the COVID-19 pandemic

Other:

- Reviewed ESG aspects of M&A opportunities
- Reviewed the ESG section of the 2022 annual report together with the disclosure relating to the work of the committee during 2022
- Considered the outcome of the 2022 committee effectiveness review and agreed the process for the conduct of the 2023 evaluation of the committee

Committee evaluation

The committee undertakes an annual evaluation of its performance and effectiveness. For 2023 an internal questionnaire was used to evaluate the work of the committee. The review concluded that the committee functioned effectively.

Other Committees
(continued)

Technical Committee

2023 membership and attendance

Name	Committee member since	Attendance (Eligibility)
Robert Benbow (Chair)	14 Dec 18	5 (5)
Robert Edwards	14 Dec 18	5 (5)
Sandy Stash	1 Jul 21	5 (5)
Gordon Wylie	14 Dec 18	5 (5)

Key responsibilities
The committee assists the Board in discharging governance responsibilities in respect of technical matters including operational performance and reporting of operational results, resource and reserve disclosures, technical aspects of mergers and acquisitions and high value and/or technically complex projects.

The committee's terms of reference describe the committee's responsibilities in detail, and they are available on the Company's website.

Key activities in 2023
The committee met five times in 2023 in addition to reviewing technical matters between meetings. The chief executive officer, chief operating officer, and SVP for exploration attend all meetings in order to brief the committee. Country general managers attended committee meetings periodically on request. The table below summarises the committee's key oversight and review activities during the year:

Kapan:
- Operational performance and restructuring plans
- Resources and reserves
- Grade control
- Provision for environmental obligations

Tulkubash:
- Resources and reserves
- Equipment selection
- 2023 forecast
- Construction and engineering activities
- 2023 drilling activities

Kyzyltash:
- Metallurgical test work
- 2023 drilling activities

Other:
- Technical aspects of M&A opportunities
- Operational and production updates
- Considered the outcome of the 2022 committee effectiveness review and agreed the process for the conduct of the 2023 evaluation of the committee

Committee evaluation
The committee undertakes an annual evaluation of its performance and effectiveness. For 2023 an internal questionnaire was used to evaluate the work of the committee. The review concluded that the committee functions effectively.

Nominations Committee

2023 membership and attendance

Name	Committee member since	Attendance (Eligibility)
Martin Andersson (Chair)	14 Dec 18	2 (2)
Hussein Barma	14 Dec 18	2 (2)
Robert Benbow	14 Dec 18	2 (2)
Robert Edwards	14 Dec 18	2 (2)
Sandy Stash	1 Jul 21	2 (2)
Gordon Wylie	14 Dec 18	2 (2)

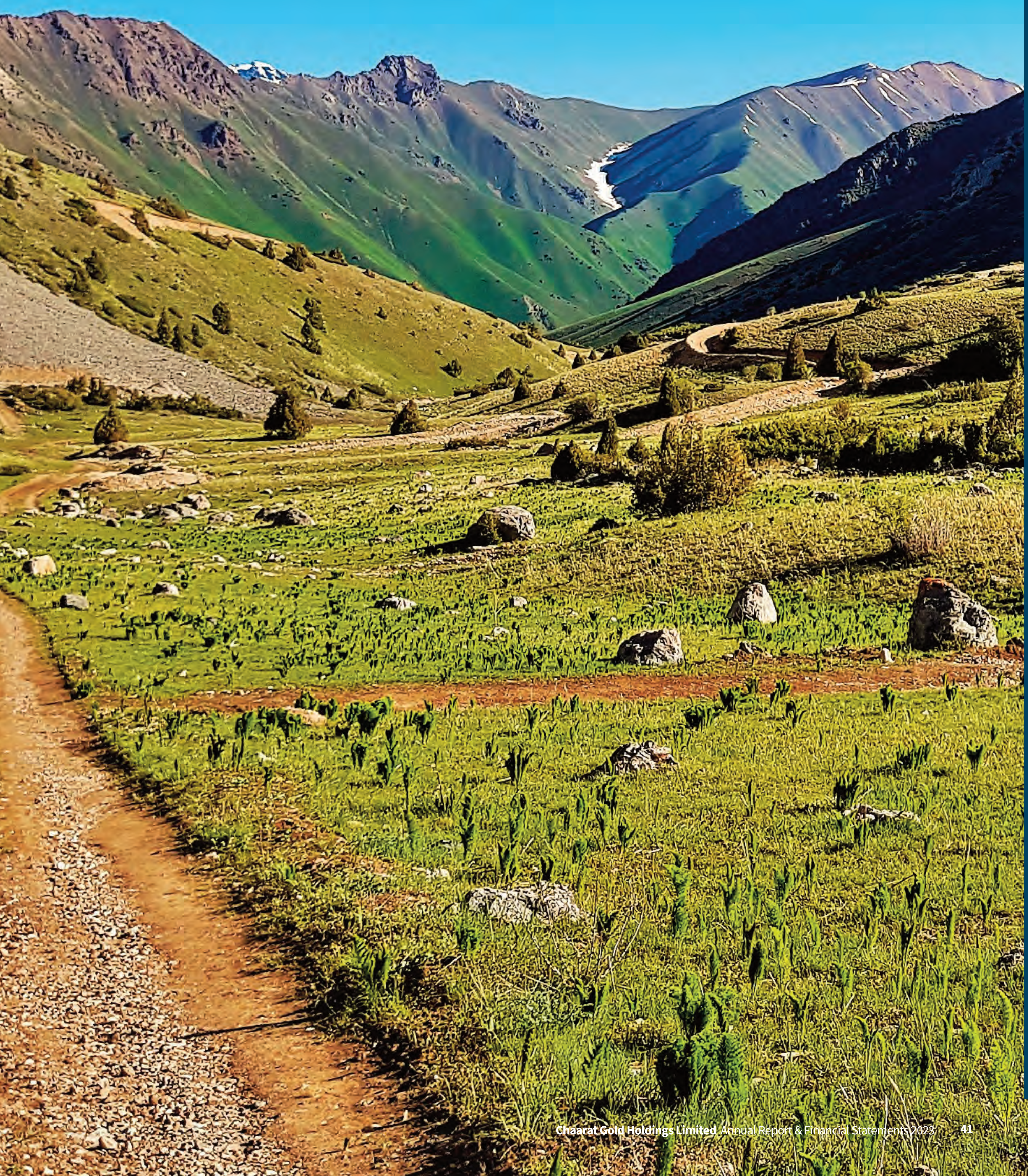
Key responsibilities
The committee is responsible for keeping under review the structure, size, and composition of the board, giving consideration to succession planning for directors and other senior executives and identifying and nominating for the approval of the board, candidates to fill board vacancies as and when they arise.

The committee's terms of reference describe the committee's responsibilities in detail, and they are available on the Company's website.

Key activities in 2023
The committee met twice in 2023. The key focus of its work during the year related to board skills, board committee composition, and the committee's terms of reference. It also considered the process for the conduct of the 2023 evaluation of the committee.

Committee evaluation
The committee undertook an annual evaluation of its performance and effectiveness during 2023 using the same methodology as that used by the Board's other committees. The review concluded that the committee functions effectively. The review concluded that the committee functioned effectively during the year. In 2024 the committee will continue to focus on reviewing and monitoring the skills and experience that the Company requires.

Financial Statements



Statement of Directors' Responsibilities

The Directors are responsible for preparation of the annual report and the group financial statements and have, as required by the AIM Rules of the London Stock Exchange, elected to prepare the group financial statements in accordance with United Kingdom adopted International Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).In order to give a true and fair view of the state of affairs of the Group and of its profit or loss for that period. In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping records that are sufficient to show and explain the Group's transactions and will, at any time, enable the financial position of the Company to be determined with reasonable accuracy. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps to prevent and detect fraud and other irregularities and for the preparation of any additional information accompanying the financial statements that may be required by law or regulation.

Website publication

The Directors are responsible for the integrity and maintenance of the website and also ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with applicable legislation in the British Virgin Islands governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent Auditor's Report
to the Members of Chaarat Gold Holdings Limited

For the purpose of this report, the terms "we" and "our" denote MHA in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of Chaarat Gold Holdings Limited. For the purposes of the table on page 44 that sets out the key audit matter and how our audit addressed the key audit matter, the terms "we" and "our" refer to MHA. The Group financial statements, as defined below, consolidate the accounts of Chaarat Gold Holdings Limited the "Parent Company" and its subsidiaries (the "Group").

OPINION

We have audited the financial statements of Chaarat Gold Holdings Limited for the year ended 31 December 2023.

The financial statements that we have audited comprise:
- the Consolidated Income Statement
- the Consolidated Statement of Comprehensive Income
- the Consolidated Balance Sheet
- the Consolidated Statement of Changes in Equity
- the Consolidated Cash Flow Statement
- Notes to the Consolidated Financial statements

The financial reporting framework that has been applied in the preparation of the Group financial statements is United Kingdom adopted International Accounting Standards (UK adopted IFRS).

In our opinion:
- the financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2023 and of the Group's loss for the year then ended; and
- the group financial statements have been properly prepared in accordance with UK adopted IFRS.

Separate opinion in relation to IFRSs as issued by the IASB
As described in Note 3 to the group financial statements, the group in addition to complying with its legal obligation to apply UK adopted International Accounting Standards, has also applied IFRSs as issued by the International Accounting Standards Board (IASB). In our opinion the group financial statements give a true and fair view of the consolidated financial position of the group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRSs as issued by the IASB.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 in the financial statement, which indicated that the Group's ability to continue as a going concern is dependent on it refinancing its US$39.5 million of convertible loan notes including accrued interest falling due on 31 July 2024, to the extent these are not converted to equity, and other loans of US$1.2 million falling due withing the next 12 months. Further funding is also necessary to proceed with the planned but uncommitted development of assets in the Kyrgyz Republic. There are currently no binding agreements in place in respect of additional funding and there is no guarantee that any refinancing measures as detailed in Note 2 will proceed.

These conditions along with other matters disclosed in Note 2 indicate that there exists material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:
- Reviewed management's documentation of the process and controls relating to the going concern forecasts, and assessed the design of the key controls in place;
- Obtained management's cash flow forecasts for a period of 12 months from the date of approval of the financial statements and challenged management's assumptions and conclusions in respect of operational costs, investment costs and refinancing options and considered whether these options are feasible;
- Considered the sufficiency of cash resources and facilities available thought to 31 July 2024;
- Obtained representations to support for the availability of working capital facilities until 31 July 2024;
- Assessed the historical accuracy of budgets prepared by management;
- Tested the mechanical accuracy of the cash forecast model; and
- Considered whether the disclosures relating to going concern and the uncertainties surrounding continuing to adopt going concern assumption including management mitigation plans are adequate and complete.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report
to the Members of Chaarat Gold Holdings Limited (continued)

OVERVIEW OF OUR AUDIT APPROACH

Scope	Our audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement.		
Materiality	**2023**	**2022**	
Group	US$0.9m	US$1.2m	1% of total assets (2022: 0.75% of total assets).
Key audit matters	The key audit matters that we identified in the current year were: • Going concern • Impairment assessment of exploration and evaluation assets In accordance with paragraph 15 of ISA (UK) 701, the matters relating to going concern are presented within the material uncertainty related to going concern section of this report.		

KEY AUDIT MATTERS

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those matters which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

IMPAIRMENT ASSESSMENT OF EXPLORATION AND EVALUATION ASSETS

Key audit matter description	Recoverability of exploration and evaluation (E&E) assets is dependent on the expected future success of exploration activities. The evaluation of each asset's future prospects requires significant judgement. IFRS 6 requires an assessment of impairment indicators whereby facts and circumstances suggest that the carrying amount of an E&E asset may exceed its recoverable amount. When such facts and circumstances exist, an entity is required to measure, present and disclose any impairment loss in accordance with IAS 36. The potential indicators of impairment include (but not limited to): expiry of exploration licences in the period or in the near future, lack of further substantial exploration expenditure planned, management's plans to discontinue the exploration activities, or existence of other data indicating the expenditure capitalised is not recoverable. The impairment assessment is therefore subject to significant management judgement.
How the scope of our audit responded to the key audit matter	Our audit work included, but was not restricted to the following: • Obtaining an understanding of management's impairment indicator assessment processes and test the design and implementation of relevant controls in place; • Obtaining and evaluating management's assessment of the impairment indicators contained within IFRS 6; • Evaluated management's assessment of exploration and evaluation assets to a single cash-generating unit; • Evaluated developments in EE assets and challenged changes in the mining plan assumptions, including licencing, reasonableness of assumptions in respect of commercial viability, and to identify any other external factors which may indicate the E&E assets are impaired; • Benchmarking the appropriateness of the discount rate and compared the commodity price assumptions to third party forecasts used within management's analysis; and • Challenging management whether they remain confident of obtaining project finance and obtaining a formal representation from management
Key observations communicated to the Group's Audit Committee	We are satisfied with management's impairment assessment and concur that there is no indication of material impairment although we highlight the material uncertainty surrounding the group's ability to continue as a going concern as detailed in our going concern section above, which may affect the recoverability of the E&E assets.

OUR APPLICATION OF MATERIALITY

Our definition of materiality considers the value of error or omission on the financial statements that, individually or in aggregate, would change or influence the economic decision of a reasonably knowledgeable user of those financial statements. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. Materiality is used in planning the scope of our work, executing that work and evaluating the results.

Materiality in respect of the Group was set at US$0.9 million (2022: US$1.2 million) which was determined on the basis of 1% (2022: 0.75%) of the Group's total assets. Total assets were deemed to be the most appropriate benchmark to set materiality given the volatility of earnings and the scale of assets not yet in production.

Performance materiality is the application of materiality at the individual account or balance level, set at an amount to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Performance materiality for the Group was set at US$630,000 (2022: US$720,000) which represents 70% (2022: 60%) of the above materiality levels.

The determination of performance materiality reflects our assessment of the risk of undetected errors existing, the nature of the systems and controls and the level of misstatements arising in previous audits.

We agreed to report any corrected or uncorrected adjustments exceeding US$45,000 (2022:US$60,000) of the Group to the Audit Committee as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

OVERVIEW OF THE SCOPE OF THE GROUP AUDIT

Our assessment of audit risk, evaluation of materiality and our determination of performance materiality sets our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. This assessment takes into account the size, risk profile, organisation / distribution and effectiveness of group-wide controls, changes in the business environment and other factors such as recent internal audit results when assessing the level of work to be performed at each component.

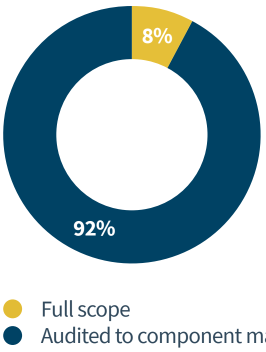
In assessing the risk of material misstatement to the consolidated financial statements, and to ensure we had adequate quantitative and qualitative coverage of significant accounts in the consolidated financial statements we identified 3 components in Kapan, Kyrgyz Republic, and the British Virgin Islands as representing the principal business units within the Group.

Full scope audit - Based on size and risk characteristics the audit of the complete financial information to component materiality of Chaarat Gold Holdings Limited was selected.

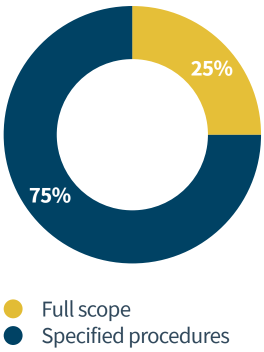
Audit of account balances, classes of transactions or disclosures - Based on size and risk characteristics an audit of selected account balances and classes of transaction or disclosures to component materiality was determined for Chaarat Kapan CJSC.

Specified procedures - Chaarat Zaav CJSC holds significant exploration and evaluation assets and property, plant and equipment, specified procedures on balances in excess of component materiality were undertaken.

PBT %



Total assets %



The group audit team led and directed the audit work performed by the component auditors in Armenia on Chaarat Kapan CJCS through a combination of group planning meetings and calls, provision of group instructions (including detailed supplemental procedures), review and challenge of related component interoffice reporting and of findings from our detailed review of their working papers and interaction on audit and accounting matters which arose. This included assessing the appropriateness of conclusions and consistency between reported findings and work performed.

Independent Auditor's Report
to the Members of Chaarat Gold Holdings Limited
(continued)

THE CONTROL ENVIRONMENT

We evaluated the design and implementation of those internal controls of the Group, which are relevant to our audit, such as those relating to the financial reporting cycle.

REPORTING ON OTHER INFORMATION

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or Parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

AUDITOR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Identifying and assessing potential risks arising from irregularities, including fraud
The extent of the procedures undertaken to identify and assess the risks of material misstatement in respect of irregularities, including fraud, included the following:

- We considered the nature of the industry and sector, the control environment, business performance including remuneration policies and the Group's own risk assessment that irregularities might occur as a result of fraud or error. From our sector experience and through discussion with the directors, we obtained an understanding of the legal and regulatory frameworks applicable to the Group focusing on laws and regulations that could reasonably be expected to have a direct material effect on the financial statements, such as AIM listing rules and tax legislation.
- We enquired of the directors and management concerning the Group's policies and procedures relating to:
  - identifying, evaluating and complying with the laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they had any knowledge of actual or suspected fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included utilising the spectrum of inherent risk and an evaluation of the risk of management override of controls. We determined that the principal risks related to management bias in accounting estimates, particularly in determining impairment of exploration and evaluation assets, mining assets and assessing the group's ability to continue as a going concern.
- We communicated our risk assessment to component auditors and agreed with them at the planning stage testing to be carried out at component entity level in response to these risks.

Audit response to risks identified
In respect of the above procedures:

- we corroborated the results of our enquiries through our review of the minutes of the Group's audit committee meetings;
- audit procedures performed by the engagement team in connection with the risks identified included:
  - reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations expected to have a direct impact on the financial statements.
  - testing journal entries, including those processed late for financial statements preparation, those posted by infrequent or unexpected users, those posted to unusual account combinations;
  - evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias;
  - enquiry of management around actual and potential litigation and claims.
  - challenging the assumptions and judgements made by management in its significant accounting estimates, in particular those relating to assessing the potential impairment of exploration and evaluation assets as reported in the key audit matter section of our report;
  - challenging the assumptions made but management in evaluating the Group's ability to continue as a going concern; and
  - reviewing the work completed by component auditors communicated and agreed with them at the planning stage to ensure sufficiency of their challenge of management and adequacy of their audit procedures completed.
- the Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities; and
- we communicated relevant laws and regulations and potential fraud risks to all engagement team members, including experts, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

USE OF OUR REPORT

Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Moyser FCA FCCA
for and on behalf of MHA, Statutory Auditor
London, United Kingdom
8 April 2024

MHA is the trading name of MacIntyre Hudson LLP,
a limited liability partnership in England and Wales
(registered number OC312313)

Consolidated Income Statement
For the year ended 31 December 2023

	Note	2023 US$'000	Restated 2022 US$'000
Administrative expenses	5	**(5,202)**	(7,042)
Operating loss from continuing operations		**(5,202)**	(7,042)
Finance costs	9	**(7,876)**	(3,578)
Fair value gain on warrant	27	**13**	367
Loss before tax for the year		**(13,065)**	(10,252)
Income tax charge	10	**-**	-
Loss for the year from continuing operations		**(13,065)**	(10,252)
(Loss)/profit for the year from discontinued operations	4	**(12,282)**	1,675
Loss for the year		**(25,347)**	(8,577)
Loss per share (basic and diluted) from continuing and discontinued operations – US$ cents	11	**(3.67)**	(1.24)
Loss per share (basic and diluted) from continuing operations – US$ cents	11	**(1.89)**	(1.49)
(Loss)/profit per share (basic and diluted) from discontinued operations – US$ cents	11	**(1.78)**	0.25

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2023

	2023 US$'000	2022 US$'000
Loss for the year	**(25,347)**	(8,577)
Items which may subsequently be reclassified to the income statement		
Reclassification of foreign currency on disposal of subsidiary	**(4,928)**	-
Exchange differences on translating foreign operations and investments	**91**	3,873
Other comprehensive income for the year, net of tax	**(4,837)**	3,873
Total comprehensive loss for the year	**(30,184)**	(4,704)
Total comprehensive loss for the year from continuing operations	**(13,065)**	(10,252)
Total comprehensive loss for the year from discontinued operations	**(17,119)**	5,548
Total comprehensive loss for the year	**(30,184)**	(4,704)

The accompanying notes are an essential part of these financial statements.

Consolidated Balance Sheet
As at 31 December 2023

	Note	**2023 US$'000**	2022 US$'000
Assets			
Non-current assets			
Exploration and evaluation costs	12	**70,733**	69,182
Other intangible assets	13	**54**	1,260
Property, plant and equipment	14	**12,832**	55,401
Prepayments for non-current assets		**-**	373
Deferred tax assets	15	**-**	4,489
Total non – current assets		**83,619**	130,705
Current assets			
Inventories	16	**-**	16,208
Trade and other receivables	17	**191**	10,666
Cash and cash equivalents	18	**1,685**	616
Total current assets		**1,876**	27,490
Total assets		**85,495**	158,195
Equity and liabilities			
Equity attributable to shareholders			
Share capital	19(b)	**7,281**	6,897
Share premium		**244,827**	242,757
Own shares reserve	19(e)	**(98)**	(104)
Convertible loan note reserve	19(d)	**1,420**	1,420
Merger reserve		**10,885**	10,885
Share option reserve	19(c)	**7,030**	9,259
Translation reserve		**(15,398)**	(10,560)
Accumulated losses		**(211,040)**	(187,944)
Total equity		**44,907**	72,608
Liabilities			
Non-current liabilities			
Provision for environmental obligations	20	**-**	11,707
Lease liabilities	25	**-**	885
Other loans	26	**-**	-
Total non-current liabilities		**-**	12,592
Current liabilities			
Trade and other payables	24	**1,550**	19,714
Contract liabilities	23	**-**	3,720
Lease liabilities	25	**-**	300
Other loans	26	**1,162**	17,806
Warrant financial liability	27	**-**	13
Convertible loan notes	22	**36,399**	29,203
Other provisions for liabilities and charges	28	**1,476**	2,239
Total current liabilities		**40,588**	72,995
Total liabilities		**40,588**	85,587
Total liabilities and equity		**85,495**	158,195

The financial statements were approved and authorised for issue by the Board of Directors on 8 April 2024.

Martin Andersson
Executive Chair

The accompanying notes are an essential part of these financial statements

Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2023

	Note	Share Capital US$'000	Share Premium US$'000	Own Shares Reserve US$'000	Convertible Loan Note Reserve US$'000	Merger Reserve US$'000	Share Option Reserve US$'000	Translation Reserve US$'000	Accumulated Losses US$'000	Total US$'000
As at 1 January 2022		**6,894**	**242,695**	**(132)**	**1,420**	**10,885**	**11,383**	**(14,433)**	**(181,836)**	**76,876**
Loss for the year		-	-	-	-	-	-	-	(8,577)	(8,577)
Translation gains for the year		-	-	-	-	-	-	3,873	-	3,873
Total comprehensive loss for the year		**-**	**-**	**-**	**-**	**-**	**-**	**3,873**	**(8,577)**	**(4,704)**
Share options lapsed	19(c)	-	-	-	-	-	(2,126)	-	2,126	-
Share-based payment charge	5	-	-	-	-	-	373	-	-	373
Issuance of shares for settlement of liabilities	19(b)	3	62	-	-	-	-	-	-	65
Transfer of treasury shares	19(e)	-	-	28	-	-	(371)	-	343	-
As at 31 December 2022		**6,897**	**242,757**	**(104)**	**1,420**	**10,885**	**9,259**	**(10,560)**	**(187,944)**	**72,608**
Loss for the year		-	-	-	-	-	-	-	(25,347)	(25,347)
Translation gains for the year		-	-	-	-	-	-	91	-	91
Release of FCTR to profit and loss		-	-	-	-	-	-	(4,928)	-	(4,928)
Total comprehensive loss for the year		**-**	**-**	**-**	**-**	**-**	**-**	**(4,837)**	**(25,347)**	**(30,184)**
Share options lapsed	19 (c)	-	-	-	-	-	(1,993)	-	1,993	-
Share-based payment charge	5	-	-	-	-	-	29	-	-	29
Issuance of shares for cash	19 (b)	211	1,112	-	-	-	-	-	-	1,323
Issuance of shares for settlement of liabilities	19 (b)	173	958	-	-	-	-	-	-	1,131
Transfer of treasury shares	19 (e)	-	-	6	-	-	(265)	-	259	-
As at 31 December 2023		**7,281**	**244,827**	**(98)**	**1,420**	**10,885**	**7,030**	**(15,398)**	**(211,040)**	**44,907**

Consolidated Cash Flow Statement
For the Year Ended 31 December 2023

	Note	2023 US$'000	Restated 2022 US$'000
Cash flows from operating activities			
Operating loss		**(5,202)**	(7,042)
Depreciation and amortisation		**448**	495
Profit on disposal of property, plant and equipment		**-**	(12)
Non-cash expenses	9	**250**	65
Share-based payments	5	**29**	373
Decrease in trade and other receivables		**(9)**	(73)
Increase in trade and other payables		**285**	-
Operating cash flows from continuing activities		**(4,199)**	(6,194)
Operating cash flows from discontinued activities		**12,870**	13,338
Net cash generated in operations		**8,671**	7,144
Investing activities			
Purchase of property, plant & equipment	14	**(11)**	(2,817)
Exploration and evaluation costs	12	**(1,951)**	(2,385)
Proceeds from sale of property, plant & equipment		**-**	19
Proceeds from sale of subsidiary, net of cash disposed	4	**4,913**	-
Interest received		**-**	28
Investing cash flows from continuing activities		**2,951**	(5,155)
Investing cash flows from discontinued activities		**(5,679)**	(4,940)
Net cash used in investing activities		**(2,728)**	(10,095)
Financing activities			
Proceeds from issue of share capital	19	**1,322**	-
Repayments of principal amount of loan	26	**(3,982)**	-
Payments of interest	26	**(386)**	-
Proceeds from loans	26	**5,982**	-
Financing cash flows from continuing activities		**2,936**	-
Financing cash flows from discontinued activities		**(6,914)**	(5,842)
Net cash used in financing activities		**(3,978)**	(5,842)
Net change in cash and cash equivalents		**1,965**	(8,793)
Cash and cash equivalents at beginning of the year		**616**	11,134
Effect of changes in foreign exchange rates		**(896)**	(1,725)
Cash and cash equivalents at end of the year	18	**1,685**	616

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION AND GROUP STRUCTURE

Chaarat Gold Holdings Limited (the "Company") (registration number 1420336) was 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 AIM (AIM:CGH).

The registered address of the Company is: Palm Grove House, PO Box 438, Road Town, Tortola, British Virgin Islands, VG1110.
As at 31 December 2023 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 and Wales	Services company

* Companies owned indirectly by the Company.

2. GOING CONCERN

As at 31 March 2024 the Group had approximately US$0.8 million of cash and cash equivalents and US$38.4 million of debt comprising the following:

- US$37.2 million (US$39.5 million at maturity) convertible loan notes including accrued interest to 31 March 2024 (Note 22)
- US$1.2 million other loans outstanding, including accrued interest to 31 March 2024 (Note 26)

The Group also has US$3 million available for drawdown under its working capital facility with Labro until 31 July 2024.

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 future corporate activities, future financing will need to be raised.

Convertible Loan Notes
By 31 July 2024, the convertible loan notes are due to be redeemed by conversion into equity at approximately £0.30 per ordinary share, at the holder's option, or will be repaid in cash for a total of US$39.5 million (which includes accrued interest).

Conclusion (including material uncertainty)
The working capital facility provided by Labro is subject to the discretionary approval of credible repayment plans by the lender.
The directors consider there to be credible repayment plans in place and these will be approved by the lender.

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 July 2024. 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. The directors consider there is a reasonable expectation that sufficient funding will be raised. Based on their assessment of both the working capital facility and the refinancing of convertible loan notes, the directors have continued to adopt the going concern basis.

However, for both the working capital facility with Labro or any additional funding there are currently no binding agreements in place and there is no guarantee that access to further working capital or 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.

Should the project funding not be available for the Kyrgyz Republic development projects or should other strategic options including potential monetisation of the assets not prove to be viable, there may be a material impairment of the US$83.6 million carrying value of the related assets. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

3. MATERIAL ACCOUNTING POLICIES

The Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of "material", rather than "significant", accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 3 Accounting polices in certain instances in line with the amendments.

Basis of preparation
The consolidated financial information has been prepared in accordance with United Kingdom adopted International Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and on a historical cost basis with exception to fair value gain on warrants that are carried at FVTPL.

As explained in Note 4 to the Financial Statements, the Group completed the sale of its 100% owned Armenian subsidiary, Chaarat Kapan, on 30 September 2023. Chaarat Kapan has been treated as a discontinued operation in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" and prior year comparatives have been restated as applicable.

New standards, interpretations and amendments adopted by the Group

Adoption of new and revised Standards
In the current year, the Company has adopted all new and revised IFRS standards that became effective as of 1 January 2023, the changes being:
i. Amendments to IAS 1 Presentation of Financial Statements regarding the classification of liabilities as current and non-current, effective for annual periods beginning on 1 January 2023;
ii. IFRS 17 Insurance Contracts, effective for annual period beginning on 1 January 2023;
iii. Amendments to IAS 1 and IFRS Practice Statement 2 requiring that an entity discloses its material accounting policies, instead of its significant accounting policies, effective for annual period beginning on 1 January 2023;
iv. Amendments to IAS 8 replacing the definition of a change in accounting estimates with a definition of accounting estimates, effective for annual period beginning on 1 January 2023;
v. Amendments to IAS 12 clarifying that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition, effective for annual period beginning on 1 January 2023.

These amendments did not have a material impact on the Company.

Revised standards not yet effective
At the date of the authorisation of these consolidated financial statements, the following revised IFRS standards, which are applicable to the Company, were issued but not yet effective:
i. Amendments to IFRS 16 change the basis of calculation of a gain or loss arising on a sale and leaseback transaction to better reflect in terms of economic substance, the lessee's retained ownership interest. The amendment is effective for financial years beginning on or after 1 January 2024 and is endorsed by the UK Endorsement Board (UKEB).
ii. Amendments to IAS 1, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 1 January 2023. The IASB has subsequently proposed further amendments to IAS 1 and the deferral of the effective date of the 2020 amendments to no earlier than 1 January 2024. The amendment is endorsed by the UK Endorsement Board (UKEB).
iii. Amendments to IAS 1 specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The amendments require a company to disclose more information regarding loan covenants in the notes to the financial statements and requires identification of which loans are affected by covenants. The amendment is effective for financial years beginning on or after 1 January 2024 and is endorsed by the UK Endorsement Board (UKEB).
iv. Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures regarding the sale or contribution of assets between an investor and its associate or joint venture, the effective date of the amendments has yet to be set. However, earlier application of the amendments is permitted.
v. Amendments to IAS 7 and IFRS 7. In May 2023, the IASB issued Supplier Finance Arrangements to require an entity to provide additional disclosures about its supplier finance arrangements. The IASB developed the new requirements to provide users of financial statements with information to enable them:
   - to assess how supplier finance arrangements affect an entity's liabilities and cash flows; and
   - to understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

   The amendment is effective for financial years beginning on or after 1 January 2024 and is not yet endorsed by the UK Endorsement Board (UKEB).
vi. Amendments to IAS 21. In August 2023, the IASB issued amendments to IAS 21 to help entities: assess exchangeability between two currencies; and determine the spot exchange rate, when exchangeability is lacking. The new requirements will be effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted and has not yet been endorsed by the UK Endorsement Board (UKEB).

No significant changes to presentation or disclosures within these financial statements are expected following the adoption of these amendments.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation
The consolidated financial statements of the Group include the financial statements of the Company and its subsidiaries, from the date that control effectively commenced until the date that control effectively ceased. Control is achieved where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in the income statement is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group balances, transactions and any unrealised profits or losses arising from intra-group transactions are eliminated on consolidation.

Business Combinations
IFRS 3 Business Combinations applies to a transaction or other event that meets the definition of a business combination. When acquiring new entities or assets, the Group applies judgement to assess whether the assets acquired and liabilities assumed constitute an integrated set of activities, whether the integrated set is capable of being conducted and managed as a business by a market participant, and thus whether the transaction constitutes a business combination, using the guidance provided in the standard. Acquisitions of businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in the consolidated income statement as incurred. Transaction costs incurred in connection with the business combination are expensed. Provisional fair values are finalised within 12 months of the acquisition date.

Where applicable, the consideration for the acquisition may include an asset or liability resulting from a contingent consideration arrangement. Contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Subsequent changes in such fair values are adjusted against the cost of acquisition retrospectively with the corresponding adjustment against the fair value of the assets and liabilities acquired. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed at the acquisition date. The measurement period may not exceed one year from the effective date of the acquisition. The subsequent accounting for contingent consideration that does not qualify for as a measurement period adjustment is based on how the contingent consideration is classified. Contingent consideration that is classified as equity is not subsequently remeasured. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRS 9 Financial Instruments with the corresponding amount being recognised in profit or loss.

The identifiable assets acquired, and the liabilities assumed are recognised at their fair value at the acquisition date, except that:
- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Discontinued operations
A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:
- Represents a separate major line of business or geographic area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- Is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue during 2023 relates wholly to Chaarat Kapan whose sale by the Group was completed on 30 September 2023 and which has accordingly been treated as a discontinued operation as explained in Note 4.

Revenue has been recognised in a manner that depicts the pattern of the transfer of goods and services to customers. The amount recognised reflects the amount to which the Group expects to be entitled in exchange for those goods and services. Sales contracts are evaluated to determine the performance obligations, the transaction price and the point at which there is transfer of control. The transactional price is the amount of consideration due in exchange for transferring the promised goods or services to the customer and is allocated against the performance obligations and recognised in accordance with whether control is recognised over a defined period or a specific point in time.

Performance obligation and timing of revenue recognition

The revenue has arisen from extraction of complex ore as well as ore purchased from third parties and production of copper and zinc concentrates to wholesale customers. Though in all contracts the total transaction value mainly depends on the market prices of the metals based on the preliminarily estimated contents in the concentrates, those separate materials are not distinct but represent a bundle of materials. As there are no other significant promises, each contract contains one performance obligation to which the total transaction value is allocated.

The control passed to the customers and the revenue has been recognized either on a Cost, Insurance and Freight “CIF” basis meaning that control passed to the buyer when the concentrate is loaded on the vessel in the port of shipment (e.g., port of Poti, Georgia) or on the Ex Works basis meaning that control passed to the buyer at the point the concentrate was loaded on the truck at the Kapan mine. In respect of freight revenues, these have been recognised over time.

Determining the transaction price

Consideration has been variable and depends on the fluctuations of metal prices for the quotation period (usually one or three months) and the changes in estimated metal contents and price deductions.

At the date the concentrate was loaded on the truck at the Kapan mine or the vessels at the specified port the provisional invoice was issued based on the estimates of the amount of consideration.

Sales have been based on provisional 1-3 month commodity forward prices on the London Metal Exchange (LME) and as such, contain an embedded derivative which is marked-to-market at each month end using the forward price for the month of price finalisation. The estimated transaction price has been updated for the quotational period (usually one or three months) and any changes in the estimates of the metal content. The change has been recognised as an increase in revenue, or as a reduction of revenue, in the period in which the estimated transaction price has been finalised.

Final prices of copper and zinc concentrates have been determined at the contract settlement date based on the LME commodity market prices at that date and final adjustments for weighting, sampling, or moisture determination changes.

Third-party revenue

In addition to own concentrates, the Group has also processed third party ore into concentrate and has sold it to customers. The revenue from these sales has been recognised in accordance with the revenue recognition principles above.

Where the group has not purchased the third party ore for sale but has provided a processing service the processing fee is recognised as revenue over the processing period.

Advance payments from customers

The Group has received advance payments from its customers which represented prepayments for the future transfer of concentrate. These have been either classified as contract liabilities or financial liabilities under IFRS 15 or IFRS 9, respectively, depending on the terms of the customer agreements and how the prepayments were settled. If settled in cash, they have been classified as financial liabilities and if offset against final invoices, they are classified as contract liabilities. The contract liabilities have been unwound, and revenue has been recognised when shipments have taken place and control has passed to the customers. The advance payments have accrued interest which is separately recognised from revenue in the Consolidated Income Statement.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Royalties
Under Armenian law a royalty has been payable to the state, the base of which is driven by the revenue earned from the supply of concentrates. Royalty expense has been calculated on an accruals basis at rates set by the government and included in cost of sales.

Interest
Interest is recognised using the effective interest method which calculates the amortised cost of a financial asset or liability and allocates the interest income or payments over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to the gross carrying amount of the financial asset or liability.

Taxation
The income tax expense includes the current tax and deferred tax charge recognised in the income statement.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate. The Group is not subject to corporate tax in the British Virgin Islands, therefore as at 31 December 2023 the Group's operations in this region have an effective tax rate of 0%. Companies engaged in the production and sale of gold in the Kyrgyz Republic pay a revenue-based tax on the sales of gold rather than tax on profit. The remaining Group's operations are subject to income tax at a rate of 19% in the United Kingdom and 12.5% in Cyprus and have been subject to income tax at a rate of 18% in Armenia, (Note 10). Non-profit based taxes have been included within administrative expenses and Kapan's royalty taxes have been included within cost of sales.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Probable taxable profits are based on evidence of historical profitability and taxable profit forecasts limited by reference to the criteria set out in IAS 12 Income Taxes. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or of an asset or liability in a transaction (other than a business combination) that affects neither taxable profit nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to other comprehensive income or equity in which case the related deferred tax is also recognised directly in other comprehensive income or equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis with that taxation authority.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Non-current Assets

Intangible Assets

Exploration and evaluation costs
During the initial stage of a project, exploration costs are expensed in the income statement as incurred.

Exploration expenditure incurred in relation to those projects where such expenditure is considered likely to be recoverable through future extraction activity or sale or where the exploration activities have not reached a stage that permits a reasonable assessment of the existence of reserves, are capitalised and recorded on the balance sheet within exploration and evaluation assets for mining projects at the exploration stage. Capitalised evaluation and exploration costs are classified as intangible assets.

Exploration and evaluation expenditure comprise costs directly attributable to:
- Researching and analysing existing exploration data;
- Conducting geological studies, exploratory drilling, and sampling;
- Examining and testing extraction and treatment methods;
- Compiling pre-feasibility and feasibility studies; and
- Costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects.

Exploration and evaluation assets are subsequently valued at cost less impairment. In circumstances where a project is abandoned, the cumulative capitalised costs related to the project are written off in the period when such decision is made.

Exploration and evaluation assets are not depreciated. These assets are transferred to mine development costs within property, plant and equipment when a decision is taken to proceed with the development of the project which is when a bankable feasibility study is obtained, and project finance is in place.

Other intangible assets (excluding goodwill)
Intangible assets acquired by the Group are measured on initial recognition at cost or at fair value when acquired as part of a business combination. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised over the estimated useful lives using the straight-line-basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Other intangible assets comprise computer software and other intangible assets, which are initially capitalised at cost. Amortisation is provided on a straight-line basis over a period of 1 to 10 years.

Property, plant and equipment
Property, plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less any subsequent accumulated depreciation and impairment losses. The historical cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the assets to their working condition and location for their intended use. Depreciation of these assets commences when the assets are ready for their intended use.

Depreciation is charged on each part of an item of property, plant and equipment so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method. Depreciation is charged to the income statement, unless it is considered to relate to the construction of another asset, in which case it is capitalised as part of the cost of that asset. Land and assets in the course of construction are not depreciated. The estimated useful lives are as follows:

• Land and buildings	5 to 20 years
• Mining Properties	Mining properties that are used in production are depreciated under the unit of production basis, and other physical assets depreciated over their useful lives which are 5 to 20 years
• Fixtures and fittings	2 to 20 years
• Motor vehicles	2 to 7 years
• Right-of-use assets	5 to 20 years

Residual values, remaining useful lives and depreciation methods are reviewed annually and adjusted if appropriate.

Expenses incurred in respect of the maintenance and repair of property, plant and equipment are charged against income when incurred. Refurbishments and improvements expenditure, where the benefit enhances the capabilities or extends the useful life of an asset, is capitalised as part of the appropriate asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Mining properties
Mining properties include the cost of acquiring and developing mining assets and mineral rights. Mining properties, which include development structures, are depreciated to their residual values using the unit-of-production method based on proven and probable ore reserves according to the JORC Code, which is the basis on which the Group's mine plans are prepared. Changes in proven and probable reserves are dealt with prospectively. Depreciation is charged on new mining ventures from the date that the mining asset is capable of commercial production.

Mineral rights for the assets not ready for production are included within Exploration and evaluation costs. When a production phase is started, mineral rights are transferred into Mining assets and are depreciated as described above.

Assets under construction
Assets under construction are measured at cost less any recognised impairment. Depreciation commences when the assets are ready for their intended use.

Assets under construction include costs incurred for the development of tangible assets that will form part of a category of property, plant and equipment which is not yet complete. Once the project ready for use capitalisation will cease (other than for large development programmes), the asset will be reclassified to the respective property, plant and equipment category it relates to from assets under construction, and depreciation will commence.

Estimated ore reserves
Estimated proven and probable ore reserves reflect the economically recoverable quantities which can be legally recovered in the future from known mineral deposits. The Group's reserves are estimated in accordance with JORC Code.

Impairment of exploration and evaluation assets
All capitalised exploration and evaluation assets and other intangible assets are monitored for indications of impairment. Where a potential impairment is indicated, assessment is made for the group of assets representing a cash generating unit ("CGU"). Indicators of impairment include:
- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration of mineral resources in the specific area is nether budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

If any indication of impairment exists, the recoverable amount of the asset is estimated, being the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. Such impairment losses are recognised in profit or loss for the year.

Impairment of property, plant and equipment
An impairment review of property, plant and equipment is carried out when there is an indication that those assets have suffered an impairment loss or there are impairment reversal indicators. If any such indication exists, the carrying amount of the asset is compared to the estimate recoverable amount of the asset in order to determine the extent of the impairment loss or reversal (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. The carrying amounts of all cash-generating units are assessed against their recoverable amounts determined on a fair value less costs of disposal calculation. Fair value is based on the applicable Discounted Cash Flow ("DCF") method using post-tax cash flows and post -tax discount rate, this is considered to give a materially similar result to a basis that uses pre-tax cash flows and pre-tax discount rate. The DCF method is attributable to the development of proved and probable reserves.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in the consolidated income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the original carrying amount that would have been determined had no impairment loss been recognised in prior periods. Impairment loss may be subsequently reversed if there has been significant change in estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

A reversal of impairment loss is recognised in the consolidated income statement immediately.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognised a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less), leases of low value assets and leases for the purposes of mining and exploration activities, which qualify for an exemption under IFRS 16 which the Group has applied. For these leases, the Group recognises the lease payments as operating expenses on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made. Interest is charged over the term of the lease at an even rate over the carrying amount of the liability. The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses and are presented as a separate line in the consolidated financial statements.

Right-of-use assets are depreciated over shorter period lease term and useful life of the underlying asset. Where ownership of the underlying asset transfers to the entity at the end of the lease depreciation is charged over the useful life of the underlying asset. The Group applies IAS 36 to determine whether the right-of use asset is impaired and accounts for any identifiable impairment loss as described above.

When the Group revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at a revised discount rate. The discount rate on commencement is only applied to changes in estimates of payments. An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. Any gain or loss relating to the partial or full termination of any lease is recognised in profit or loss.

Inventories

Copper and zinc concentrates

Inventories including metals in concentrate and in process have been stated at the lower of production cost or net realisable value.

Cost of finished goods and work in progress have been determined on the first-in-first-out (FIFO) method. The cost has comprised raw material, direct labour, other direct costs, and related production overheads (based on normal operating capacity), excluding borrowing costs.

Consumables and spare parts

Consumables and spare parts have been stated at the lower of cost or net realisable value. Costs are determined on the first-in-first-out (FIFO) method.

The Company's policy is to write-down to nil the items that have not been utilised for more than two years. This is done on a quarterly basis.

Inventory items used in the production process have been recognised as cost of sales when the related sale of concentrate takes place. This has included the cost of purchased ore and consumables and spare parts.

Cost of purchased ore

The Group has purchased ore from third parties which has been processed and sold to Kapan's customers. The amount expensed in cost of sales is equal to the price paid to third parties in line with the purchase agreements.

Cost of purchased concentrate

The Group has processed third party ore into concentrate and then has purchased the concentrate to sell to Kapan's customers. The substance and accounting for these transactions is that of an ore purchase agreement with the amount expensed in cost of sales equal to the price paid to third parties in line with the purchase agreements, which is net of a processing fee charged by Kapan.

Cash and cash equivalents

Cash includes petty cash and cash held in current bank accounts. Cash equivalents include short-term investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Equity
Equity comprises the following:
- "Share capital" represents the nominal value of equity shares.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of transactions costs directly related to the share issue.
- "Own shares reserve" represents the nominal value of equity shares that have been repurchased by the Company.
- "Convertible loan note reserve" represents the equity component of convertible loan notes issued by the Company.
- "Merger reserve" represents the difference between the issued share capital and share premium of the Company and its former subsidiary Chaarat Gold Limited arising as a result of the reverse acquisition.
- "Share option reserve" represents the equity component of share options issued.
- "Translation reserve" represents the differences arising from translation of investments in foreign operations.
- "Accumulated losses" includes all current and prior period results as disclosed in the income statement or other comprehensive statement.

Functional and presentational currency
The functional currency for each entity in the Group is determined as the currency of the primary economic environment in which it operates. The functional currency of the Group's entities located in the Kyrgyz Republic, Cyprus and BVI is US Dollars (US$) as the current exploration and evaluation expenditure is currently primarily in USD. The functional currency of the subsidiary located and operating in Armenia until its disposal by the Group has been the Armenian Dram (AMD). The functional currency of the parent company Chaarat Gold Holdings Limited is the US Dollar.

The Group has chosen to present its consolidated financial statements in US Dollars (US$), as management believe it is a more comparable presentation currency for international users of consolidated financial statements of the Group as it is a common presentation currency in the mining industry. The translation of the financial statements of the Group entities from their functional currencies to the presentation currency is performed as follows:
- All assets and liabilities are translated at closing exchange rates at each reporting period end date;
- All income and expenses are translated at the average exchange rates for the periods presented, except for significant transactions that are translated at rates on the date of such transactions;
- Resulting exchange differences are recognised in other comprehensive income and presented as movements relating to the effect of translation to the Group's presentation currency within the Translation reserve in equity; and
- In the consolidated statement of cash flows, cash balances at the beginning and end of each reporting period presented are translated using exchange rates prevalent at those respective dates. All cash flows in the period are translated at the average exchange rates for the period presented, except for significant transactions that are translated at rates on the date of the transaction.

The amounts reported are rounded to the nearest thousand, unless overwise stated.

Foreign currency transactions
Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are similarly recognised immediately in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences reattributed to non-controlling interests and are not recognised in the consolidated income statement. For all other partial disposals (i.e. reductions in the Group's ownership interest in associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to the consolidated income statement.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Share-based payments
The Company operates equity-settled share-based remuneration plans for directors and some employees. The Company awards share options to certain Company directors and employees to acquire shares of the Company.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee.

The fair value is appraised at the grant date and excludes the impact of non-market vesting conditions. Fair value of restricted stock units is measured by reference to the share price at the date of grant. Fair value of options is measured by use of the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are ultimately recognised as an expense in the income statement with a corresponding credit to "other reserves".

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if the number of share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options and through settlement of the issue of new shares, the proceeds received net of attributable transaction costs are credited to share capital and, where appropriate, share premium.

After the vesting date, no subsequent adjustments are made to total equity. In the year when the share options lapse the total accumulated charge to the share-based payment reserve is transferred to retained earnings.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions (the "original fair value") and under the modified terms and conditions (the "modified fair value") are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

In certain instances, the Company issues shares to satisfy outstanding financial liabilities. The measurement of these equity-settled share-based payment transactions is outlined below. Shares are also issued to satisfy obligations under warrant agreements whereby the estimated fair value of the warrants issued is measured by use of the Black Scholes model as detailed in Note 27.

The Company operates an Employee Benefit Trust ("the Trust") and has de facto control of the shares held by the Trust and bears their benefits and risks. The Trust is consolidated into the group accounts with a debit to equity for the cost of shares acquired. Administrative expenses are charged as they accrue.

Exchange of financial liabilities for equity
When equity instruments are issued to extinguish all or part of a financial liability, the Group measures them at the fair value of the equity instruments issued, unless that fair value cannot be reliably measured. The difference between the carrying amount of the financial liability (or part of a financial liability) extinguished, and the consideration paid, is recognised in profit or loss. The equity instruments are recognised initially and measured at the date the financial liability (or part of that liability) is extinguished. This does not include transactions with a creditor who is also a direct or indirect shareholder and is acting in its capacity as a direct or indirect shareholder, in accordance with IFRIC 19.

Retirement and Other Benefit Obligations
The Group offers defined contribution pension arrangements in the United Kingdom as well as under the State pension system of the Kyrgyz Republic, which requires current contributions by the employer, calculated as a percentage of current gross salary payments. Such expense is charged in the period the related salaries are earned. The Group does not have any obligations in respect of post-retirement or other significant compensation benefits.

Financial Instruments
Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial assets
All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified as either financial assets at amortised cost, at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL) depending upon the business model for managing the financial assets and the nature of the contractual cash flow characteristics of the financial asset.

Trade receivables without provisional pricing that do not contain provisional price features, loans and other receivables are held to collect the contractual cash flows and therefore are carried at amortised cost adjusted for any loss allowance. The loss allowance is calculated in accordance with the impairment of financial assets policy described below.

Trade receivables arising from sales of copper and zinc concentrates with provisional pricing features are exposed to future movements in market prices and have contractual cash flow characteristics that are not solely payments of principal and interest and are therefore measured at fair value through profit or loss and do not fall under the expected credit losses model (ECL) described below.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade and other receivables and contract assets, except for trade accounts receivable with provisional pricing. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Derivative financial instruments
Derivatives embedded in the Group's sale contracts are accounted for at fair value with gains or losses reported in the statement of comprehensive income. These embedded derivatives are not separated from the sale contracts and therefore any gains or losses are included in the lines of sale of concentrates in the year.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities
The Group's financial liabilities consist of financial liabilities measured subsequently at amortised cost using the effective interest rate method (including trade payables, other loans, and borrowings) and financial liabilities at fair value through profit or loss.

Warrant financial liability
The Group's warrant financial liability relates to warrants to purchase ordinary shares. The warrants are recognised initially at their fair value using the Black-Scholes model and subsequently remeasured at each reporting date with the corresponding fair value gains or losses recognised through profit or loss.

Convertible loan notes
The convertible loan notes are compound financial instruments that can be converted to ordinary shares at the option of the holder.

The liability component of convertible loan notes is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the convertible loan note as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

The modification of a standard loan is considered substantial where a conversion option is added. Upon modification, the original liability is extinguished, new liability and equity components are recognised at the fair values with a difference attributed to profit or loss.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a convertible loan note is not remeasured.

Interest related to the financial liability is recognised in profit and loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised. When conversion option is not exercised, the equity element is transferred to accumulated losses.

Derecognition of financial liabilities
A financial liability is removed from the balance sheet when it is extinguished, being when the obligation is discharged, cancelled, or expired. On extinguishment of a financial liability, any difference between the carrying amount of the liability and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A modification or exchange of a financial liability is either accounted for as an extinguishment of the original financial liability or a renegotiation of the original financial liability. An extinguishment or substantial modification of a financial liability results in de-recognition of the original financial liability and any unamortised transaction costs associated with the original financial liability are immediately expensed to the profit and loss account. Where the change in the terms of the modified financial liability is not substantial, it is accounted for as a modification of the original liability. With the modified financial liability measured at amortised cost using the original effective interest rate when appropriate. Part of the assessment includes consideration whether the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Contingent liability
Contingent liabilities are recognised when the Group has a probable obligation that may arise from an event that has not yet occurred. A contingent liability which is not probable is not recognised in the Group's financial statements however disclosure within the notes to the financial statements will be included unless the possibility of payment is remote.

Notes to the Consolidated Financial Statements
(continued)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Provision for environmental obligations
An obligation to incur environmental restoration, rehabilitation and decommissioning costs arises when disturbance is caused by the development or ongoing production of mining assets. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value using a risk-free rate applicable to the future cash flows, are provided for and capitalised at the start of each project, as soon as the obligation to incur such costs arises. These decommissioning costs are recognised in the consolidated income statement over the life of the operation, through the depreciation of the asset in the cost of sales line and the unwinding of the discount on the provision in the finance costs line.

Changes in the measurement of a liability relating to the decommissioning of plant or other costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and recognised in the consolidated income statement as extraction progresses . If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately as a reduction in the consolidated income statement.

The provision for closure cost obligations is remeasured at the end of each reporting period for changes in estimates and circumstances. Changes in estimates and circumstances include changes in legal or regulatory requirements, increased obligations arising from additional mining and exploration activities, changes to cost estimates and changes in risk free interest rate.

Value Added Tax
Output value added tax (VAT) related to sales generated in Armenia is payable to tax authorities on the delivery of goods and services to customers. The standard rate of VAT on domestic sales of goods and services and the importation of goods is 20%. Input VAT is recoverable against output VAT upon receipt of the VAT invoice. VAT related to sales and purchases is recognised in the statement of financial position on a gross basis and disclosed separately as an asset and liability. The VAT assets and liabilities are short term and will be settled within 12 months and are therefore not discounted.

Under the Kyrgyz Republic Tax Code, the supply and export of metal-containing ores, concentrates, alloys, and refined metals are considered to be a VAT exempt supply and therefore all VAT is expensed as incurred.

Critical accounting judgements and key sources of estimation uncertainty
In the course of preparing the financial statements, management necessarily makes judgements and estimates that can have significant impact on those financial statements. The determination of estimates requires judgements which are based on historical experience, current and expected economic conditions, and all other available information.

Estimated and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the period in which the estimates are revised and in the future periods affected. The judgements involving a higher degree of estimation or complexity are set out below.

Critical accounting judgements
The following are the critical accounting judgements (apart from judgements involving estimation which are dealt with separately below), made in the process of applying the Group's accounting policies during the year that have the most significant effect on the amounts recognized in the financial statements.

Recoverability of exploration and evaluation assets
Exploration and evaluation assets include mineral rights and exploration costs, including geophysical, topographical, geological, and similar types of costs. Exploration and evaluation costs are capitalised if management concludes that future economic benefits are likely to be realised and determines that economically viable extraction operation can be established as a result of exploration activities and internal assessment of mineral resources.

According to IFRS 6 Exploration for and evaluation of mineral resources, the potential indicators of impairment include: management's plans to discontinue the exploration activities, lack of further substantial exploration expenditure planned, expiry of exploration licences in the period or in the nearest future, or existence of other data indicating the expenditure capitalised is not recoverable. At the end of each reporting period, management assesses whether such indicators exist for the exploration and evaluation assets capitalised, which requires significant judgement.

At 31 December 2023, the capitalised costs of the exploration and evaluation assets amounted to US$70.7 million, details of which are set out in Note 12.

The assets relate to the Chaarat Gold Project in the Kyrgyz Republic, which comprises two distinct mineralised zones: Tulkubash and Kyzyltash, which will be developed separately. Both zones are located on a single mining licence and are therefore not capable of being independently sold.

At 31 December 2023, management does not consider there to be any indications of impairment in respect of the assets included in the Chaarat Gold Project CGU. Management has budgeted the costs for further development of these assets however their recoverability is dependent on future funding.

As set out in the Going concern conclusion per Note 2, a material uncertainty exists in relation to the Group's ability to obtain the additional funding needed to develop the Kyrgyz Republic development projects as 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. Should that funding not be available there would be an indication of impairment which could result in a material provision against the carrying value of the related exploration and evaluation assets and assets under construction.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Costs capitalised to exploration and evaluation assets
The costs capitalised to exploration and evaluation assets in 2023 was US$1.6 million (2022: US$2.9 million). Judgement is applied in the determination of the type of costs that are capitalised to exploration and evaluation assets as described in the accounting policy note above. Payroll costs that are directly attributable to exploration and evaluation related activities are capitalised.

Costs capitalised to property, plant and equipment (mining properties)
The costs capitalised to mining properties in 2023 was US$7.9 million (2022: US$12.3 million). Judgement is applied in the determination of the type of costs that are capitalised to mining properties as described in the accounting policy note above.

Functional currency of Kapan
The functional currency of the subsidiary located and operating in Armenia until its disposal by the Group was the Armenian Dram (AMD), as this has been the currency of the primary economic environment in which it operated.

Treatment of royalty expense
Royalties paid in Armenia of US$2.2 million (2022: US$4.5 million) have been included in cost of sales as they have been calculated on the basis of revenue earned from the supply of concentrates. The royalty rate has been calculated on fixed rate plus a variable component based on measure of profitability. The royalty rate has been levied on revenue as a production based component. As the royalty expense is not a charge on profit or loss before tax, management does not consider it to be an income tax expense within the scope of IAS 12 Income Taxes.

Accounting for the concentrate purchase agreement
The Group had a contractual arrangement under which third party ore was received, processed, purchased and sold to the customer.

The Group was deemed principal as opposed to agent as the substance of this arrangement is considered to be an ore purchase agreement such that inventory recognition occurs from that point and the processing fee recoverable is deducted from the cost of the material purchased.

Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Ore reserves
An ore reserve estimate is an estimate of the amount of product that can be economically and legally extracted from the Group's properties. Ore reserve estimates are used by the Group in the calculation of depreciation of mining assets using the units-of-production method; impairment charges and in forecasting the timing of the payment of decommissioning and land restoration costs. Also, for the purpose of impairment review and the assessment of the timing of the payment of decommissioning and land restoration costs, management may take into account mineral resources in addition to ore reserves where there is a high degree of confidence that such resources will be extracted.

In order to calculate ore reserves, estimates and assumptions are required about geological, technical, and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices, discount rates and exchange rates. Estimating the quantity and/or grade of ore reserves requires the size, shape, and depth of ore bodies to be determined by analysing geological data such as the logging and assaying of drill samples. This process may require complex and difficult geological judgements and calculations to interpret the data.

Ore reserve estimates may change from period to period as additional geological data becomes available during the course of operations or if there are changes in any of the aforementioned assumptions. Such changes in estimated reserves may affect the Group's financial results and financial position in a number of ways, including the following:
- Assets' carrying values due to changes in estimated future cash flows;
- Depreciation charged in the consolidated income statement where such charges are determined by using the units-of-production method;
- Provisions for decommissioning and land restoration costs where changes in estimated reserves affect expectations about the timing of the payment of such costs; and
- Carrying value of deferred tax assets and liabilities where changes in estimated reserves affect the carrying value of the relevant assets and liabilities.

Legal claim provisions
As disclosed in Note 28, legal claim provisions totalling US$1.5 million have been recognised as the Group has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the disputes, a reliable estimate can be made of the amount of the obligation however there is uncertainty around the timing of payments to be made.

4. DISPOSAL OF KAPAN

On the 15 August 2023 the Company entered into a binding conditional sale and purchase agreement with Gold Mining Company LLC to sell its 100% owned Armenian subsidiary, Chaarat Kapan, which owns the Kapan mining operation in Armenia.

The consideration for the sale was US$55.4 million which comprised US$5.0 million payable in cash and US$50.4 million being satisfied by the way of the Buyer taking an assignment of intra-group payables due to Chaarat Kapan. No adjustments were to be made to the consideration whether for debt, working capital or other obligations. The sale was conditional upon Chaarat shareholder approval, Ameriabank CJSC agreeing to release its existing security and guarantees from members of the Chaarat group of companies, approval of the Armenian Competition Protection Commission and Buyer shareholder approval.

The sale was completed on 30 September 2023 with the offset agreement signed whereby the consideration of US50.4 million was offset against the intra-group debt. At 30 September 2023, Kapan had net assets totaling US$65.1 million (including the US$50.4 million intercompany receivable).

The Group recognised a loss on disposal of US$4.8 million, calculated as follows:

	2023 US$'000
Cash consideration	5,000
Intra-group debt (assignment)	50,377
Total proceeds	**55,377**
Other intangible assets	1,126
Property, plant & equipment	43,115
Prepayments for non-current assets	1
Deferred tax asset	5,159
Inventories	13,966
Intra-group debt	50,377
Trade and other receivables	9,129
Cash and cash equivalents	87
Total assets	**122,960**
Provision for environmental obligations	(12,980)
Lease liabilities	(937)
Trade and other payables	(28,332)
Contract liabilities	(2,371)
Other loans	(12,567)
Other provisions for liabilities and charges	(708)
Total liabilities	**(57,895)**
Net Assets	**65,065**
Release of foreign currency translation reserve to profit and loss	4,928
Loss on Disposal	**(4,760)**

4. DISPOSAL OF KAPAN (CONTINUED)

The loss for the disposal group were as follows:

	2023 US$'000	2022 US$'000
Revenue	**49,433**	92,346
Cost of sales	**(50,543)**	(82,236)
Selling expenses	**(1,452)**	(2,196)
Administrative expenses	**(3,077)**	(1,411)
Finance income	**1**	28
Finance costs	**(2,416)**	(3,136)
Loss on disposal	**(4,760)**	-
Loss before tax for the period	**(12,813)**	3,396
Income tax credit/(charge)	**531**	(1,721)
(Loss)/profit for the period from discontinued operations	**(12,282)**	1,675

The cash flows from the disposal group were as follows:

	2023 US$'000	2022 US$'000
Operating cash flows	**12,870**	13,338
Investing cash flows	**(5,679)**	(4,940)
Financing cash flows	**(6,914)**	(5,842)
Net change in cash and cash equivalents	**277**	2,556

5. ADMINISTRATIVE EXPENSES

The administrative expenses relating to continuing operations consisted of the following:

	2023 US$'000	Restated 2022 US$'000
Readmission and acquisition costs	**4**	81
Legal and compliance	**27**	71
Regulatory	**257**	280
Investor relations	**257**	241
Salaries	**3,166**	4,250
Corporate support	**1,421**	1,640
Travel and subsistence	**41**	106
Share-based payment charges	**29**	373
Total	**5,202**	7,042

The administrative costs relating to discontinued operations amounted to US$3.1 million (2022: US$1.4 million) as set out in Note 4.

6. SEGMENTAL ANALYSIS

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

Based on the proportion of revenue and profit within the Group's operations and on the differences in principal activities, the Board considers there to be two operating segments:
- Exploration for mineral deposits in the Kyrgyz Republic with support provided from the British Virgin Islands ("Kyrgyz Republic")
- Exploration and production of copper and zinc concentrates at Kapan in Armenia ("Armenia") which have been treated as discontinued activities as explained in Note 4.

6. SEGMENTAL ANALYSIS (CONTINUED)

31 December 2023	**Kyrgyz Republic US$'000**	**Corporate US$'000**	**Continuing Operations US$'000**	**Discontinued Operations US$'000**	**Total US$'000**
Revenue					
Sales to external customers	-	-	-	49,433	49,433
Total segment revenue	**-**	**-**	**-**	**49,433**	**49,433**
Operating (loss)/profit from continuing operations	(1,687)	(3,515)	(5,202)	-	(5,202)
Operating (loss)/profit from discontinued operations	-	-	-	(5,637)	(5,637)
Profit/(loss) on disposal of subsidiary	-	-	-	(4,760)	(4,760)
Finance income	-	-	-	1	1
Finance costs	-	(7,876)	(7,876)	(2,416)	(10,292)
Fair value gain on warrant	-	13	13	-	13
Loss before income tax	**(1,687)**	**(11,378)**	**(13,065)**	**(12,813)**	**(25,877)**
Income tax charge	-	-	-	531	531
Loss after income tax	**(1,687)**	**(11,378)**	**(13,065)**	**(12,282)**	**(25,347)**
Assets					
Segment assets – non-current	83,619	-	83,619	-	83,619
Segment assets - current	251	1,625	1,876	-	1,876
Total assets	**83,869**	**1,625**	**85,495**	**-**	**85,495**
Liabilities					
Segment liabilities	2,045	38,543	40,588	-	40,588
Total liabilities	**2,045**	**38,543**	**40,588**	**-**	**40,588**

31 December 2022	Kyrgyz Republic US$'000	Corporate US$'000	Continuing Operations US$'000	Discontinued Operations US$'000	Total US$'000
Revenue					
Sales to external customers	-	-	-	92,346	92,346
Total segment revenue	-	-	-	92,346	92,346
Operating loss from continuing operations	(2,034)	(5,008)	(7,042)	-	(7,042)
Operating loss from discontinued operations	-	-	-	6,504	6,504
Finance income	-	-	-	28	28
Finance costs	-	(3,578)	(3,578)	(3,136)	(6,714)
Fair value gain on warrant	-	367	367	-	367
(Loss)/profit before income tax	(2,034)	(8,219)	(10,252)	3,396	(6,856)
Income tax charge	-	-	-	(1,721)	(1,721)
(Loss)/profit after income tax	(2,034)	(8,219)	(10,252)	1,675	(8,577)
Assets					
Segment assets – non-current	82,399	-	82,399	48,306	130,705
Segment assets - current	215	484	699	26,791	27,490
Total assets	82,614	484	83,098	75,097	158,195
Liabilities					
Segment liabilities	2,369	29,838	32,207	53,380	85,587
Total liabilities	2,369	29,838	32,207	53,380	85,587

	2023	Restated 2022
Revenues		
Total revenue for reportable segments	**49,433**	92,346
Elimination of discontinued operations	**(49,433)**	(92,346)
Consolidated revenue	**-**	-
Total profit/(loss) before tax for reportable segments	**(25,877)**	(6,856)
Elimination of discontinued operations	**12,813**	(3,396)
Consolidated loss before tax from continuing operations	**(13,065)**	(10,252)

7. STAFF NUMBERS AND COSTS

	2023 Number	2022 Number
Management and administration	**123**	135
Exploration and evaluation	**11**	50
Production and service	**944**	947
Total	**1,078**	1,132

The aggregate payroll costs of these persons were as follows:	US$'000	US$'000
Staff wages and salaries	**13,587**	19,310
Employee share-based payment charges	**18**	-
Directors' remuneration as detailed in the Remuneration Report		
Wages and salaries	**846**	1,202
Termination benefits	**-**	-
Share-based payment charges	**12**	373
Total	**14,463**	20,886

The staff numbers and staff wages and salaries above include 930 (2022: 933) and US$10.4 million (2022: US$14.6 million) respectively relating to Chaarat Kapan which has been treated as discontinued activities.

8. DIRECTORS' REMUNERATION

The costs of certain Directors' services were charged to the Company via consultancy companies, as separately detailed below and in the related party transactions Note 29, rather than directly as short-term employment costs. These arrangements are in place purely for administrative convenience and are not methods to mitigate, reduce or remove liabilities to taxation in the respective Director's country of residence. Details of Directors' remuneration are provided in the Remuneration Report.

Total remuneration	2023 US$'000	2022 US$'000
Salary and fees paid directly	**796**	1,152
Salary and fees paid via related party consultancy companies	**50**	50
Termination benefits	**-**	-
Share-based payment charges	**12**	373
Total	**858**	1,575

The share-based payment charge in 2023 relates to the fair value charge attributed to share options issued to the Board on 20 December 2023 which vest in two equal tranches on the first and second anniversaries of the grant date.

The share-based payment charge in 2022 relates to the fair value charge attributed to share options issued to the Chief Executive Officer which vested immediately in January 2022.

9. FINANCE COSTS

Finance costs relating to continuing operations were as follows:

		2023 US$'000	Restated 2022 US$'000
Interest on convertible loan notes	22	**4,496**	3,899
Interest on other loans	26	**430**	-
Financing costs – Labro working capital facility		**250**	-
Financing costs	22	**2,700**	(321)
Total		**7,876**	3,578

The finance costs relating to discontinued operations amounted to US$2.4 million (2022: US$3.1 million) as set out in Note 4.

The interest on other loans of US$0.4 million includes interest on corporate working capital facility of US$0.4 million.

Financing costs of US$0.3 million relate to a 5% commitment fee for the Labro working capital facility satisfied by the issue of 4,000,000 new ordinary shares of US$0.01 each in the Company. The shares were issued at £0.05 per share at USD/GBP 1.25

The financing costs of US$2.7 million, non-cash, relates to non-substantial modification of the convertible loan notes as disclosed in Note 22 (2022: US$0.3 million non cash credit).

Notes to the Consolidated Financial Statements
(continued)

10. TAXATION

The Group is not subject to corporate tax in the British Virgin Islands. Companies engaged in the production and sale of gold in the Kyrgyz Republic pay a revenue-based tax on the sales of gold rather than tax on profit. Accordingly, the Group has an effective rate of tax on profit of 0% in these jurisdictions. In the remaining jurisdictions in which the Group operates, being Armenia, Cyprus and the United Kingdom, profits are subject to corporate income tax at a rate of 18%, 12.5% and 19%, respectively.

Within Armenia, the rate of corporate income tax is 18% for resident companies (with a worldwide tax base) for 2023. The tax period of corporate income tax is one calendar year (1 January – 31 December). Advance payments of corporate income tax are required to be made quarterly by the 20th day of the third month of each quarter. The advance payment is equal to 20% of the corporate income tax reported in the previous tax year. The balance of tax due must be paid by 20 April of the year following the reporting year. Corporate income tax is determined based on rules and principles of accounting defined by the law or other legal acts.

Within the Kyrgyz Republic, a fixed royalty is payable on the sale of gold. In 2023, the fixed royalty percentage remained at 8%, comprising a royalty of 5% and a contribution to local infrastructure of 3% (2022: 8%, 5% and 3%). However, due to the Stabilisation Agreement that was signed in 2019 which entitled the Company's local subsidiary, Chaarat Zaav, to benefit from any future changes in direct taxes during the 10 years from the date of the agreement, the fixed royalty percentage is capped at 7%. A further percentage rate of tax is based on the average monthly international gold price, being 1% if the gold price is below US$1,300 per ounce and up to 20% when the gold price exceeds US$2,501 per ounce. The maximum royalty payable when the gold price is above US$2,501 per ounce is therefore 27%. However, as the Group's assets in the Kyrgyz Republic are at an exploration stage, the Group has no royalty payable in respect of these assets for the years ended 31 December 2023 or 31 December 2022.

Further, under the Article 301 of the Tax Code of the Kyrgyz Republic, an entity is subject to a taxation in payment of the right to use subsoil, including for the purpose of developing a mineral deposit. The tax base for calculating this is the amount of geological reserves and forecast resources taken into account by the State Balance of deposits of mineral resources of the Kyrgyz Republic.

At the balance sheet date, the Group has received no tax claims and the Directors believe that the Group is in compliance with the tax laws affecting its operations and therefore there are no further uncertain tax positions which require disclosure in accordance with IFRIC 23.

Analysis of tax charge for the year		**2023 US$'000**	2022 US$'000
Armenian tax		**(500)**	947
Current tax		**(500)**	947
Origination and reversal of temporary differences		**(31)**	774
Deferred tax	15	**(31)**	774
Income tax (credit)/expense		**(531)**	1,721

The income tax credit relating to discontinued operations amounted to US$0.5 million (2022: US$1.7 million expense) as set out in Note 4.

Reconciliation of tax charge for the year	**2023 US$'000**	2022 US$'000
Profit/(loss) before tax	**(25,878)**	(6,856)
Tax calculated at applicable corporation tax rate:		
Armenian corporation tax at 18% (2022:18%)	**4,658**	1,234
Tax effects of:		
Items non-deductible/(non-taxable) for tax purposes	**(919)**	(1,110)
Different tax rates applied in overseas jurisdictions	**(6,172)**	(1,539)
Current tax losses not recognised	**2,964**	(306)
Income tax credit/(expense)	**531**	(1,721)

Tax losses	**2023 US$'000**	2022 US$'000
Unused tax losses for which no deferred tax asset has been recognized		
United Kingdom	**198**	201
Tax benefit at 25%	**49**	50

Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which unused tax losses and unused tax credits can be utilised.

11. LOSS PER SHARE

Loss per share is calculated by reference to the loss for the year of US$25.3 million (2022: loss of US$8.6 million) and the weighted average number of ordinary shares in issue during the year of 691,497,899 (2022: 689,655,467).

Loss per share from continuing operations is calculated by reference to the loss for the year from continuing operations of US$13.1 million (2022: loss of US$10.3 million) and the weighted average number of ordinary shares in issue during the year of 691,497,899 (2022: 689,655,467).

Loss per share from discontinued operations is calculated by reference to the loss for the year from discontinued operations of US$12.2 million (2022: profit of US$1.7 million) and the weighted average number of ordinary shares in issue during the year of 691,497,899 (2022: 689,655,467).

At 31 December 2023, nil (2022: 8,920,341) warrants, 37,852,880 (2022: 44,170,931) 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.

12. EXPLORATION AND EVALUATION COSTS

	Tulkubash US$'000	Kyzyltash US$'000	Total US$'000
At 1 January 2022	56,204	10,101	66,305
Additions	2,592	285	2,877
At 31 December 2022	**58,796**	**10,386**	**69,182**
Additions	1,539	12	1,551
At 31 December 2023	**60,335**	**10,398**	**70,733**

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 disclosed in Note 3. As at 31 December 2023, management does not consider there to be any impairment in respect of these assets.

13. INTANGIBLE ASSETS

	Computer Software US$'000	Other intangible assets US$'000	Total US$'000
Cost			
At 1 January 2022	1,741	307	2,048
Additions	67	-	67
Effect of translation to presentation currency	348	66	414
At 31 December 2022	**2,156**	**374**	**2,530**
Additions	72	-	72
Disposal of subsidiary	(2,061)	(379)	(2,440)
Effect of translation to presentation currency	25	5	30
At 31 December 2023	**192**	**-**	**192**
Accumulated amortisation			
At 1 January 2022	782	53	835
Charge for the year	221	31	252
Effect of translation to presentation currency	169	14	183
At 31 December 2022	**1,172**	**98**	**1,270**
Charge for the year	143	24	167
Disposal of subsidiary	(1,175)	(138)	(1,314)
Effect of translation to presentation currency	(2)	16	14
At 31 December 2023	**138**	**-**	**138**
Net book value			
At 31 December 2023	**54**	**-**	**54**
At 31 December 2022	984	276	1,260
At 1 January 2022	959	254	1,213

14. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings US$'000	Mining properties US$'000	Fixtures and fittings US$'000	Motor vehicles US$'000	Assets under construction US$'000	Right-of-use Assets US$'000	Total US$'000
Cost							
At 1 January 2022	**9,376**	**42,703**	**1,587**	**667**	**9,872**	**1,938**	**66,143**
Additions	122	8,354	-	200	2,960	674	12,310
Transfers	-	(84)	-	107	(23)	-	-
Changes in estimates of provision for environmental obligations	-	(1,120)	-	-	-	-	(1,120)
Disposals	-	(56)	(34)	(19)	-	(1,011)	(1,120)
Reclassification from inventories	-	-	-	-	-	-	-
Reclassification from exploration and evaluation asset	-	-	-	-	-	-	-
Effect of translation to presentation currency	911	9,758	282	62	573	391	11,977
At 31 December 2022	**10,409**	**59,555**	**1,835**	**1,017**	**13,382**	**1,992**	**88,190**
Additions	-	5,963	26	-	1,859	-	7,848
Transfers	(137)	4	137	-	(4)	-	-
Changes in estimates of provision for environmental obligations	-	509	-	-	-	-	509
Disposals	-	(92)	(7)	-	-	-	(98)
Effect of translation to presentation currency	4	(52)	(1)	-	(19)	2	(68)
Disposal of subsidiary	(4,983)	(64,190)	(1,715)	(403)	(5,697)	(1,994)	(78,980)
At 31 December 2023	**5,294**	**1,699**	**274**	**615**	**9,522**	**-**	**17,402**
Accumulated depreciation							
At 1 January 2022	**3,144**	**12,963**	**1,090**	**463**	**-**	**1,177**	**18,837**
Charge for the year	873	8,561	476	149	-	711	10,770
Disposals	-	(53)	(30)	(19)	-	(1,011)	(1,113)
Effect of translation to presentation currency	370	3,423	229	46	-	227	4,295
At 31 December 2022	**4,387**	**24,894**	**1,765**	**639**	**-**	**1,104**	**32,789**
Charge for the year	522	6,732	307	130	-	116	7,808
Disposals	-	(81)	(6)	-	-	-	(87)
Effect of translation to presentation currency	(1)	20	(93)	(1)	-	(2)	(76)
Disposal of subsidiary	(2,506)	(30,067)	(1,715)	(359)	-	(1,218)	(35,865)
At 31 December 2023	**2,402**	**1,500**	**258**	**408**	**-**	**-**	**4,568**
Net book value							
At 31 December 2023	**2,892**	**199**	**16**	**206**	**9,522**	**-**	**12,832**
At 31 December 2022	6,022	34,661	70	378	13,382	888	55,401
At 1 January 2022	6,232	29,740	497	204	9,872	761	47,306

As at 31 December 2023, management does not consider there to be any indicators of impairment in respect of the Group's property, plant and equipment.

15. DEFERRED TAX

Deferred tax assets have been recognised as a result of temporary differences where the directors believe it is probable that these assets will be recovered. The Group's deferred tax asset related to the Kapan mine in Armenia. Recoverability of the recognised deferred tax asset were considered more likely than not based upon expectations of future taxable income in Armenia until its disposal by the Group. The Group's estimate of future taxable income is based on established proven and probable reserves which can be economically developed. No deferred tax has been recognized in respect of the Group's operations in the Kyrgyz Republic. As disclosed in Note 10, unused tax losses for which no deferred tax asset has been recognised amounts to US$0.2 million (2022: US$0.2 million).

The movement in net deferred tax assets during the year is as follows:

	2023 US$'000	2022 US$'000
At 1 January	**4,489**	4,381
Charged to the income statement	**31**	(774)
Effect of currency translation	**639**	882
Disposal of subsidiary	**(5,159)**	-
At 31 December	**-**	4,489
Comprising:		
Deferred tax assets	**-**	4,489
Deferred tax liabilities	**-**	-

Movements in temporary differences during the years ended 31 December are presented as follows:

2023	**At 1 January US$'000**	**Charged to the income statement US$'000**	**Disposal of Subsidiary US$'000**	**Effect of currency translation US$'000**	**Total US$'000**
Property, plant and equipment	3,012	(171)	(3,243)	402	-
Trade and other receivables	16	119	(155)	20	-
Inventories	955	(17)	(1,070)	132	-
Other provisions	128	-	(145)	17	-
Trade and other payables	191	119	(354)	44	-
Lease liabilities	187	(19)	(192)	24	-
Total	**4,489**	**31**	**(5,159)**	**639**	**-**

2022	At 1 January US$'000	Charged to the income statement US$'000	Effect of currency translation US$'000	Total US$'000
Property, plant and equipment	4,175	(1,018)	(145)	3,012
Trade and other receivables	177	(181)	20	16
Inventories	(190)	281	864	955
Other provisions	54	56	18	128
Trade and other payables	54	113	24	191
Lease liabilities	111	(25)	101	187
Total	4,381	(774)	882	4,489

16. INVENTORIES

Inventories represent goods held for sale in the ordinary course of business (copper and zinc concentrate), ore being processed into a saleable condition (ore stockpiles) and consumables and spares to be used in the production process.

	2023 US$'000	2022 US$'000
Consumables and spare parts	**-**	10,802
Copper and zinc concentrate in stock	**-**	683
Copper and zinc concentrate in transit	**-**	1,056
Ore stockpiles extracted	**-**	3,667
At 31 December	**-**	16,208

17. TRADE AND OTHER RECEIVABLES

	2023 US$'000	2022 US$'000
Trade receivables	**1**	6,654
Other receivables	**15**	984
Prepayments	**175**	3,118
Less: expected credit losses	**-**	(90)
At 31 December	**191**	10,666

The movement in the loss allowance for expected credit losses is detailed below:

	2023 US$'000	2022 US$'000
At 1 January	**90**	1
Movement during the year	**(92)**	(242)
Effect of currency translation	**2**	331
At 31 December	**-**	90

18. CASH AND CASH EQUIVALENTS

	2023 US$'000	2022 US$'000
Cash on hand	**3**	1
Current accounts in UK	**1,539**	378
Current accounts in the Kyrgyz Republic	**143**	138
Current accounts in Armenia	**-**	99
At 31 December	**1,685**	616

There are no amounts of cash and cash equivalents which are not available for use by the Group. All amounts held in current accounts can be drawn on demand if required.

19. CAPITAL AND RESERVES

The share capital of the Company consists of shares of US$0.01 par value of a single class. All shares have equal rights to receive dividends or capital repayments and all shares represent one vote at meetings of shareholders of the Company.

19(a) Capital management policies and procedures
The Group's objectives for the management of capital have not changed in the year. The Directors seek to ensure that the Group will continue to operate as a going concern in order to pursue the development of its mineral properties, to sustain future development and growth as well as to maintain a flexible capital structure which optimises the cost of capital at an acceptable risk. The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue shares, seek debt financing, or acquire or dispose of assets. The Company, following approval from the Board of Directors, will make changes to its capital structure as deemed appropriate under specific circumstances.

The Group considers equity to be all components included in shareholders' funds and net debt to be short and long-term borrowings including convertible loan notes less cash and cash equivalents. The Group's net debt to equity ratio at 31 December was as follows:

	2023 US$'000	2022 US$'000
Total Equity	**44,907**	72,608
Convertible loan notes	**36,399**	29,203
Other loans	**1,162**	17,806
Contract liabilities	**-**	3,720
Lease liabilities	**-**	1,186
Warrant financial liability	**-**	13
Less: cash and cash equivalents	**(1,685)**	(616)
Net debt	**35,876**	51,312
Net debt to equity ratio	**80%**	71%

The convertible loan notes, as disclosed in Note 22, respectively, do not have covenants attached to them. As the convertible loan notes are repayable within the next 12 months, they have been disclosed as a current liability as at 31 December 2023.

19. CAPITAL AND RESERVES (CONTINUED)

19(b) Share capital

Ordinary shares of US$0.01 each	2023 Number of shares ('000)	2023 Nominal value US$'000	2022 Number of shares ('000)	2022 Nominal value US$'000
Authorised	**1,395,167**	**13,952**	1,395,167	13,952
Issued and fully paid				
At 1 January	**689,667**	**6,897**	689,411	6,894
Issued for cash	**21,055**	**211**	9	-
Issued to settle liabilities	**17,333**	**173**	247	3
At 31 December	**728,056**	**7,281**	**689,667**	**6,897**

The share capital of the Company consists of ordinary shares of a single class. All shares have equal rights to receive dividends or capital repayments and all shares represent one vote at meetings of the Company.

Issue of shares in the year
On 11 October 2023, the Company entered into a new US$5 million secured working capital facility arrangement with Labro Investments Limited. The facility incurs interest at 12% per annum and must be repaid no later than 31 July 2024. A 5% commitment fee was satisfied by the issued of 4,000,000 ordinary shares of US$0.01 of the Company to Labro. These shares were issued at £0.0505 per share.

On 21 December 2023, the Company issued 21,054,761 Ordinary shares at £0.0525 per share for gross proceeds of £1.1 million. In addition to this, 13,333,333 Ordinary shares at £0.0525 per share were issued to Labro Investments Limited. Labro's obligation to deliver cash in respect of these shares was offset against the Company's indebtedness under the Labro working capital facility with the consequence that the Company's obligations under the Labro working capital facility decreased by US$0.9 million to US$1.1 million, as disclosed in Note 26. The placing was undertaken to fund the necessary costs required to be incurred as to complete the financing of the Tulkubash Gold Project and provide general working capital.

Trust
On 7 October 2019, the Group established the Chaarat Gold Holdings Limited Employee Benefit Trust in order to acquire and hold sufficient shares to satisfy the awards under the new Plan. The Company has control over the Trust and therefore the results of the Trust were consolidated within these financial statements. During the year, expenses of US$0.04 million were incurred by the Trust (2022: US$0.07 million). At 31 December 2023, the Trust held 1,070,295 shares (2022: 1,070,295 shares).

19(c) Share options and share-based payments

Share options
The Group operates a share option plan under which directors, employees, consultants, and advisers have been granted options to subscribe for ordinary shares. All options are share settled. The number and weighted average exercise price of share options are as follows:

	2023 Number of options	2023 Weighted average exercise price (US$)	2022 Number of options	2022 Weighted average exercise price (US$)
Outstanding at 1 January	**44,170,930**	**0.508**	49,692,252	0.567
Exercised during the year	**-**	**-**	-	-
Granted during the year	**29,000,000**	**0.220**	5,000,000	0.574
Cancelled during the year	**(20,449,894)**	**0.390**	-	-
Lapsed during the year	**(14,868,156)**	**0.390**	(10,521,322)	0.519
Outstanding at 31 December	**37,852,880**	**0.278**	44,170,930	0.508
Exercisable at 31 December	**8,852,880**	**0.465**	44,170,930	0.508

The share options outstanding at 31 December 2023 had a weighted average remaining contractual life of 3.8 years (2022: 1.6 years). Maximum term of the options granted was 5 years from the grant date. The share options outstanding at 31 December 2023 had an exercise price of £0.23 (2022: £0.42).

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This estimate is based on a Black-Scholes model which is considered most appropriate considering the effects of the vesting conditions and expected exercise period.

19. CAPITAL AND RESERVES (CONTINUED)

19(c) Share options and share-based payments (continued)
The total number of options over ordinary shares outstanding at 31 December 2023 was as follows:

Exercise period	Number	Exercise price
18 September 2019 to 12 February 2024*	592,751	£0.42
18 September 2019 to 19 February 2024*	1,778,252	£0.42
18 September 2019 to 28 February 2024*	592,751	£0.42
18 September 2019 to 28 March 2024*	5,000,000	£0.42
18 September 2019 to 5 April 2024*	889,126	£0.42
12 October 2024 to 12 October 2028	2,500,000	£0.05
20 December 2024 to 20 December 2028	11,250,000	£0.20
12 October 2025 to 12 October 2028	2,500,000	£0.05
12 October 2025 to 12 October 2028	1,500,000	£0.20
20 December 2025 to 20 December 2028	11,250,000	£0.20
Total	**37,852,880**	**£0.23**

* Options lapsed post year end.

Management Incentive Plan
All options granted under the Management Incentive Plan prior to 1 January 2023 have either lapsed prior to 31 December 2023 or between this year-end date and the date of this report, or were cancelled during 2023.

On 12 October 2023, 6,500,000 share options were granted to the Company's Chief Financial Officer. The share options were granted in three tranches. Tranche 1 included 2,500,000 share options exercisable at £0.05 per share which vest one year after the grant date. Tranche 2 included 2,500,000 share options exercisable at £0.05 per share which vest two years after the grant date. Tranche 3 included 1,500,000 share options exercisable at £0.20 per share which vest two years after the grant date.

On 20 December 2023, the Company cancelled, with mutual agreement and immediate effect, 20,449,894 options over Ordinary Shares (the "Historic Options") which had previously been issued to the Executive Chairman and to Non-Executive Directors. On the same date, the Company granted a total of 22,500,000 options over Ordinary Shares, a portion of which are to replace the Historic Options alongside the grant of options to a new holder. The share options are exercisable at £0.20 per share and vest in two equal tranches on the first and second anniversaries of the grant date.

During the year 14,868,157 share options lapsed due to employees leaving the Company during the year.

A further 8,852,880 share options lapsed between the year-end date and the date of this report.

19(d) Convertible loan note reserve
The convertible loan note reserve represents the equity component of convertible loan notes issued by the Company. Refer to Note 22 for further information.

	2023 **US$'000**	2022 US$'000
At 1 January	**1,420**	1,420
Modification of convertible loan notes	**-**	-
At 31 December	**1,420**	1,420

19(e) Own shares reserve
The own shares reserve represents the nominal value of equity shares that have been repurchased by the Company.
The movement in the reserve is as follows:

	2023 **US$'000**	2022 US$'000
At 1 January	**(104)**	(132)
Transfer of treasury shares	**6**	28
At 31 December	**(98)**	(104)

20. PROVISION FOR ENVIRONMENTAL OBLIGATIONS

The provision for environmental obligations related to the Kapan mine in Armenia which as explained in Note 4 was disposed of by the Group on 30 September 2023. According to Armenian legislation and licence agreements, the Group was committed to restoring working areas on the mine, including decommissioning of plant and securing of the tailings dam. Movements in the provision are as follows:

	2023 US$'000	2022 US$'000
At 1 January	**11,707**	10,521
Change in provision	**291**	(2,313)
Unwinding of discount	**992**	1,291
Effect of currency translation	**(10)**	2,208
Disposal of subsidiary	**(12,980)**	-
At 31 December	**-**	11,707

Further details relating to the calculation of the balance as at 31 December 2022 are as follows:

	31/12/2022
Discount rates	**11.98%**
Provision settlement date	**31/12/2028**
Estimated undiscounted cash flow required to settle the provision	**US$14.1 million**

21. RECONCILIATION OF LIABILITIES

Liabilities from financing activities	**Convertible loans US$'000**	**Lease liabilities US$'000**	**Other loans US$'000**	**Total US$'000**
At 1 January 2022	**25,625**	**978**	**21,328**	**47,931**
Cash flows:				
Cash proceeds	-	-	-	-
Payment of interest	-	-	-	-
Payment of principal amount	-	-	-	-
Lease payments	-	-	-	-
Financing cash flows from continuing operations	-	-	-	-
Financing cash flows from discontinued operations	-	(709)	(5,133)	(5,842)
Net proceeds	**-**	**(709)**	**(5,133)**	**(5,842)**
Non-cash items:				
Additions	-	578	-	578
Loan modification	(321)	-	-	(321)
Lease modification	-	124	-	124
Interest accrued	3,899	123	1,605	5,627
Reversal of lease payable	-	(123)	-	(123)
Effect of currency translation	-	215	7	222
Total liabilities from financing activities at 31 December 2022	**29,203**	**1,185**	**17,806**	**48,195**
Non-current	**-**	**885**	**-**	**885**
Current	**29,203**	**300**	**17,806**	**47,309**
Cash flows:				
Cash proceeds	-	-	5,982	5,982
Payment of interest	-	-	(386)	(386)
Payment of principal amount	-	-	(3,982)	(3,982)
Financing cash flows from continuing operations	-	-	1,614	1,614
Financing cash flows from discontinued operations	-	(336)	(6,578)	(6,914)
Net proceeds	**-**	**(336)**	**(4,963)**	**(5,299)**
Non-cash items:				
Loan modification	2,700	-	-	2,700
Interest accrued	4,496	84	1,769	6,349
Converted to equity	-	-	(882)	(882)
Effect of currency translation	-	4	-	4
Disposal of subsidiary	-	(937)	(12,567)	(13,504)
Total liabilities from financing activities at 31 December 2023	**36,399**	**-**	**1,162**	**37,561**
Non-current	**-**	**-**	**-**	**-**
Current	**36,399**	**-**	**1,162**	**37,561**

22. CONVERTIBLE LOAN NOTES

During 2023 no new convertible loan notes were issued, however the maturity date was extended on two occasions. The convertible loan notes were firstly extended by 3 months from 31 July 2023 to 31 October 2023. The convertible loan notes were then extended by 9 months from 31 October 2023 to 31 July 2024. The conversion price of the notes remained at £0.30 per share. The only other transaction during the year was accrued interest of US$4.5 million (2022: US$3.9 million).

Notes	US$'000
At 31 December 2021	**25,625**
Cash proceeds	-
Transaction costs	-
Net proceeds	-
Loan modification	(321)
Accrued interest	3,899
At 31 December 2022	**29,203**
Cash proceeds	-
Transaction costs	-
Net proceeds	-
Loan modification	2,700
Accrued interest	4,496
At 31 December 2023	**36,399**

At 1 January 2022, the convertible loan notes accrued interest at 12% p.a. and had a conversion price of £0.30 per share, with a maturity date of 31 October 2022. In October 2022, the maturity date of the conversion loan notes was extended by a further 9 months to 31 July 2023 and accrued interest of US$9.2 million was capitalised as at 31 October 2022, which increased the principal value of the notes to US$28.9 million. The extension was treated as a non substantial modification for accounting purposes. The coupon interest rate remains at 12% p.a. Further, a one off restructuring fee equal to 1% of the original principal amount of the notes became payable to the holders at this date.

In August 2023, the maturity date of the conversion loan notes was extended by 3 months from 31 July 2023 to 31 October 2023. Accrued interest and the restructuring fee was capitalised as at 31 July 2023, which increased the principal value of the notes to US$31.7 million. The extension was treated as a non substantial modification for accounting purposes. The coupon interest rate increased from 12% p.a to 20% p.a. Further, a one off restructuring fee equal to 5% of the original principal amount of the notes became payable to the holders at this date.

In October 2023, the maturity date of the conversion loan notes was extended by a further 9 months from 31 October 2023 to 31 July 2024. Accrued interest and the restructuring fee was capitalised as at 31 October 2023, which increased the principal value of the notes to US$34.3 million. The extension was treated as a non substantial modification for accounting purposes. There were no additional restructuring fees and the coupon interest rate remains at 20% p.a.

As the notes fall due in July 2024, they have been classified as current liabilities at 31 December 2023.

23. CONTRACT LIABILITIES

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

	2023 US$'000	2022 US$'000
At 1 January	**3,720**	2,379
Cash received in advance of performance	**-**	3,000
Interest on contract liabilities	**-**	117
Settlement of interest against receivables	**(171)**	(50)
Amounts offset against revenue during the year	**(1,000)**	(2,026)
Effect of currency translation	**(178)**	300
Disposal of subsidiary	**(2,371)**	-
At 31 December	**-**	3,720
Non-current	**-**	-
Current	**-**	3,720

The contract liabilities balance related to prepayments received from one of Chaarat Kapan's customers for the future sale of concentrates. The prepayments accrued interest at a rate defined in the sales contract of 6-month SOFR plus 5% p.a. and were subject to settlement by way of deduction against future outstanding invoices. The contract liabilities were transferred out of the Group as part of the disposal of Chaarat Kapan which was completed on 30 September 2023.

24. TRADE AND OTHER PAYABLES

Trade and other payables at 31 December consisted of the following:

	2023 US$'000	2022 US$'000
Trade payables	**95**	16,541
Social security and employee taxes	**701**	2,305
Accruals	**754**	868
As at 31 December	**1,550**	19,714

Trade and other payables are all unsecured.

Accruals include an amount of US$200,000 relating to a provision for potential employee costs in respect of former Chaarat Kapan management in connection with the disposal of that subsidiary which are expected to be met by the Group in 2024.

25. LEASES

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 was leased in Armenia by Chaarat Kapan whose sale was completed on 30 September 2023. 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 year are presented below:

Right-of-use assets	**Land US$'000**	**Equipment US$'000**	**Total US$'000**
At 1 January 2022	760	3	763
Additions	-	578	578
Lease modification	97	-	97
Depreciation charge	(132)	(579)	(711)
Effect of translation to presentation currency	165	(2)	163
At 31 December 2022	**890**	**-**	**890**

	Land US$'000	**Equipment US$'000**	**Total US$'000**
At 1 January 2023	890	-	890
Depreciation charge	(116)	-	(116)
Effect of translation to presentation currency	1	-	1
Disposal of subsidiary	(775)	-	(775)
At 31 December 2023	**-**	**-**	**-**

Lease liabilities	**Land US$'000**	**Equipment US$'000**	**Total US$'000**
At 1 January 2022	839	139	978
Additions	-	578	578
Interest expense	86	36	122
Lease payments	(217)	(491)	(708)
Reversal of lease payable	-	(123)	(123)
Lease modification	124	-	124
Effect of translation to presentation currency	184	30	214
At 31 December 2022	**1,016**	**169**	**1,185**

	Land US$'000	**Equipment US$'000**	**Total US$'000**
At 1 January 2023	1,016	169	1,185
Additions	-	-	-
Interest expense	84	-	84
Lease payments	(165)	(171)	(336)
Reversal of lease payable	-	-	-
Lease modification	-	-	-
Effect of translation to presentation currency	2	2	4
Disposal of subsidiary	(937)	-	(937)
At 31 December 2023	**-**	**-**	**-**

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 31 December and the contractual maturity date.

25. LEASES (CONTINUED)

	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 31 December 2023 US$'000
Land leases	-	-	-	-	-
Equipment leases	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	-

	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 31 December 2022 US$'000
Land leases	120	121	935	230	1,405
Equipment leases	169	-	-	-	169
Total	289	121	935	230	1,574

As at 31 December 2023, the gross contractual discounted cash flows due on the Group's lease liabilities amounts to US$nil million (2022: US$1.2 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.

26. OTHER LOANS

Other loans at 31 December 2023 consisted of the following:

	Kapan Refinanced Borrowings US$'000	Kapan Acquisition Financing US$'000	Kapan WC Facility US$'000	Corporate WC Facility US$'000	Labro WC Facility US$'000	Other Borrowings US$'000	Total US$'000
At 1 January 2023	-	9,642	6,108	-	-	2,056	17,806
Borrowing attracted in cash	-	-	-	3,982	2,000	-	5,982
Interest accrued	240	599	396	386	44	104	1,769
Payment of interest in cash	(174)	(744)	(504)	(386)	-	(111)	(1,918)
Payment of principal amount in cash	(501)	(2,500)	-	(3,982)	-	(2,045)	(9,028)
Refinancing of Kapan facilities	13,000	(7,000)	(6,000)	-	-	-	-
Payment of principal amount in shares	-	-	-	-	(882)	-	(882)
Effect of currency translation	2	3	-	-	-	(4)	1
Disposal of subsidiary	(12,567)	-	-	-	-	-	(12,567)
At 31 December 2023	**-**	**-**	**-**	**-**	**1,162**	**-**	**1,162**
Non-current	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Current	**-**	**-**	**-**	**-**	**1,162**	**-**	**1,162**

Kapan Borrowings
At 1 January 2023, Chaarat Kapan had the following facilities:

- An acquisition loan with Ameriabank CJSC originally entered into in 2019 of which US$9.6 million was outstanding at the beginning of the year. This loan incurred interest at LIBOR plus 8% with a final maturity date of 2 October 2023.

- Two working capital facilities with Ameriabank CJSC entered into during 2022 totalling US$6.0 million plus accrued interest at the start of 2023 of US$0.1 million. This included a line of credit agreement with a maximum limit of US$4.0 million on August 12, 2022. The loan incurred interest at an annual floating interest rate of 11% and was repayable through quarterly instalments starting from January 20, 2023. An additional loan agreement was entered on November 11, 2022 for US$2.0 million. The loan interest rate was 12.5% per annum and the principal was repayable through two equal instalments on July 17, 2023 and October 2, 2023.

During H1 2023, the Group reduced the principal outstanding on the Kapan acquisition loan and the Kapan working capital facilities by US$2.5 million, reducing the balance to US$13.0 million outstanding. The loans from Ameriabank, which included both the remaining portion of the acquisition loan and the working capital facilities, were successfully refinanced in August 2023. The US$13.0 million loan principal had its repayment schedule extended from H2 2023 to H2 2025 with terms remaining materially the same.

As a result of the disposal of Chaarat Kapan on 30 September 2023, the loans were transferred out of the Group with all guarantees and security released by Ameriabank.

26. OTHER LOANS (CONTINUED)

Corporate WC Facility

The Company entered into four loan agreements with a short-term loan provider in 2023 for a working capital facility totalling US$4.0 million in principal. The loans incurred interest at rates of 10-12%. Total principal, interest and fees were repaid in October 2023 totalling US$4.4 million.

Labro WC Facility

On 11 October 2023, the Company entered into a new US$5.0 million secured working capital facility arrangement with Labro Investments Limited. The facility incurs interest at 12% per annum and must be repaid no later than 31 July 2024. A 5% commitment fee was satisfied by the issued of 4,000,000 ordinary shares of US$0.01 of the Company to Labro. These shares were issued at £0.05 per share. The Company drew down US$2.0 million of the facility in the year. Labro agreed to convert US$0.9 million of the working capital facility to equity in the Company's raise in December 2023 against the Company's indebtedness under the Labro working capital facility with the consequence that the Company's obligations under the Labro working capital facility decreased by US$0.9 million to US$1.1 million, as disclosed in Note 26.

Other borrowings

Other borrowings included an amount owing to one of Chaarat Kapan's customers in respect of prepayments for the future sale of concentrates. The prepayments accrued 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 could be requested upon notice and therefore were repayable on demand. These borrowings were transferred out of the Group as a result of the disposal of Chaarat Kapan on 30 September 2023.

27. WARRANT FINANCIAL LIABILITY

In October 2020, as compensation for the extension option of the Investor Loan, 8,920,341 warrants were issued with an exercise price of £0.26, expiring on 5 October 2023. The warrants were revalued at each reporting date. In 2023, a fair value gain of US$0.01 million was recognised in profit or loss due to a decline to the expiration of the warrants. The movement in the balance is set out below:

	2023 US$'000	2022 US$'000
At 1 January	**13**	380
Issue of warrants	**-**	-
Fair value gain	**(13)**	(367)
As at 31 December	**-**	13

The warrants to purchase ordinary shares remain outstanding at 31 December 2023 as follows:

	2023		2022	
Expiry date	**Number of warrants**	**Exercise price (£)**	Number of Warrants	Exercise price (£)
5 October 2023	**-**	**-**	8,920,342	0.26
Total	**-**	**-**	8,920,342	0.26

28. OTHER PROVISIONS FOR LIABILITIES AND CHARGES

Other provisions for liabilities and charges relate mainly to a legal claim of US$1.3 million at 31 December 2023 (2022: US$1.3 million) that was charged against Chaarat in the Kyrgyz Republic whereby compensation for agricultural losses was demanded ("Land Provision"). In 1Q 2024, the prosecutor's claim was denied and the appeal by Chaarat was fully satisfied. Management considers it appropriate to continue recognising the provision as it is expected the case will be appealed.

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 2023 is as follows:

	Legal Claims Provision US$'000	**Land Provision US$'000**	**Other Provision US$'000**	**Total US$'000**
At 1 January 2023	708	1,327	204	2,239
Change in provision	-	-	-	-
Settlement of provision in cash	-	-	-	-
Foreign exchange on conversion	-	(51)	(4)	(55)
Disposal of subsidiary	(708)	-		(708)
At 31 December 2023	**-**	**1,276**	**200**	**1,476**

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(continued)

29. RELATED PARTY TRANSACTIONS

Remuneration of key management personnel
Remuneration of key management personnel is as follows:

	2023 US$'000	2022 US$'000
Short term employee benefits	**1,410**	1,758
Termination benefits	**-**	-
Share-based payments charge	**29**	373
Total	**1,439**	2,131

Included in the above key management personnel are 7 directors and 2 key managers (2022: 8 and 2).

As explained in Note 19(c), on 12 October 2023, 6,500,000 share options were granted to the Company's Chief Financial Officer. The share options were granted in three tranches. Tranche 1 included 2,500,000 share options exercisable at £0.05 per share which vest one year after the grant date. Tranche 2 included 2,500,000 share options exercisable at £0.05 per share which vest two years after the grant date. Tranche 3 included 1,500,000 share options exercisable at £0.20 per share which vest two years after the grant date.

As also explained in Note 19(c), on 20 December 2023, the Company granted a total of 22,500,000 options over Ordinary Shares to the Non-Executive Chairman and to the Non-Executive Directors, a portion of which are to replace the Historic Options alongside the grant of options to a new holder. The share options are exercisable at £0.20 per share and vest in two equal tranches on the first and second anniversaries of the grant date.

At 31 December 2023, short-term employee benefits totalling US$562,500 remained due to Mr Andersson (US$412,500) and Mr Fraser (US$150,000).

Entities with significant influence over the Group
At 31 December 2023, Labro Investments Limited, Chaarat's largest shareholder, owned 44.79% (2022: 44.77%) of the ordinary US$0.01 shares in Chaarat ("Ordinary Shares") and US$1.75 million of 20% secured convertible loan notes which, assuming full conversion of principal and interest to maturity on 31 July 2024, are convertible into 4,921,448 Ordinary Shares.

On 11 October 2023, the Company entered into a new US$5.0 million secured working capital facility arrangement with Labro Investments Limited. The facility incurs interest at 12% per annum and must be repaid no later than 31 July 2024. A 5% commitment fee was satisfied by the issued of 4,000,000 ordinary shares of US$0.01 of the Company to Labro. These shares were issued at £0.05p per share. The Company drew down US$2.0 million of the facility in the year.

On 21 December 2023, the Company issued 13,333,333 Ordinary shares at £0.0525 per share to Labro. Labro's obligation to deliver cash in respect of these shares was offset against the Company's indebtedness under the Labro working capital facility with the consequence that the Company's obligations under the Labro working capital facility decreased by US$0.9 million to US$1.1 million, as disclosed in Note 26.

For all share issues to Labro and the working capital facility with Labro, the independent directors of the Company considered, having consulted with the Company's nominated adviser at the time of the transactions, that the terms were fair and reasonable insofar as the Company's shareholders are concerned.

There were no share issues to Labro in 2022.

30. COMMITMENTS AND CONTINGENCIES

Capital expenditure commitments
The Company had a commitment of US$0.1 million at 31 December 2023 (2022: US$0.6 million) in respect of capital expenditure contracted for but not provided for in these financial statements.

Licence retention fee commitments
The Company has calculated a commitment of US$0.1 million at 31 December 2023 (2022: US$0.10 million) in respect of licence retention fees not provided in these financial statements. The amount to be paid will be determined by the Kyrgyz authorities and is not payable until a demand for payment is received by the Company. No demand in respect of extant licences had been received at the date of these financial statements.

Licence agreements
There are minimum expenditure commitments under the exploration and mining licence agreements. These minimum levels of investment have always been achieved. The commitment recognised in 2023 is US$0.1 million (2022: US$0.10 million).

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks which result from its operating activities. The Group's risk management is coordinated by the executive Directors, in close co-operation with the Board of Directors, and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets. The Group does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

Categories of financial instruments	**2023**	2022
Financial assets measured at fair value	**US$'000**	US$'000
Trade and other receivables	**191**	10,666
Total financial assets	**191**	10,666
Financial liabilities measured at amortised cost		
Trade and other payables	**850**	17,408
Contract liabilities	**-**	3,720
Lease liabilities	**-**	1,185
Other loans	**1,162**	17,806
Convertible loan notes	**36,399**	29,203
Financial liabilities measured at fair value through profit or loss		
Warrant financial liability	**-**	13
Total financial liabilities	**38,410**	69,337

Credit risk
Credit risk is the risk that a customer may default or not meet its obligations to the Group on a timely basis, leading to financial losses to the Group. The Group's financial instruments that are potentially exposed to concentration of credit risk consist primarily of cash and cash equivalents.

With regard to other loans and receivables the procedures of accepting a new customer include checks by a security department and responsible on-site management for business reputation, licences and certification, creditworthiness, and liquidity. Generally, the Group does not require any collateral to be pledged in connection with its investments in the above financial instruments. Credit limits for the Group as a whole are not set up.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies.

Market risk
Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or foreign exchange rates (currency risk). The Group's financial instruments affected by market risk include bank deposits, trade and other receivables and trade payables.

Interest rate risk is not considered to be material.

The Group holds short term bank deposits on which short term fluctuations in the interest rate receivable are to be expected but are not deemed to be material.

Foreign currency risk
The Group carries out expenditure transactions substantially in US dollars (USD), Armenian Dram (AMD), British Pounds (GBP) and Kyrgyz Som (KGS). Equity fund-raising has taken place mainly in US dollars, with debt denominated in US dollars as well. Any resulting gains or losses are recognised in the income statement.

Foreign currency risk arises principally from the Group's holdings of cash in GBP.

The Group's presentation and subsidiary's functional currency is the US dollar, except (until its disposal by the Group) for Chaarat Kapan, which had a functional currency of AMD.

To mitigate the Group's exposure to foreign currency risk, cash holdings are maintained to closely represent the expected short-term profile of expenditure by currency. Apart from these resultant offsets, no further hedging activity is undertaken.

As at 31 December the Group's net exposure to foreign exchange risk was as follows:

Net foreign currency financial assets/(liabilities)	**2023**	2022
	US$'000	US$'000
GBP	**1,209**	279
AMD	**-**	(8)
KGS	**267**	219
Other	**(2)**	(10)
Total net exposure	**1,474**	480

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31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below sets out the impact of changes in exchange rates on the financial assets of the Group due to monetary assets denominated in GBP, AMD, and KGS, with all other variables held constant:

US$'000	2023 Move (%)	Income statement profit/(loss)	Equity	2022 Move (%)	Income statement profit/(loss)	Equity
Fall in value of GBP vs US$	**5**	**64**	**64**	5	15	15
Increase in value of GBP vs US$	**5**	**(58)**	**(58)**	5	(13)	(13)
Fall in value of AMD vs US$	**5**	**-**	**-**	5	-	-
Increase in value of AMD vs US$	**5**	**-**	**-**	5	-	-
Fall in value of KGS vs US$	**10**	**30**	**30**	10	24	24
Increase in value of KGS vs US$	**10**	**(24)**	**(24)**	10	(20)	(20)

The percentage change for each currency represents management's assessment of the reasonable possible exposure given the current level of exchange rates and the volatility observed both on a historical basis and market expectations for the future.

Fair value of financial instruments
The fair value of the Group's financial instruments at 31 December 2023 and 2022 did not differ materially from their carrying values. In both 2023 and 2022 all financial instruments are valued under a Level 3 hierarchy.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to settle its liabilities as they fall due.

The Group's liquidity position is carefully monitored and managed. The Group manages liquidity risk by maintaining detailed budgeting, cash forecasting processes and matching the maturity profiles of financial assets and liabilities to help ensure that it has adequate cash available to meet its payment obligations.

The Group, at its present stage, generates sales revenue from the mining operations in Armenia. The Company still relies on financing its operations through the issue of equity share capital and debt in order to ensure sufficient cash resources are maintained to meet short-term liabilities. The Group aims to mitigate liquidity risk by monitoring availability of funds in relation to forecast expenditures in order to ensure timely fundraising. Funds are raised in discrete tranches to finance activities for limited periods. Funds surplus to immediate requirements are placed in liquid, low risk investments. The Group has prepared financial forecasts for the foreseeable future, and these indicate that the Group should be able to operate and continue to grow within the level of its current working capital availability.

The Group's ability to raise finance is partially subject to the price of gold, from which sales revenues are derived. There can be no certainty as to the future gold price.

The following table details the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

At 31 December 2023	**Up to 3 months US$'000**	**Between 3 and 12 months US$'000**	**Between 1 and 2 years US$'000**	**Between 2 and 5 years US$'000**	**Over 5 years US$'000**
Trade and other payables	**1,550**	**-**	**-**	**-**	**-**
Other loans	**-**	**1,162**	**-**	**-**	**-**
Convertible loan notes	**-**	**39,492**	**-**	**-**	**-**
Total	**1,550**	**40,654**	**-**	**-**	-

At 31 December 2022	Up to 3 months US$'000	Between 3 and 12 months US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000
Trade and other payables	19,714	-	-	-	-
Contract liabilities	-	3,720	-	-	-
Lease liabilities	231	180	240	693	230
Other loans	3,351	15,314	-	-	-
Convertible loan notes	-	31,672	-	-	-
Total	23,296	50,887	240	693	230

As a result of the maturity date extension that took place in 2023, the Group's convertible loan notes are repayable on 31 July 2024.

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