

Chaarat Gold Holdings Ltd

Road Town, Tortola, British Virgin Islands (15th December 2008).

Updated Scoping Study Improves the Economic Viability of the Chaarat Gold Project

Chaarat Gold Holdings Ltd (AIM-CGH) ("Chaarat" or "the Company") is pleased to announce that based on additional geological and technical work and an amended development strategy the economic viability of its 100% owned Chaarat Project in the Kyrgyz Republic has significantly improved whilst at the same time the technical complexity as well as the environmental impact has been considerably reduced.

The amended strategy and economic calculations were developed by Behre Dolbear International Ltd ("BDI"), a wholly owned subsidiary of Behre Dolbear and Company Inc. BDI carried out the original Scoping Study, the results of which were released on 19 June 2008. Since then, as a result of new exploration and metallurgical data as well as a desire to phase the technological challenges of the Chaarat Project, the Company and BDI have reviewed and where necessary updated the Scoping Study, as a consequence of which the development strategy for the Chaarat Project has been improved.

Highlights

- No change to the average annual gold mined of 231,000 oz per annum over the first 5 years with 216,000 oz per annum over the life of mine.
- Cash cost per ounce of gold production, including all revenue related taxes and silver and antimony credits, estimated at \$373/oz over the first 5 years and \$396/oz over the life of mine (an increase of approximately \$20 per ounce due to reduced value for credits)
- Cash cost per ounce of gold production, including all revenue related taxes but excluding silver and antimony credits, estimated at \$431/oz over the first 5 years and \$458/oz over the life of mine. This compares favourably to original figures of \$445/oz over the first 5 years and \$470/oz over the life of the mine.
- Project NPV of \$152 million assuming a 10% discount rate and a gold price of \$750/oz.
- Project IRR of 21.6% compared to an original figure of 20.3% highlighted in the original scoping study.
- The required investment in the Project amounts to \$229 million, including \$17 million of working capital compared to \$320m of investment including \$21m of working capital as indicated in the original scoping study.
- 2008 season exploration program resource calculation due early 2009 likely to considerably increase the NPV and IRR.
- No change in the identified significant potential for a second-phase production expansion of a similar magnitude.

The main change in the development strategy is the decision to employ a flotation circuit producing concentrate(s) rather than a pressure oxidation process which produces gold, at least in the early years of production. A phase 2 implementation of treating the concentrate through

leaching or pressure oxidation in order to pour gold is still possible and may be implemented after the project becomes cash positive and as the economics demand. This phase 1 strategy simplifies the production process and reduces the technical and environmental challenges faced by the Company.

A further driver in the decision to switch to the production and sale of concentrate was the state of processing technology worldwide. In recent years a number of environmentally friendly technologies with lower operating costs have been developed for the treatment of concentrates. These technologies are yet to mature, but it is the Company's view they will soon become commercially available. In the interest of the overall long term profitability of the Charat Project it makes good sense to continue to sell concentrate until one of these technologies emerge as a cost effective means of producing poured gold/whilst these technologies are being perfected.

It is significant that the key underlying assumptions used in the original Scoping Study remain the key foundations of the optimised Scoping Study. Newly available information has lent greater certainty to these assumptions and underpins the forecast production rate of 5,000 tonnes per day. The mining methodology proposed remains conventional long-hole open-stopping with backfilling and the assumption for mining dilution remains at 4%.

The result of implementing Phase 1 is a reduction of the capital investment requirement from \$320 million to \$229 million and a reduced cash cost of gold production excluding credits from \$478 per ounce to \$458 per ounce. Processing costs are lower due to the simpler processing route however shipping concentrate rather than refined gold increases shipping costs. The recovery rate of the flotation circuit, as tested by RDI, remains 85% however there will be a reduction in attributable gold and net revenue recovery as a result of losing some gold to the benefit of the concentrate off-taker.

Summary of Updated Scoping Study results

	Unit	Average years 1-5	Average life of mine
Tonnes mined per annum	T	1,814,396	1,794,203
Mill grade	g/t	4.67	4.41
Process Recovery to concentrate	%	85.00%	85.00%
Ounces mined annually	Oz	231,786	216,475
Ounces paid annually	Oz	203,971	190,498
Operating costs mining	\$/t	23.80	24.23
Operating costs processing	\$/t	6.73	6.73
Operating costs G&A	\$/t	2.76	2.79
Total operating costs	\$/t	33.29	33.75
Operating cash cost per ounce	\$/oz	296.12	317.88
Revenue related taxes	\$/oz	52.21	52.11
Refining and shipping	\$/oz	83.26	88.16
Total cash cost per ounce	\$/oz	431.60	458.15
Credit from Silver @ \$10 /oz	\$/oz	19.47	20.61
Credit from Antimony @ \$2.60/lb	\$/oz	38.99	41.28
Net cash cost per ounce	\$/oz	373.15	396.26

Applying a long-term gold price of \$750 per ounce and a discount rate of 10% the estimated Net Present Value (NPV) of the Chaarat Project is \$152 million. The Internal Rate of Return (IRR) is increased from 20.3% to 21.6%. This figure is based on the current resource of 3.14 Moz, however the IRR is likely to increase in early 2009 with the planned release of the resource recalculation incorporating the results of the 2008 exploration program.

After reviewing all other aspects of mine development covered by the original Scoping Study including infrastructure, resources estimation, mining methods, metallurgical processing, technical feasibility, environmental aspects and tailings storage and disposal the only other proposed change to the development strategy has been to prioritise power independence. This will be achieved in a relatively cost effective two stage process. Diesel generators will power the site during the first stage after which they will be used as support for the second stage implementation of a run-of-river Hydroelectric Power Plant.

Dekel Golan - CEO comments: *“The two phase development of the mineral processing and power generation seems to be the most economic and risk mitigating development strategy for the Chaarat Project. We are pleased to see the capital investment requirement lowering thereby increasing IRR to 21.6% and improving project viability. The project shows a strong NPV of \$152m from which to build further. This approach will be implemented in the soon to be commissioned Pre Feasibility Study, to be completed during the second Half of 2009. This revised and improved approach supports our belief that Chaarat can be in economic production by 2012”.*

Competent Persons

Richard James Fletcher is qualified to act as a “competent person” as defined in the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’ and accepts responsibility for the information on Exploration Results and Mineral Resources in the revised Scoping Study. BDI confirms that Mr Fletcher :-

- has more than 10 years experience in the former Soviet Union region,
- is a Fellow of the Australasian Institute of Mining and Metallurgy,
- has more than 40 years experience in the estimation, assessment and evaluation of mineral resources and ore reserves that is relevant to the styles of mineralisation and the types of deposits under consideration.

Mr Brian Spratley is qualified to act as a “competent person” as defined by the UK’s Institute of Materials, Minerals and Mining for reporting on mine planning, mine design, mine economics and mine organisation for underground and open pit mines. BDI confirms that Mr Spratley:-

- has more than 10 years experience in the former Soviet Union Region,
- is a Member of Institute of Materials, Minerals and Mining,
- has more than 35 years experience in the assessment of operations, development, and implementation of precious and base metals mining projects.]

About the Chaarat Project

The Chaarat Project is situated within the Middle Tien Shan Mountains of Kyrgyzstan which form part of the Tien Shan gold belt. At the completion of the 2007 exploration season, a Mineral Resource of 3.14Moz at a grade of 4.41 g/t gold (JORC compliant in the Indicated and Inferred categories) had been delineated. The Company’s exploration programme is aimed at increasing the confidence levels in this Resource through infill drilling and increasing the resource through

down-dip and along-strike extension drilling.

About Chaarat Gold Holdings

Chaarat Gold Holdings is an exploration company founded for the purpose of developing the Chaarat Licence Area. Chaarat was admitted to AIM on 8 November 2007.

Disclaimer

This press release includes forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond Chaarat's control that would cause the actual results, performance or achievements of Chaarat to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding Chaarat's present and future business strategies and the environment in which Chaarat will operate in the future. Any forward-looking statements speak only as at the date of this document. Chaarat expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in Chaarat's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based. As a result of these factors, the events described in the forward-looking statements in this press release may not occur either partially or at all.

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