

Chaarat Gold Holdings Ltd

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Chaarat Gold Holdings improves economics for Tulkubash project

- Chaarat Gold Holdings Ltd (LON:CGH) is focused on developing gold fields in central Asia
- This includes the Tulkubash and Kyzyltash gold development projects in the Kyrgyz Republic.
- Chaarat also owns the Kapan operating mine in Armenia.
- Reserve base over one million ounces
- At 30.2p, Chaarat is valued at £244mln.

How is it doing

Kyrgyzstan.

An update to the bankable feasibility study for Tulkubash in June pointed to production of 94,000 ounces of gold per year at an all-in sustaining cost of US\$819 per ounce.

The mine life is currently set at 5.3 years, but the company is confident exploration can boost this.

Costs of construction were US\$110mln with a net present value of US\$70mln at a 5% discount and US\$1,300 per oz gold price.

Company has an agreement with Turkish miner Ciftay, which will invest US\$31.5mln for a 12.5% stake in both Tulkubash and the Kyzyltash project, also in Kyrgyzstan.

The agreement valued both projects at US\$252mln with the remainder of the money to build the mines to be debt-funding.

First gold at Tulkubash is scheduled for 2021 and Kyzyltash in 2024

Both mines are located in the prolific Tien Shan gold belt and the Chaarat Project has the potential to become the next multimillion-ounce producer alongside other large mines in the area.

Chaarat has two licences: A mining permit covering the initial 6km mineralised trend for both the Tulkubash and Kyzyltash zones, valid until June 2032;

An exploration licence extending approximately 20km further along strike for both the Tulkubash and Kyzyltash zones, valid until October 2023 and renewable.

Chaarat plans to develop the Kyzyltash project once the Tulkubash project is in operation, meaning that in the medium term the company will produce up to 400,000 ounces of gold per annum from its assets in Kyrgyzstan.

Price: 38.3

Market Cap: £169.05 m

1 Year Share Price Graph



December 2018 May 2019 October 2019

Share Information

Code: CGH

Listing: AIM

52 week High Low
38.2 19

Sector: Gold & silver

Website: www.chaarat.com

Company Synopsis:

Chaarat Gold Holdings Limited is an AIM-quoted gold mining company which owns the Kapan operating mine in Armenia as well as the Tulkubash and the Kyzyltash Gold Projects in the Kyrgyz Republic. The Company has a clear strategy to build a leading emerging markets gold company with an initial focus on Central Asia and the FSU through organic growth and selective M&A.

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Kapan

In 2017, Kapan in Armenia produced 50,000 oz of gold equivalent, generating underlying earnings (EBITDA) of over US\$20m and pre-tax profits of US\$2m.

Guidance for 2019 is for production of 65,000 oz gold equivalent.

The Kapan deal took Chaarat's reserve base to over a million ounces and its resource base to more than 9m ounces.

What the boss says, Artem Volynets, chief executive

"An almost 40% year-on-year increase in Tulkubash's gold reserves demonstrates the remarkable future growth potential of the Tulkubash Project.

To achieve this whilst also reducing the level of capital expenditure required to bring the mine into production again illustrates the quality of this asset."

Video

Inflection points

- Finance arranged for the construction of the Tulkubash mine
- Production update from Kapan
- Chaarat tied to buy the Kumtor mine in Armenia from Centerra last year, after that was rejected Chaarat made a bid approach to the Canadian miner, which also was turned down,
- Company believes it is a more natural long-term owner of the Kumtor mine
- More acquisitions in Central Asia

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