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9 April 2024

Chaarat Gold Holdings Limited
(“Chaarat” or the “Company”)

Full Year Results
for the Year Ended 31 December 2023

Chaarat (AIM:CGH), a mining explorer and developer with projects in the Kyrgyz Republic, is pleased to announce its audited full-year results for the 12 months ended 31 December 2023 (the “Period” or “FY2023”).

Financial Summary

- The Group loss after tax was US$25.3 million (2022: US$8.6 million loss).
- Loss of US$13.1 million from continuing operations (2022: US$10.3 million loss) was driven by US$4.3 million increase in finance costs but offset by a US$1.8 million decrease in administration costs due to corporate management restructure.
- Loss of US$12.3 million from discontinued operations (2022: US$1.7 million profit). This includes a US$4.8 million loss on disposal of Kapan.
- Cash and cash equivalents increased from US$0.6 million at the end of 2022 to US$1.7 million at the end of reporting period. As at 31 March 2024 the Company has a cash and cash equivalent balance of US$0.8 million, plus access to a further US$3 million in working capital funding.
- The Group’s net debt[1] decreased from US$51.3 million to US$35.9 million due to the disposal of Kapan (and associated liabilities) during the year.

Operational Update

Kyrgyz Republic

- Conditional EPC, mining, operations and maintenance contracts signed with Power China.
- Maiden mineral resource estimate (“MRE”) announced at the Karator prospect adding a further 207Koz in JORC compliant Indicated and Inferred oxide gold resource.
- Memorandum of Understanding (“MOU”) signed with the government of Kyrgyz Republic outlines the framework for collaboration going forward and reinforces the Stabilization Agreement signed in 2019 between Chaarat and Kyrgyz Republic.
- Development of the Tulkubash project is pending project financing being finalised. Financing discussions continue with various financial and strategic parties.

Corporate Activities

- Sale of Kapan completed on 30 September 2023; Chaarat re-focused on the Kyrgyz Republic.
- During 2023 the Company focused on carefully managing its liquidity position and balance sheet.
- Successfully extended the maturity of the secured convertible loan notes from 31 October 2023 to 31 July 2024 with strong noteholder support. The convertible loan notes comprised of US$36.4 million, including accrued interest, at year end.

Outlook 2024

- The convertible loan notes are due on 31 July 2024 and the Company is evaluating its options.
- With regards to the Tulkubash & Kyzyltash projects, the Company will continue to work on all financing options and will update the market as and when appropriate.
- Chaarat will continue to review its existing balance sheet structure with a view to further reducing its interest cost and improving the structure of the balance sheet.

Martin Andersson, Executive Chairman of Chaarat, commented:

"2023 has been a pivotal year for Chaarat, marked by significant progress and strategic focus. With the sale of Kapan, we have realigned our efforts to concentrate on our key pre-production gold assets in the Kyrgyz Republic—the Tulkubash and Kyzyltash Projects.

"We were delighted to have signed the EPC contract with Power China. This was completed on a fixed lump sum basis, ensuring that we have clarity on costs and allowing us to turn our attention to expanding the mine life of Tulkubash beyond six years by evaluating other mining areas.

"Chaarat is now at a crucial stage of its development 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 with a market capitalisation that, in the Board's view, does not yet reflect this and which serves to highlight the significant upside potential for investors once we secure funding to enable us to eventually move into our first phase of production at Tulkubash."

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Annual General Meeting

The Annual General Meeting ("**AGM**") will be held on Wednesday, 5 June 2024 at 11am at the offices of Shakespeare Martineau LLP, 6th Floor, 60 Gracechurch Street, London EC3R OHR, United Kingdom.

Publication of Annual Report

The Company's 2023 Annual Report and Financial Statements and Notice of AGM will be published on the Company's website at www.chaarat.com/investors shortly. Hard copies of the 2023 Annual Report and Financial Statements and Notice of AGM will be posted to those shareholders who have elected to receive hard copies by 19 April 2024.

Additional copies of the 2023 Annual Report and Financial Statements will be available for inspection at the registered office of the Company from the date of this notice until the conclusion of the AGM.

CHAIR'S LETTER

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 26 to 37.

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*

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE

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.

OPERATIONS REVIEW

ARMENIA

KAPAN

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.

KYRGYZ REPUBLIC

TULKUBASH

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 the Company's website.

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 totalling 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 $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 $1,350/oz.*

KYZYLTASH

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.

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 – 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.

FINANCIAL REVIEW

Basis of Preparation including Going concern

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.

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.

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

		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	Translatio n Reserve US$'000	Accumulat ed Losses US$'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 (USUS$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.

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.

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.

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.

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.

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 neither 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.

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.

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.

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.

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.

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.

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 15th 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)**

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.

31 December 2023	Kyrgyz Republic US$'000	Corporate US$'000	Continuing Operations US$'000	Discontinued Operations US$'000	Total US$'000
Revenue					
Sales to extern 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**

	Kyrgyz Republic	**Corporate**	**Continuing Operations**	**Discontinued Operations**	**Total**
31 December 2022	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**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 profit 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 US$'000	**Restated 2022 US$'000**
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 $US10.4 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).

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)/profit 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	**Kyzyltash**	**Total**
	US$'000	**US$'000**	**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(b) Share capital

	2023		2022	
Ordinary shares of US$0.01 each	**Number of Shares ('000)**	**Nominal Value US$'000**	**Number of Shares ('000)**	**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		2022	
	Number of Options	Weighted average exercise price (US$)	Number of Options	Weighted average exercise price (US$)
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.

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**

The number of shares to be issued on conversion is fixed. There are no covenants attached to the convertible loan notes. The notes are secured on the shares of the Group's principal operating subsidiary, Chaarat Zaav CJSC via the intermediate holding company Zaav Holdings Limited.

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.

	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$'000	Corporat e WC Facility US$'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**

<u>Kapan Borrowings</u>

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.

<u>Corporate WC Facility</u>

The Company entered into four loan agreements with a short-term loan provider in 2023 for a working capital facility totalling $US4.0 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.

<u>Labro WC Facility</u>

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**

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 US$'000	2022 US$'000
GBP	1,209	279
AMD	-	(8)
KGS	267	219
Other	(2)	(10)
Total net exposure	**1,474**	**480**

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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