AltynGold plc

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2021

WELCOME TO ALTYNGOLD PLC

AltynGold Plc (LSE: ALTN) is an exploration and development company, which listed on the main market segment of the London Stock Exchange in December 2014. To read more about AltynGold Plc please visit our website www.altyngold.uk

At a glance

AltynGold's main asset is its 100% interest in the Sekisovskoye gold mine and its exploration site at Teren-Sai in North East Kazakhstan. In the most recent CPR in 2019 (page 16 of the Annual Report) the Sekisovskoye site has Proved reserves of 3.47Moz and Probable reserves of 0.33Moz. With the significant investment made by the Company in new equipment in 2020 and 2021 production and profits have been increasing in line with the budgeted plan for the mine. The mining licence for Sekisovskoye is valid until 17 July 2029.

The Teren-Sai Project is made up of 15 targets based on historical exploration over an area of 198km^2. Of these 15 targets, AltynGold has identified a number of areas for exploration, namely, consisting of various identified targets. Altyn is currently focussed on exploration and development of one of these 15 targets, namely Area No.2 as noted above. At Teren-Sai the Proved reserves amount to 0.8Moz and Probable reserves of 0.65Moz based in one area that contains 4 breccia bodies known as area No2.

The Company was awarded the subsoil exploration contract for the Teren-Sai ore field for a 6-year term in 2016 with the right to extend for another 4 years if there is a commercial discovery of resources. The initial term expired in May 2022 and the Company is in the process of licence renewal with a view to moving Area no.2 to production and the continuation of exploration in the other areas of interest. The results of the CPR are as noted above and in the mineral resources statement contained within the Annual Report on pages 16 to 18.

Key achievements in 2021

The key highlights are documented below:

Financial highlights

- Turnover increased in the year to US$50m (2020: US$30m) an increase of 67%.
- 27,747oz of gold sold (2020: 16,535oz), an increase of 68%.
- Average gold price achieved (including silver), US$1,803oz, (2020: US$1,816oz).
- The Company made a profit before tax of US$18.3m (2020: US$3.3m).
- Adjusted EBITDA (Earnings before interest, tax, depreciation and amortisation) of US$26.4m (2020: US$13.5m).
- The Group repaid borrowings of US$7.9m (2020: US$3.4m).
- Capital expenditure in the year amounted to US$8.1m (2020: US$8.6m).

Operational highlights

- Ore processed 571,000t (2020 506,000t).
- Gold poured 28,450oz, (2020: 17,028oz) a 67% increase year-on-year.
- Mined gold grade 1.97g/t, (2020: 1.57g/t).
- Operating cash cost US$649/oz, (2020: US$800/oz).
- Gold recovery rate 83.05% (2020: 80.44%).

Underground development & exploration

- Transport decline No.1 was developed and is now at 117masl on ore bodies 3-8, transport decline 2 is now at 134masl, opening up significant reserves at ore body 11.
- Development of the shaft and tunnelling amounted to 6,209 linear metres.
- Blast hole drilling at Sekisovskoye amounted to 119,340 linear metres.
- Extensive maintenance and improvement works were carried out to maintain production safely and efficiently.
- Exploration work at Teren-Sai continued with the drilling of 22,580m linear metres of exploratory drilling.

To read more about AltynGold plc
please visit our website www.altyngold.uk

CONTENTS

Areas of exploration

❶ Sekisovskoye

The Sekisovskoye deposit is the Company's flagship asset and is located close to the village of Sekisovka, approximately 40km from the North East Kazakhstan regional capital, Ust Kamenogorsk. The current licence expires in July 2029.

The mineral rights at Sekisovskoye are held by a 100% owned subsidiary of the Company, DTOO GRP Baurgold, and the processing plant is owned by the 100% owned subsidiary of the Company TOO GMK Altyn MM.

The Sekisovskoye deposit was discovered in 1833 with surface mining taking place during the periods 1833 to 1847, 1932 to 1935, and 1943 to 1946. From 1975 to 1986, a range of exploration work was carried out. Between 1978 and 1982 "AltaiZoloto" of the Ministry of Non-Ferrous Industry, KazSSR, mined the oxidised area of the ore body. In 2003, under Hambledon Mining's ownership (subsequently renamed to AltynGold Plc), further exploration work was undertaken and gold production from the mine and processing plant commenced in 2008.

In 2019, the Company released the findings of the mining consultant, Ernst and Young's Competent Persons Report on the mine, which demonstrated substantial JORC reserves and resources, see page 12 for further details. With new plant acquired in 2020 the Company is ramping up to significantly increase production. This will significantly increase the number of oz of gold produced, with the aim of achieving 100,000oz. in the future, to be achieved by increasing output and accessing higher grade reserves through the continued development of the underground mine.

❷ Teren-Sai Ore Fields

In May 2016, the Company was awarded the subsoil exploration contract to conduct further testing at the Teren-Sai ore field for the 6 year term with the right to extend for another 4 years in case of commercial discovery of resources. The Company is in the process of sending the required documents to the mining authorities in Kazakhstan, and are considering a production licence for Area No.2 and further exploration licences for the other targeted zones in the ore field.

The Teren-Sai Project is made up of 15 targets based on historical exploration. Of these 15 targets, Altyn has identified a number of areas for exploration, namely, consisting of various identified targets. Altyn is currently focussed on the development of one of these 15 targets, namely Area No.2. Area No.2 consists of four breccia bodies, however Altyn is only targeting one of these breccias for development at this stage.

The geological data that the Company acquired indicates that there are at least fifteen mineralised zones at Teren-Sai and this leads the Company to believe that this project has the potential to contain significant gold resources, a CPR was conducted in 2019 in one of the areas; see the report on page 12. The Company is continuing to validate the geological data by twinning previous drill holes and undertaking additional metallurgical testing on the other sites.

Strategic report

Governance

Financial statements

CHAIRMAN'S STATEMENT

Given the backdrop of the COVID-19 pandemic, 2021 was pencilled in by many Companies to potentially be a difficult trading year. Indeed for some sectors this has been the case, in relation to AltynGold, due to the careful management of its resources and deployment of its fundraising into new equipment and infrastructure improvements, the Company has been able to generate a significant uplift in its revenue and profits. The primary driver to the increase in revenues in the current year has been the increase in production and grades achieved.

The Company is particularly pleased with the principal key performance indicators in the majority of cases exceeding the budgets that were set for the year. The Company generated an EBITDA in excess of US$26m (2020: US$13.5m) on a turnover of US$50m (2020: US$30m).

During the year the Company reviewed the staffing structure which led to a number of changes at head office in terms of grade and departmental structures. At Board level, after a review, two new Non-Executive directors were appointed to complement the skills and expertise of the existing Board. This resulted in the employment of the Company's first female Director Maryam Buribayeva, who, together with Vladimir Shkolnik, will monitor and assess the Company's environmental obligations. The Board sees its climate change and environmental obligations has increasing importance in the future and will monitor this closely, especially in light of the new environmental laws introduced by the Kazakhstan government in July 2021.

The Company is changing and evolving and moving towards its medium term plan for the extraction of 850ktpa. The budget for 2023 is set at 650ktpa, with the move to 850ktpa being planned thereafter. With a stable cost base and a gold price consensus of US$1,700 in the medium term the business model is evolving. Further plant upgrades are scheduled for 2023 that will move the capacity up to 1mtpa for Sekisovskoye in the longer term.

In terms of funding, there is sufficient cash generation to fund the expanded operations at Sekisovskoye and service the debt for existing operations.

In relation to Teren-Sai, from the exploration work and test production results, we believe the asset will add significantly to the profitability of the Company. The development of Teren-Sai will require additional funding initially. This can be met by the Company's own resources, however it will require further external funding to bring it fully on stream. With the Company gearing set to go down with the repayment of the bond listed on AIX and the scheduled repayment of the bank borrowings, the Company are looking at a number of possibilities to raise further funds.

The Company is set to move forward having established a strong platform for growth, from a review and strengthening of its management and human resources, keeping tight controls over its operational structure and ensuring that the right level of financing is in place. The growth and prosperity of the Company are always balanced by the Company's obligations to all stakeholders and wider environmental issues which are growing in importance.

Kanat Assaubayev
Chairman
24 June 2022

CHIEF EXECUTIVE OFFICER'S REVIEW

Overview

The Company achieved its principal goals in relation to its current operations at Sekisovskoye being that of processing ore of 571ktpa (budget 570kpta), and producing gold of 34,258oz (target 33,634oz). The step up in ore extraction and the subsequent processing of the ore has led to a marked change in the profitability of the Company. The Company profits have climbed to US$18.3m (2020: US$3.3m) and EBITDA has moved to US$26.4m from last year's level of US$13.5m.

In relation to Teren-Sai the exploration program has proved fruitful, and the extension of the licence and move to a commercial discovery in Area no2 is being processed. Initially the areas will be stripped, as the initial step to make it ready for ore extraction. Further plans will be put in place once the licence is acquired for Area No. 2. In relation to the other areas of interest, further exploration drilling is to be continued.

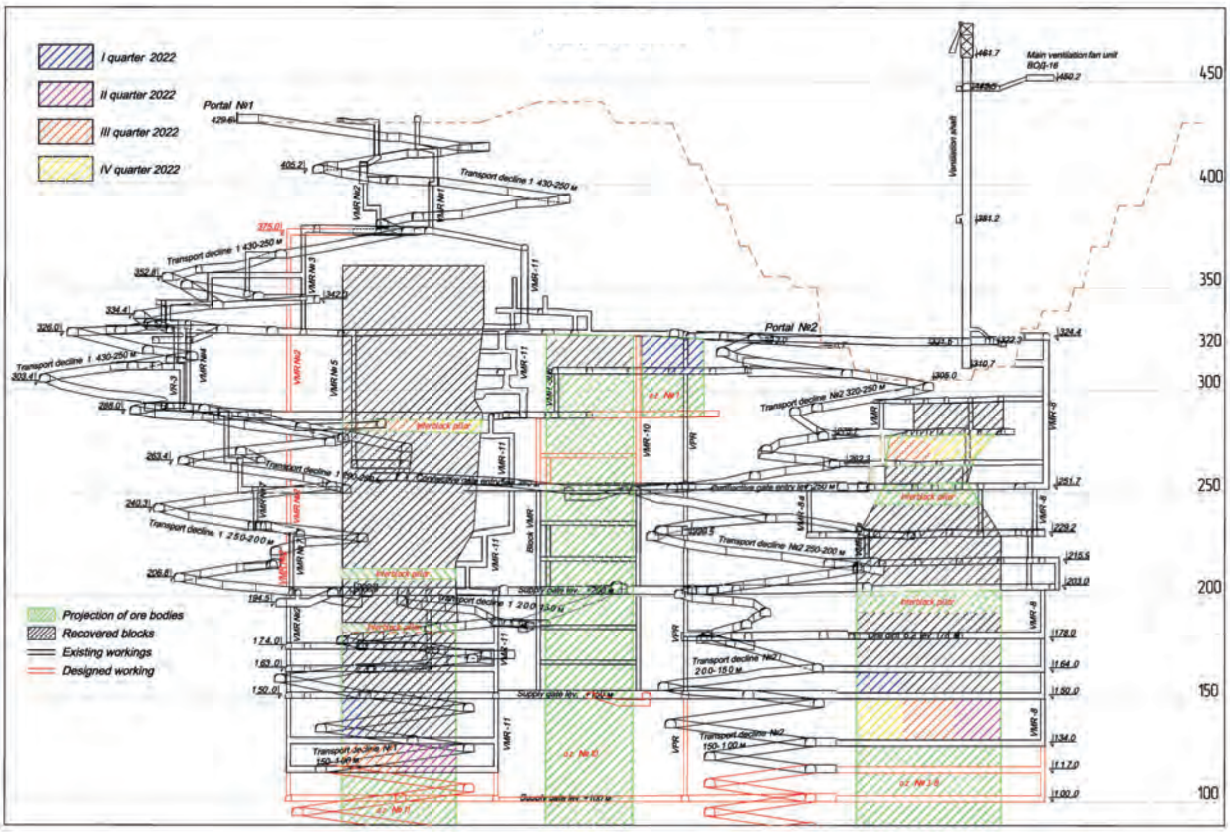
During the year a comprehensive review was undertaken to assess the human resources requirements of the Company. The review ranged from the assessment of the Board, head office function and the production workforce. This resulted in changes to the Board, with the employment of the Company's first female Director. In relation to head office, staff were employed to deal with the financial and regulatory requirements of the Company. Fewer staff were required but the pay grades did increase to attract the calibre of staff required. The increase at the production site was a result of the greater volume of processing.

The Company drew down the balance of its facilities with Bank Center Credit at the start of the year, and took on a short term working capital loan at the start of the year repayable in September 2022. The EBITDA is generating funds to repay the loans during the year, finance its capital commitments and repay the AIX bond in December 2022. In the current period factors that will have a positive effect on the Company's profitability in the forthcoming year are the devaluation of the Kazakh Tenge against the US Dollar and the increase in the gold price, currently trading at a higher rate than the average achieved in 2021 of US$1,803oz.

Economic outlook

In relation to COVID-19 the restrictions have largely eased and there was little impact on the productivity of the Company. A mention should also be made of the unrest which occurred at the start of 2022 in Kazakhstan, which was largely contained to Almaty. The Company was largely insulated from the effects of any lockdowns and restrictions imposed. The Company is aware of its wider social duties and obligations and is a

Underground development



CHIEF EXECUTIVE OFFICER'S REVIEW continued

responsible employer in this regard, maintaining good relationships with its workforce.

With regard to the possible impact on the Company's operations that may arise out of the conflict that has arisen in Ukraine and sanctions imposed in Russia. On a macro scale Kazakhstan as a country has close ties with Russia, and thus the devaluation of the Russian Rouble has had an effect on devaluing the Kazakh Tenge against the US Dollar, and there has been an upward push on the price of an ounce of gold, which is currently trading in the range of US$1,850oz. At a Company level, the trading with Russia has been reviewed and alternative sources put in place for the small value of consumables purchased from Russia. There is no reliance on Russian companies in terms of the supply of capital equipment, parts or financing. All sales will continue under the current off take agreement with all sales made in Kazakhstan in US Dollars.

Mine development

The input of significant capital equipment additions in 2020 and H1 2021 has enabled the Company to progress mining operations in all areas of mining operations. A significant acquisition in this regard was the purchase of the self-propelled tunnelling equipment.

The principal development milestones achieved in the period were:

- Tunnelling and shaft sinking of 6,209 linear metres.
- Blast hole drilling of 119,340 linear metres.
- Exploration drilling was carried out and amounted to 18,943 linear metres.
- Backfilling of voids was carried out in the period amounting to a volume of 64,404m.

During this period the Company has been concentrating on developing ore bodies 3-8 at horizons 117masl-178masl and ore body 11 at horizons 134masl-174masl.

The transport decline No.2 was extended by 343 linear metres allowing the access of 640,000 tons of ore. Similarly transport decline No. 1 was extended by 391 linear metres opening up accessible reserves of 163,000 tons.

In order to continue to mine efficiently and safely the following capital/maintenance was carried out:

- A forced air facility was commissioned and built at elevation 355masl, this necessitated the installation of 17km of overhead 6Kv lines. The Korfmann ventilation equipment will allow safe and stable operations for a period up to 2029 in accordance with the mine operational plans.
- Various works were carried out to enable the efficient and safe working of the stoping, this included introducing a new system of stoping and obtaining an Ulba-150 charging unit to improve the quality of ore crushing.

The key production figures are shown below:

Mining results ore extraction

		2021	2020
Ore mined	T	**571,035**	506,050
Gold grade	g/t	**1.94**	1.57
Silver grade	g/t	**1.81**	1.08
Contained gold	oz	**35,580**	25,555
Contained silver	oz	**33,296**	17,525

Mining results processing

		2021	2020
Crushing	T	**534,426**	421,040
Milling	T	**541,576**	420,256
Gold grade	g/t	**1.97**	1.58
Silver grade	g/t	**1.63**	1.13
Gold recovery	%	**83.05**	80.44
Silver recovery	%	**73.54**	72.81
Contained gold	oz	**34,258**	21,355
Contained silver	oz	**28,408**	15,253
Gold Poured	oz	**28,450**	17,028
Silver poured	oz	**20,891**	11,180

Projected capital expenditure

	Total US$m	2022 US$m	2023 US$m
Prospect drilling	**2.3**	1.4	0.9
Underground development	**7.2**	5.3	1.9
Infrastructure	**5.2**	0.4	4.8
Ore handling facilities	**14.0**	–	14.0
Process plant incremental expansion	**9.0**	2.4	6.6
Teren-Sai exploration program	**0.4**	0.4	–
Total	**38.1**	9.9	28.2

- The mine operational procedures are constantly being updated to conform to current safe working practices, during the period an electronic accounting and explosive digitised log was introduced.

Exploration – Teren-Sai

During the year the Company conducted exploration drilling and core drilling at three areas within the exploration site. In total 22,500m of pneumatic drilling and 7,500m of core drilling was planned, the actual results were 22,580m and 7,560m respectively.

The Company finalised its core drilling in Area no.2 in January and February drilling 1,520m of core samples, and conducted further core drilling in Area no. 5 amounting to 1,140m. Area No.5 core samples are being analysed with a view to also moving this to the commercial discovery phase, however due to time constraints in finalising and analysing the drilling results during winter and the need to complete all necessary paperwork to extend the licences which have expired in May 2022, the Company has concentrated on finalising the development of Area No2, and will progress the development of Area no.5 in the future.

The principal focus of the work program in the current year was to look at the prospective site at No. 6 where extensive exploration drilling was carried out amounting to 22,580m, this was followed up by 3,700m of core drilling towards the end of the year. Sampled grades obtained from the core samples extracted ranged from 1.4g/t to 2.4g/t.

The exploration licence at Teren-Sai expired in May 2022, under the contract the Company has the right to renew the licence. The Company has submitted an application to extend the licence in order to conduct further site works in Teren Sai and to further define the areas of interest to the

Company. In relation to Area No.2 the Company is considering a production after further testing, and to the remaining sites of interest an extension to the exploration licence. As noted in the prior year, the results from the test production for Area No. 2 indicated an average grade of 1.8g/t, with the initial production being obtained from open pit workings.

The move to a production licence will require additional capital expenditure in order to build a new processing plant, a tailings dam and other infrastructure requirements in order to process the ore efficiently. The test production that was processed at Sekisovskoye has shown that the ore can be processed using the same technology as that currently being employed at Sekisovskoye. It is the intention of the Company to make initial preparations for site development, however moving to the full production phase will require further fund raising to achieve its full potential. The Company is in the process of looking at lines of funding to move the project forward.

Capital requirements

The capex requirements for the next two years are detailed in the table on page 4. The budgeted plans foresee the Company expanding ore extraction and production to a capacity of 1mtpa for Sekisovskoye in 2023, at which point there will also be further investment in the mining equipment needed to process the increase in ore output.

In relation to the development of its prospective resource at Teren-Sai, the current capex budget allows for the continuation of exploration at the site. Further development of the site at Teren-Sai is dependent on raising further funding, in addition to that which will be provided from cash flow from existing operations.

Longer term plan

The Company has had a successful year, with the capex investment increasing ore extraction from the Sekisovskoye site which increased to 570ktpa. The aim remains to move this up to 1mtpa, and budgets have been drawn up and funds allocated to expand the existing capacity of the processing plant to 1mtpa within two years. The longer term aim is to increase the ore extraction towards 2mtpa within a time frame of 6 years.

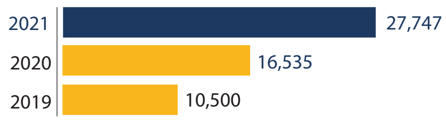
The capex required as outlined above amounts to US$38m, and will be largely met from funds raised from operations. In addition to this an amount of US$75m will be required to bring the Teren-Sai project on stream, as it will require new processing facilities and infrastructure to be developed at the Teren-Sai site. In the initial period the site will be stripped and made ready for open pit production in order to move to production efficiently once the necessary funding is in place. The brokers who are providing sponsored research and opening up opportunities for investor funding will play a key role in moving the projects forward.

The Board are constantly looking to diversify and invest in new and complementary operations in Kazakhstan and internationally, however the primary driver at present is to bring the Kazakhstan gold sites, as outlined above, to their full potential.

FINANCIAL PERFORMANCE

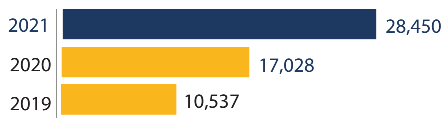
Annual gold sales (oz)

27,747



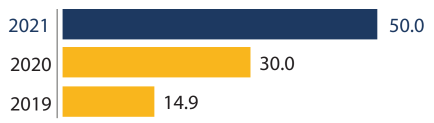
Annual gold poured (oz)

28,450



Revenue (US$m)

US$50

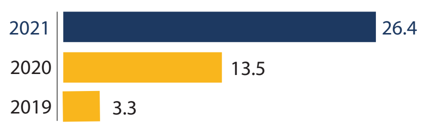


Operating cash cost of production (US$/oz)

US$649

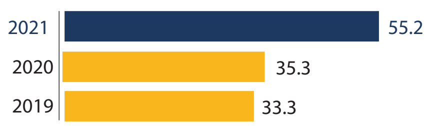
EBITDA (US$m)

US$26.4



Net assets (US$m)

US$55.2



The significant investment into plant upgrades and new capital and infrastructure development during the year has resulted in the Company meeting its targeted production levels and in a number of areas exceeding them. The upgrades and new equipment allowed for more targeted mining of the ore bodies resulting in higher grades and recoveries being achieved in the year.

The ore mined was 571,000t against the budget of 570,000t, the resulting ore processed of 534,000t was a significant improvement on the prior year of 506,000t. The current run rate is indicating a higher level of ore to be mined in the year to 31 December 2022. This is a key deliverable for the Company and the management are pleased with the performance in the year and are keen on driving this forward to higher levels.

Gold processed has increased by 60% from the prior year to 34,258oz (2020: 21,355oz), the Company had budgeted 33.635oz. A significant increase, the increase in output was accompanied by a higher level of recovery of 83.05% increasing from 80.44% in the prior year and the budgeted recovery rate of 82.13%. The upgrades of the plant and capital investment have paid a key role in increasing the levels being achieved.

During 2021, the Company sold 27,747oz of gold (2020: 16,535oz). The average price achieved per oz was similar to that of last year at US$1,803 (2020:US$1,816). The increase in profitability in the Company has been achieved through a volume increase in production, since the year end the average price of gold has increased and is currently trading in the region of US$1,950 to US$2,000. It is difficult to predict how the price of gold will move in the future but the current sentiment is positive.

There were again no changes to the sales off-take agreement currently in place with the Kazakh national refinery, which continues to take all of the Company's output. As in the prior year, sales are translated at the spot US$ market rate at the point the gold is sold.

The total cash cost of production, which includes administrative costs but excludes depreciation and provisions, amounted to US$834/oz, (2020: S$970oz). The operating cash cost excluding administrative costs amounted to US$649/oz (2020: US$800/oz). The KazakhTenge in recent years has been weakening against the US Dollar in 2020 it averaged 413Kzt to one US Dollar weakening to an average of 426Kzt in 2021, it is currently in the region of 440Kzt. As the Company's revenues are earned in US Dollars and a significant cost base is in Kazakh Tenge, it will have the benefit of reducing the cost base of the Company.

The administrative costs have increased in the year by US$2.3m as a result of four principal factors. First, during the year the Company as part of its wider responsibilities to the community the Company agreed to assist in the building of a wing of a new school/university building with an overall cost of US$550,000. Second, there was an increase in wages and salaries by US$860,000 principally as a result of the increase in the number of staff as well as the recruitment of experienced and skilled employees at a higher salary rate. The third factor relates to various professional fees of US$480,000 relating to sponsored research in order to increase the Company profile and attract new investors and the development of further funding opportunities. The final factor was travel cost returning to a normal level as the Company emerged from restrictions imposed by COVID, translating into an increase of US$540,000.

The Company has reported a net profit of US$18.3m before tax (2020: US3.38m) with a gross profit of US$27.8m (2020: US$12.4m). As noted above the principal drivers to the better results was the increased production, grades and recoverability achieved from the investment of the capex.

The adjusted EBITDA increased to US$26.4m, (2020: US$13.5m) details of the calculation are shown in note 13 of the financial statements.

In relation to cash at the year end this was US$3.6m (2020: US$7.2m). Cash generation as indicated by EBITDA was much higher in the current year. The utilisation of funds by the Company was a result of a net repayment of loans and capital expenditure in the year and a substantial prepayment in relation to production facilitation for the forth coming period. These have resulted in a drop in the cash balance at the year end, the balance is expected to increase as the prepayment is unwound and as a result of higher revenues from the increase in gold prices.

The bonds as listed on AIX of US$10m are due for repayment in December 2022. During the year net borrowings were repaid of US$1.6m. The interest incurred on the debt in 2021 amounted to US$2.5m (2020: US$4.1m) the reduction was due to repayment of the bonds to Amrita Investments Limited and African Resources Limited, the balance of loans being repaid in H1 2021.

The Company managed to perform to its plan as set out and increase revenues and profitability, dealing with any issues as posed by the government restrictions involving COVID-19 and at the same time looking after the welfare of the staff. The net assets of the Company increased by US$19.9m.

MARKET REVIEW AND SHARE PRICE PERFORMANCE

FTSE 350 Mining Index

ALTN p per share

Gold price US$/oz

KZT/USD

Commentary

The performance of the share price has been disappointing commencing the year at £1.30 and dropping down to its lowest point of £0.90 in March 2022, it is currently in the range of £1.30 – £1.40. The concerns in relation to the recent conflict in Ukraine and unrest in the early part of the year in Kazakhstan may have led investors to having less appetite to invest in the region which put downward pressure on the share price. The fundamentals of the Company and progress towards its plan have been overshadowed by this negative sentiment, with all the principal key performance indicators (KPI) increasing from last year, it is anticipated that the share price will be more reflective of the potential of the Company moving forward.

The Company has performed well throughout COVID, and generated an EBITDA in excess of US$26m in current financial period. With sales, production and profitability anticipated to increase, with careful management of the principal risk areas, the Company is positive about the future potential growth in the share price.

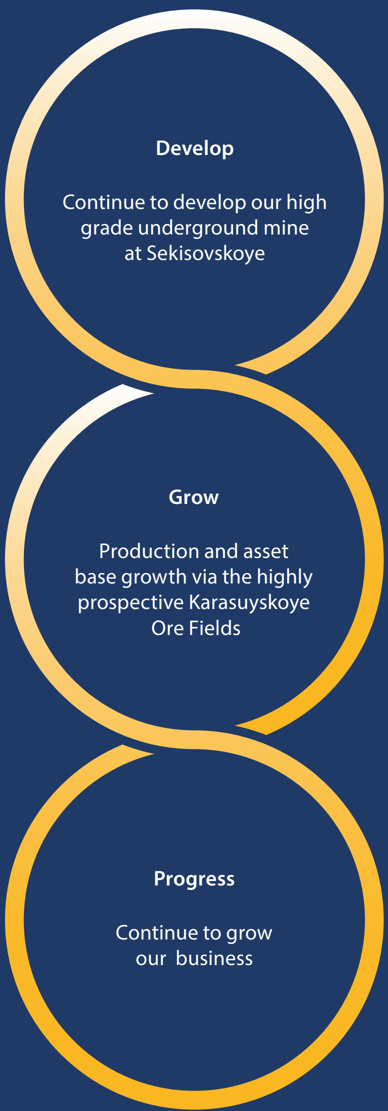
From the charts it can be seen that two of the principal KPI's the gold price and the exchange rate of the Kazakh Tenge to the US Dollar have moved to increase the profitability of the Company. Although difficult to predict future movements the management believe based on research that these fundamentals will stay in the current range in the short to medium term.

The Directors are actively seeking to raise further funds for the longer term development and working capital requirements of the Company. The Board are aware of need to look at the future cash flow requirements in light of providing a return to the shareholders and will do so when prudent.

OUR STRATEGY AND BUSINESS MODEL

Our strategy is to continue to grow and develop our underground mine at Sekisovskoyei, targeting initially an annual ore extraction of 850,000t and eventually rising to 2mt in the future. In parallel, the highly prospective Teren-Sai Ore Fields, adjacent to the Sekisovskoye mine, has the potential to significantly expand the business beyond our core asset. The licence at Teren-Sai is in the process of being renewed with one area which is potentially moving to the production phase in 2023 once the licence has been successfully obtained.

Additionally since our progression to the Main Board of the London Stock Exchange in December 2014 we maintain our commitment to shareholder value creation and best governance practice.



Our business model is two-pronged consisting in continued development of the flagship high grade underground Sekisovskoye mine, while seeking further growth opportunities at the adjacent Teren-Sai Ore Fields. Out of 15 targets in this area, the Company is focusing initially on 3 in Area No2. In combination our strategy aims a longer term target of 100,000oz annual gold production. In addition the Company is selectively looking to complement existing operations with selective acquisitions.

The business strategy rests on four pillars:

Mining – The Company has a proven track record with its development of the mine at Sekisovskoye, we intend to continue development of the underground Sekisovskoye mine in the most cost effective and efficient manner as well as developing operations at Teren-Sai moving this to the production phase.

Development – The underground mine is to be further developed in order to access significant ore reserves at increased depth. Additional reserves should extend the life of mine, which in addition to the development of open pit operations and subsequent underground operations at Teren-Sai should allow an increase in production towards 100,000oz annual gold production target.

Exploration – The Company has been conducting extensive exploration at the Teren-Sai site. With the recently completed CPR and extraction of test production yielding good results the Company is moving towards the development stage, this is anticipated for one area in the site to commence in 2023.

Growth – We are committed to adding value to our shareholders by setting solid foundations for future production growth. As such we frequently evaluate investment opportunities in Kazakhstan and Central Asia in case of potentially synergetic additions to our core assets.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company has reviewed the principal risks associated with the development of the Company, there has been no material changes in the level or likelihood of the risks. The Company has considered the current situation in relation to COVID-19, the effect of environmental factors and the current political and economic environment, details of which are noted below:

Risk	Mitigation
Technical difficulties developing the underground mine at Sekisovskoye and exploration site at Teren-Sai	Encountering technical difficulties in further developing the underground mine at Sekisovskoye and developing the site at Teren-Sai to bring the prospective exploration site into production, would be negative for the future of the Company. To mitigate this, the Company uses external consultants as appropriate to provide technical assistance when required, and works to a mine plan and budget that is regularly checked and updated. The current test production at Teren-Sai indicates that the production of dore from the site is technically feasible. A production plan in relation to future development of the site is being prepared.
Failure to achieve production estimates	Failure to achieve production estimates could arise due to various circumstances, not least the mining issues, processing plant issues and breakdowns, and political and other disruptions, and, in the current situation, COVID-19 uncertainties; see details elaborated on separately. Given that Company revenues are dependent on producing gold and silver from the Sekisovskoye mine, failure to achieve production targets would adversely affect the Company's profitability and ability to generate cash. The Company mitigates this risk by careful operational planning and detailed technical appraisal work, as well as regular maintenance work The Company's management has analysed the risks and uncertainties and has control systems in place that monitor daily the performance of the business via key performance indicators. Certain factors are beyond the control of the Company such as the fluctuations in the price of gold and possible political upheaval. However, the Company is aware of these factors and tries to mitigate these as far as possible. In relation to the gold price the Company is pushing to achieve a lower cost base in order to minimise possible downward pressure of gold prices on profitability. In addition, it maintains close relationships with the Kazakhstan authorities, in order to minimise bureaucratic delays and problems.
Fiscal changes in Kazakhstan	Given that AltynGold operates solely in Kazakhstan, the Company is naturally at risk of adverse changes to the fiscal regime in the country. Kazakhstan is a relatively young country and there have been fiscal changes in recent years, in some cases related to the mining industry. However, the country is outward looking and committed to attracting direct foreign investment. Kazakhstan has hosted international exhibitions and sporting events, and is positively encouraging investment, including relaxing visa requirements. We therefore believe that the Kazakh government is aligned with potential foreign investors and would be very cautious in implementing any fiscal changes which could deter investment. Recent tax audits of the subsidiary companies have not revealed any material discrepancies, the Company has consulted with the tax authorities and provided all necessary information as and when required, and will seek expert tax advice as and when necessary.
No access to capital	Funding Sekisovskoye – in order to continue with the underground development at Sekisovskoye, the Company must incur additional capital expenditure. The Capital raised in 2020 has provided sufficient investment for the company to move towards its medium term target of 850kt. In order to develop the site at Teren-Sai and Sekisovskoye to their full potential the Company is therefore dependent on cash from external sources to develop the mine after this point and therefore its future is at risk if funds from these external sources are unavailable. The Company is developing a number of lines of funding to provide the required level of funding; the Assaubayev family, which owns 65.5% of the Altyn shares through its vehicle, as well as African Resources, who has invested in and provided loans to the Company in the past and is keen to see the Company succeed. However, without further external funding to complete the underground mine, production would proceed at a much slower pace. The Company has recently engaged corporate brokers and other consultants in order to raise further funding as necessary.

PRINCIPAL RISKS AND UNCERTAINTIES continued

Risk	Mitigation
Commodity price risk	The Company generates its revenue from the sale of gold and silver that it has produced. While the Company has no control over commodity prices, it is in a fortunate position to have a very robust mine and development project in Sekisovskoye that can withstand prolonged weak precious metals prices. The Company is significantly increasing production, once further equipment is obtained. The lower resulting cash cost of production will provide a significant buffer from failing commodity prices.
Currency risk	The US Dollar has been appreciating against the Kazakh Tenge moving from last year's closing level of KZT421 to this year's closing level of KZT 430. The recent economic disruption and implementation of sanctions against Russia has resulted in a devaluation of the Kazakh Tenge against the US Dollar and is currently trading in the range of 490 KZT to one US Dollar. The Kazakh Tenge is expected to remain in this range in the foreseeable future. As the revenue is generated in US Dollars any strengthening of the US Dollar against the Kazakh Tenge will favour the Company, in addition the Company has a relatively low cost of production, with a number of costs being met locally in Kazakh Tenge.
Reliance on operating in one country	Currently all of the Company's mining assets are in Kazakhstan. The Company believes that Kazakhstan has significant future mineral potential, hence the choice of jurisdiction. The Company makes it its business to be well informed of any in-country changes which may adversely affect the business. While the Company knows and understands Kazakhstan well and hence has a strong position in-country, it has stated that it would look at other opportunities in the future within the Central Asia region and this may mitigate risk.
Altyn's reliance on one operation	Currently, the Company only generates revenue from one mine – Sekisovskoye. The Group is actively exploring its adjacent property, Teren-Sai, with a view to developing this asset to achieve production in the future, and in this respect recently completed a CPR on one area known as area No2 with in the exploration site containing 4 breccias, and also recently obtained the results of the test production which were positive.
Covid-19 and political uncertainties	The COVID-19 crisis appears now to be under control with a number of countries easing restrictions. The Company has maintained some minimal measures in place, there was no impact on the Company's operations in the current year and at the date of these financial statements. In the current year there has been recent unrest in Kazakhstan in the early part of the year and the imposition of sanctions on Russia. In relation to the first point the Company maintains good relations with its workforce which is sourced locally near the mine and is largely insulated from the disruptions in the major cities. There have been no issues with supply chains, and the Company maintains good communications with its suppliers to ensure any issues are highlighted and dealt with early. In relation to the second issue the Company currently has no reliance in terms of trade or funding from Russia. Plans have been adapted and procedures reviewed to ensure that no sanctions are breached and no reliance is placed on future trading/financing from Russia. The Company will keep the situation under review.
Health. safety and environmental issues	The Company is aware of its obligations to all stakeholders in relation to maintaining a safe work environment. It liaises on a regular basis with the authorities and monitors and reports on a regular basis key environmental indicators such as air and water quality. There were no reporting incidences or accidents in the year at the mine. The Kazakh authorities have recently reviewed and updated the environmental code in Kazakhstan. This has imposed a number of new regulations and requirements on the Company, the Company has reviewed its obligations under the code to ensure that it monitors and complies with the new requirements. The Company is also aware of its longer term obligations in relation to reducing its carbon footprint and aims to ensure that this is considered in its decision making processes and the impact and costs to the wider environment, in this regard it has set up a board committee to monitor and progress its obligations in this regard.

DIRECTORS' SECTION 172 STATEMENT

Statement by the directors in performance of their statutory duties in accordance with s172 (1) Companies Act 2006.

The Board of Directors of AltynGold Plc both individually and collectively act in the way they consider in good faith would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and considerations set out in s172 (1) (a-f) of the Act). In decisions taken to the year ended 31 December 2021, we would reference our approach to our business plan, social and corporate responsibility and the supporting control environment which deliver good outcomes for the company and wider stakeholders. In achieving this, the following areas are highlighted:

The plans that were put in place to manage the business during the COVID-19 pandemic have proved to be effective in ensuring the safety of employees and other stakeholders, whilst maintaining the continuity of the business. The plans have been further developed in the year in order to allow for any disruptions that may arise from social unrest or the regime of sanctions as imposed on Russia. Albeit there are no particular issues anticipated, the Company maintains good lines of communication with the workforce and relevant government bodies.

In making their decisions the Board carefully assessed the future long term aim of growing the Company to achieve its target level of production of moving initially to 850,000t of ore production and then moving up to 1mtpa and beyond. It has made its decisions balanced against the need to maintain safe working practices for its employees, achieving the increase in production capacity at a reasonable cost of capital, being aware of the environmental consideration and to obtain a good return to shareholders.

The Board has maintained regular contact with the its principal customer and suppliers, as well as cooperating with the national and regional authorities to ensure all regulatory and legal requirements were met. Regular contact has been restored with bankers and suppliers on a personal level and its refiner is continuing via the online portals. Shareholders have been communicated with through the online messaging services and the website where presentations and Company broadcasts are available. As the COVID -19 restrictions have been lifted the Company is intending to hold an AGM were shareholders will be able to physically attend this year on 24 June 2022.

The Board made the following key decisions in the year;

a) Our Company's plans were designed to have a long-term beneficial impact on the company and to contribute to the success in delivering the business of exploration and developing and operating a mine to produce gold and other precious metals as outlined in our strategy and business model on page 8, and in relation to our longer term plan in the Chief Executive's report on page 3. We continue to operate our business within a structured control environment and comply with all necessary regulated requirements necessary to maintain the operating licences.
   - In light of the expansion of production the Company reviewed its staffing requirements in number and grade and recruited staff at the appropriate grade. The review also looked at the composition and skill sets of the Board of Directors, in light of the review the Board was reorganised in January 2022, with the first female Director being appointed, and another experienced Director being appointed.
   - Working practices were reorganised in light of the relaxation of government COVID-19 restrictions with staff being allowed to work from the office and shift patterns reorganised at the production site.
   - In order to maintain working capital the management drew down further funds from Bank Center Credit and took out another short term facility. It was also decided to repay part of the US Dollar denominated loan in order decrease the Company's exposure to movements in the US Dollar.
   - In order to obtain continuity of production and favourable rates a contract was agreed to prepay costs to the subcontractor responsible for the extraction of ore.
   - The management negotiated the off take agreement with its principal customer, detailing the quantity of dore to be supplied and payment terms for the period to December 2022.

b) Our employees are fundamental to the delivery of our business. AltynGold wants to build teams that are loyal and committed to the long term success of the Company and create a pleasant work environment where all employees can thrive. We have put steps in place for workforce engagement, training and development, employee networks, and regular communication updates with senior management. During the year the company has worked closely with its employees and local authorities at both head office and the mine site to ensure that the staff were able to engage in the Company's activities in safe working environment.

   During the year the Company recognised its wider responsibilities to the wider community and assisted the government in the building of a new wing of a university.

c) At AltynGold, we think about the implications of our decisions on everyone in our Group, our industry and our community, because we are committed to building a sustainable business with a legacy we can all be proud of.

   Our success depends on our relationships with employees, a network of experts, customers and suppliers beyond our business.

   The majority of the workforce live and work in Sekisovska village located next to the mine, the Company is aware of the need to foster good relationships with the local community and try to engage them , keeping them informed of the business activities.

   All of our activities are informed by appropriate engagement with stakeholders to gain an understanding of our operating environment and the market in which we operate. At present the Company has a single customer for its gold output as regulated by the Kazakh authorities and it complies with all requirements for timings and deliveries as appropriate. We value our suppliers and maintain regular communication with them.

   The Board has regular meetings with key equipment suppliers, principal consumable suppliers and its sub-contractors to agree contract terms and to discuss any issues that may have arisen. It has also established a good line of communication with its principal finance providers at the bank and AIX, to ensure that operations run smoothly and they are kept abreast of Company developments.

d) Our plans takes into account the impact of the company's operations on the community, the environment and wider societal responsibilities, some of which are mandated by government legislation but others are taken up by the Company voluntarily. The Company was able to grow employee numbers, aiding and supporting the local community in which the mine is the key employer.

   Further details on this and the Company's impact on the environment are as detailed in the corporate Social Responsibility report on page 12. AltynGold aims to ensures that it plays a responsible part in society as a whole. We also evolve and adapt as regulation changes and public interest in emerging issues grow. The plans the Company has developed helps it to stay focussed and make an impact, it is keenly aware of the mines environmental impact and the dangers of not staying focused It ensures the Company is pragmatic and consistent, and using local resources and people as necessary. There are regular checks made on the environmental parameters by independent third parties and government departments. No issues were highlighted in the year. See further details in the Corporate Social Responsibility Report on page 12.

e) The Board of Directors' intention is to behave responsibly and ensure that the business operates in a responsible manner within the high standards of business conduct and good governance: Our company ensures that we meet standards expected by our Regulators in order to ensure that our license to operate is maintained. The Company has regular contact with the environmental authorities to ensure the Company complies in all aspects with the government standards required for the operation of the mine in Kazakhstan.

   There is a policy in place for whistle blowing and this ensures that employees feel empowered to raise concerns in confidence and without fear of unfair treatment. The Audit Committee as a whole ensures that the processes in place are adequate.

f) We aim to act fairly between members and act for all shareholders. The Company does have a controlling shareholder, however their conduct is controlled by a relationship agreement which aims to ensure that they act in a fair, transparent and responsible manner. All shareholders are welcome at the Annual General Meeting to express their views. The Company website has a facility to obtain regular feedback from all shareholders.

CORPORATE SOCIAL RESPONSIBILITY

Human resources

As explained in the corporate governance report a review was conducted of the human resources in quality and quantity required by the Company.

The Company again in the current period increased its workforce at the Sekisovskoye mine site from 301 to 333. After a review of head office,the number of staff were decreased from 88 to 80, with changes made to the grades and levels of management employed.The total number of employees at the year end was 413 (2020: 389)

The company remains committed as a significant employer, employing 80% of the population of the Glubokov district in East Kazakhstan region in which the Sekisovskoye and the Teren-Sai deposit are located.

Outsourced labour is still being utilised, but their role is now being limited to specific operations related to the development of the mine. The Company continues to operate in a protected industry in Kazakhstan which the government see as essential in maintaining the economic stability of the country, and has been insulated to a large extent from the effects of the COVID-19 pandemic.

Human rights

Whilst the Company does not have a specific human rights policy, it does have policies such as Equal Opportunities and an Anti-bribery policy that adhere to internationally proclaimed human rights principles.

Employment policies and diversity

The Company has an equality and diversity policy and communicated it to its employees in a formal manner after consultation with the local authorities. It is fully supported by senior management and employee representatives The policy is monitored and reviewed annually to ensure that equality and diversity is continually promoted in the workplace.

The Company in January 2022 appointed its first female director, and is aware of its responsibilities in promoting diversity and opportunities for all.

The aim is to ensure that all employees and job applicants are given equal opportunity and that our organisation is representative of all sections of society. Each employee will be respected and valued and able to give their best as a result. This policy reinforces our commitment to providing equality and fairness to all in our employment and not provide less favourable facilities or treatment on the grounds of age, disability, gender, marriage and civil partnership, pregnancy and maternity, race, ethnic origin, colour, nationality, national origin, religion or belief, and sexual orientation.

The Company provides the following to staff:

- A medical station available to all employees.
- Free provision of canteen facilities.
- Bonuses/awards to staff as merited.

The Company is opposed to all forms of unlawful and unfair discrimination. All employees, no matter whether they are part-time, full-time, or temporary, will be treated fairly and with respect. The Company will enforce current work practice and work within the spirit of the law. When selecting candidates for employment, promotion, training, or any other benefit, it will be on the basis of their aptitude and ability.

The policy will aim to create an environment in which individual differences and the contributions of all team members are recognised and valued. To create a working environment that promotes dignity and respect for every employee. To not tolerate any form of intimidation, bullying, or harassment, and to discipline those that breach this policy. To make training, development, and progression opportunities available to all staff. To promote equality in the workplace. To encourage anyone who feels they have been subject to discrimination to raise their concerns so we can apply corrective measures. To encourage employees to treat everyone with dignity and respect. To regularly review all our employment practices and procedures so that fairness is maintained at all times.

Employee involvement

Members of the management team regularly visit subsidiaries and discuss matters of current interest and concern with members of staff.

Gender diversity

	Male	Female	Total
2021	**322**	**91**	**413**
2020	292	97	389

The table above shows the staff employment by gender. The Company places a great deal of emphasis on gender equality and diversity. At present there are 23 women in senior management positions (2020: 16), male senior managers in 2021 were 38 (2020: 44, including Directors).

Company environmental checks

Each of the Company's facilities as is required by the government authorities was environmentally monitored on a quarterly basis by accredited outsourced companies. This included the following checks which were all within environmental standards set:

- Checks were made on the water at surface and sub-surface levels to ensure that it was within safe limits, within both the production site and the tailings dump site – no incidences were

noted during the year and as at the date of this report.

- Checks were regularly made on the air quality at the production site, to include testing of the air extraction systems at the crushing and grinding plant, laboratory and transfer conveyors. Appropriate repairs were carried out in the year if there was any deviation from the accepted norms – no incidences noted.
- Soil samples were analysed at the tailings dumps to ensure that there was no adverse effects on the environment – no incidences noted.

Of primary importance to the Company is to ensure that the tailings dam and water discharges are within environmentally safe limits. The facility has a system in place that provides treatment and discharge of mine water into the surface reservoir – quarterly testing is done to ensure all required standards are met. This is reported to the authorities on a quarterly basis, again no incidences to report.

The Company has systems to control the processing of waste in a controlled and environmentally complaint manner. All household waste produced is disposed of to specialised landfill sites. Tyres are temporarily stored prior to removal to a specialised site. Hazardous waste such as Mercury is carefully sent for recycling as are plastic waste from plastic packaging and other plastic waste from pipes cuttings and geomembrane to reduce the amount being sent to the landfill sites. Metal scraps and exhausted oils are recycled as far as possible on the production site.

The Company's is continuing to refine and develop its environmental management systems, particularly in light of the new government imposed environmental laws. The impact of which have been considered in detail on the future operations of the Company.

Health and safety

Altyn is pleased to report that during 2021 as in 2020, there were no accidents at the Sekisovskoye mine. The Company maintains its first aid rooms to the highest standards and ensures that rescue contracts are in place for employees in the event of an emergency.

Our community

The support of the local community is key to the success of the Company, and the various initiatives and projects have been undertaken to ensure that the success of the mine is of a benefit to all parties.This is regarded as an ongoing commitment by the Company to the local community and has been formalised in a memorandum of co-operation by the Company with the authorities of the rural district. The company regularly contributes to local projects and participates in local events.Some of the activities that the Company participated in the year are as noted below:

- The Sekisovskoya region in winter has very large snow drifts, the Company regularly clears the road and access paths at Sekisovska village
- Assisting in the regeneration of the local area and redevelopment of green spaces
- Assisting in anti- flood measures and clean up operations.
- Participating and providing gifts for children of the local community.and two orphanages in the local area.
- Assisting and providing food for the elderly and pensioners in the local community.

CORPORATE SOCIAL RESPONSIBILITY continued

Climate change and our approach to the environment

The Company's policies outline our commitment to environmental responsibility. Safeguarding the environment and training our employees to minimise the environmental impact of our activities are important aspects of our business. We remain committed to achieving the highest environmental standards.

The Company is currently reviewing its obligations under the guidelines and framework as noted with in the Task Force on Climate-related Financial Disclosures (TCFD). The framework has been devised to allow companies to disclose the potential and actual impacts on the business of climate-related risks. A detailed risk assessment is to be performed in 2022 to identify any risks from climate change and to ensure compliance with TCFD and as part of this the Company has recently implemented a new Board committee to monitor and assess the future effects of climate change on a strategic level. As part of the review the Company has been assessing the impact of the new environmental code in Kazakhstan that may have a impact on the operations, finances and reporting required by the Company. The Company currently has an environmental and ecology department that monitors and reports on a regular basis to the relevant authorities on air, water and soil contamination levels.

The new environmental code became effective in Kazakhstan on 1 July 2021. It moves the issues of climate change to the top of the agenda, providing guidance together with a penalty regime for non compliance. The main points are as listed below:

- Under the new regime the time taken to obtain an environmental permit prior to works commencing is anticipated to increase from approximately 6 months to 9 months.
- Environmental violations are to be assessed over much longer period of 30 years.
- Each Company is to be designated to a category based on the potential impact on the environment. Baurgold has been designated to the first category, and Altyn MM to the second, there are more stringent controls on the first category.
- The enterprises in category one are obliged to accept the best available technologies on a list that is approved the government authorities, failure to do will result in penalties.
- The government has introduced a scaled increase in the charges for environmental pollution, from 2025 they will double, doubling again from the level in 2025 in 2028 and again in 2031 from the level in 2028.
- It is recommended that large polluters in category one (producing CO_2 in excess of 500tons) implement automated monitoring systems, Baurgold currently emits approximately 50tons of CO_2.
- Fines and penalties have been increased as well as the use of only licensed waste carriers.

The Company's emissions by scope

The Company's emissions by scope

Scope		Source	**Tonnes CO_2 2021**	Tonnes CO_2 2020
Scope 1		Plant	**3,919**	3,131
Scope 2		Electricity	**1,657**	1,666
Scope 3		Other equipment	**11**	8
Total			**5,587**	4,805
Intensity 1	Tonnes per CO_2	Per US$ of revenue	**0.000064**	0.00016
Intensity 2	Tonnes per CO_2	Per oz of gold produced	**0.1132**	0.2906

The energy consumption used to calculate emissions was 73,726 kWh (2020: 63,179 kWh)

From a review conducted by the Board the current procedures and likely breaches of the environmental code are expected to have a minimal impact on the operations of the Company. The Board remains committed to reduce its carbon footprint and will keep this constantly under review.

Greenhouse gas reporting

The calculations are prepared by an external consultancy and are approved by the Minister of Environmental Protection in Kazakhstan, which has strict guidelines and statutory requirements in relation to the measurement of emissions. The emissions as recorded below relate entirely to the Company's activities in Kazakhstan, the head office function in the UK has a very small carbon foot print.

Greenhouse gas emissions (GHG), are classified as either direct or indirect and which are divided further into Scope 1, Scope 2 and Scope 3 emissions.Direct GHG emissions are emissions from sources that are owned or controlled by the Company.Indirect GHG emissions are emissions that are a consequence of the activities of the Company but that occur at sources owned or controlled by other entities.

Scope 1 emissions

Direct emissions controlled by the Company arising from plant.

Scope 2 emissions

Indirect emissions attributable to the Company due to its consumption of purchased electricity.

Scope 3 emissions

Other indirect emissions associated with activities that support or supply towards the Company's operations.

With the compliment of new equipment that the Company has sourced and the use of environmentally friendly technologies. Based on tonnes of CO_2 emitted per ounce of gold produced, the Company has reduced the emissions by 62% per ounce.

MINERAL RESOURCES STATEMENT

Overview

Ernst and Young Advisory Services (Pty) Ltd ("EY") were commissioned by the directors of AltynGold Plc ("Altyn") in 2019 to prepare Independent Competent Persons' Reports ("CPR") on the Sekisovskoye Gold Mine ("the Sekisovskoye Mine") and Teren-Sai gold project ("the Teren-Sai Project").

Both the Sekisovskoye Mine which is an operating mine targeting gold and silver, and Teren-Sai which is an exploration licence area are located in eastern Kazakhstan, adjacent to the Sekisovka village.

EY has compiled the reports in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 edition ("the JORC Code"). In the case of the Sekisovskoye mine it is an update of the CPR completed in 2014, entitled "Independent Competent Persons' Report on the Sekisovskoye Gold Project prepared for Goldbridges Global Resources Plc, (subsequently renamed AltynGold Plc)" as at 31 May 2014 by Venmyn Deloitte (Pty) Ltd ("Venmyn Deloitte") referred to as "the 2014 CPR". In the case of Teren-Sai this will be a maiden Mineral Resource and Ore Reserve estimate for the Project based on exploration completed by AltynGold since granting of the subsoil use contract in 2016.

The report describes reviews and documents the technical and economic parameters of the Sekisovskoye mine and Teren-Sai Project, in order to identify all factors of a technical and economic nature that would influence the future viability of the project.

Geological Setting

The sites are located in a complex geological setting that has been subject to much alteration and metamorphism. The projects are exploiting gold that is hosted in a number of pipe-like breccia bodies that have intruded into the Rudny Altai poly-metallic belt, which is part of the larger Central Asian Orogenic Belt.

Ten breccias have been mapped in and around the Sekisovskoye Mine. Of these, seven breccias fall within the Sekisovskoye Mine licence boundary. Mineralisation is hosted in the breccia bodies and includes free gold and gold sulphides. Gold is embedded in the cement of the explosive hydrothermal breccias and is smeared across the lithology. The breccias are cut by barren igneous dykes that are typically planar and dip steeply to the northeast.

The Teren-Sai Project is made up of 15 targets based on historical exploration. Of these 15 targets, Altyn has identified 4 areas for exploration, namely Areas No.1 to No.4, consisting of various identified targets. Altyn is currently focussed on exploration and development of one of these 15 targets, namely Area No.2. Area No.2 consists of four breccia bodies.

Strategic report
Governance

Exploration

Sekisovskoye

Recent exploration refers to all exploration carried out since the project was acquired by AltynGold (then known as Hambledon). The Sekisovskoye Mine has undergone numerous exploration programmes including geophysics, trenching and diamond drilling.Recent exploration has consisted of several drilling campaigns and a total of 1,490 drillholes have been completed. These drillholes include both surface and underground drilling but exclude all drilling prior to acquisition of the Sekisovskoye Mine by Hambledon. Of these drillholes, a total of 982 holes have been drilled between 2011 and 2019 and these form the basis of the orebody modelling and underground resource estimation used in the CPR. Exploration and orebody modelling has focussed increasingly on delineation of the orebody at depth and on infill drilling to improve geological confidence in the underground Mineral Resources since closure of the open pit. More recent exploration campaigns have consisted of almost exclusively underground drilling.

Teren-Sai

Recent exploration refers to all exploration carried out since the project was acquired by Altyn in 2016. Recent exploration carried out by AltynGold includes pitting, trenching and diamond drilling. Exploration has focussed on the two breccias within Area No.2 and includes a total of 41 drillholes completed by Altyn.A further 12 historical drillholes are included in the geological database. These historical holes were drilled in 1993. The 53 drillholes drilled in Area No.2 form the basis of the geological modelling and resource estimation used in this CPR. Drilling has been completed to a depth of approximately 465m below surface.

In relation to the more recent exploration activities since 2019 these are detailed in the Chief Executives report on pages 3 to 5.

Mineral Resource Estimates

Mineral Resource classification is based on the level of geoscientific confidence and primarily, drilling density. Due to the nature of the deposit, which is generally narrow and extending in a pipe-like deposit at depth, drilling and the resultant number of samples is denser near surface and becomes less dense with depth.

Sekisovskoye

Measured and Indicated Resources are estimated from the current working depth of -185masl to a depth of -400masl. Inferred Mineral Resources have been estimated from -400masl to -800masl. An Exploration Result has been estimated from -800masl to -1,500masl.

Teren-Sai

Measured Resources from surface (approximately +490masl) to a depth of +260masl and Indicated Resources from +260masl to a depth of +25masl. No Inferred Mineral Resources have been estimated. An Exploration Result has been estimated from +25masl to -375masl. The open pit to underground boundary is at +350masl.

MINERAL RESOURCES STATEMENT continued

Sekisovskoye

31 May 2019 Resource Classification	Level Masl	Tonnage (Mt)	Cut-off Grade (g/t)	Average gold grade (g/t)	Contained Gold (Moz)	Average Silver Grade (g/t)	Contained Silver (Moz)
Measured	+250 to -400	29.03	1.50	3.76	3.51	6.20	5.79
Indicated	+250 to -400	3.48	1.50	3.03	0.34	5.08	0.57
Sub-total		32.51	1.50	3.68	3.85	6.08	6.35
Inferred	-400 to -800	37.15	1.50	2.37	2.83	3.99	4.77
Total mineral resources		**69.66**	**1.50**	**2.98**	**6.68**	**4.97**	**11.12**

Since 1 June 2019 to 31 December 2021 the Company has extracted 1.3mt of ore, at an average gold grade of 1.78g/t (72,459oz of contained gold) and an average silver grade of 1.43g/t (59,035oz of contained silver).

Teren-Sai

31 May 2019 Resource Classification	Level Masl	Tonnage (Mt)	Cut-off Grade (g/t)	Average gold grade (g/t)	Contained Gold (Moz)	Average Silver Grade (g/t)	Contained Silver (Moz)
Measured – open pit	+490 to +350	5.99	0.50	1.89	0.36	3.25	0.63
Measured – Underground	+350 to +25	3.80	1.50	3.75	0.46	6.13	0.75
Sub-total		9.79		2.61	0.82	4.37	1.37
Indicated – underground	+350 to +25	6.06	1.50	3.38	0.66	5.52	1.07
Total mineral Resources		**15.84**		**2.91**	**1.48**	**4.81**	**2.45**

The Teren-Sai CPR has measured Resources from surface (approximately +490masl) to a depth of +260masl and Indicated Resources from +260masl to a depth of +25masl. No Inferred Mineral Resources have been estimated. An Exploration Result has been estimated from +25masl to -375masl. The open pit to underground boundary is at +350masl.

Exploration Target Estimate

Sekisovskoye

31 May 2019 Resource Classification	Level Masl	Tonnage (Mt)	Cut-off Grade (g/t)	Average gold grade (g/t)	Contained Gold (Moz)	Average Silver Grade (g/t)	Contained Silver (Moz)
Exploration	-800 to -1,500	22.79	1.5	2.37	1.74	no estimate	no estimate

Teren-Sai

31 May 2019 Resource Classification	Level Masl	Tonnage (Mt)	Cut-off Grade (g/t)	Average gold grade (g/t)	Contained Gold (Moz)	Average Silver Grade (g/t)	Contained Silver (Moz)
Exploration	+25 to -375	9.28	1.50	3.46	1.03	no estimate	no estimate

Ore Reserve Estimate

Sekisovskoye

The Ore Reserves have been estimated from surface (approximately +430masl) to a depth of -400masl. All the Mineral Resource blocks that are above the Mineral Resource cut-off grade were included in the Ore Reserve, as no selective mining has been assumed for the Ore Reserve estimation.The Ore Reserve calculation includes a 5% dilution factor, 2% mining loss and 100% extraction factor. Based on the estimated Ore Reserves.

Sekisovskoye					
31 May 2019 Resource Classification	Tonnage (Mt)	Average gold grade (g/t)	Contained Gold (g/t)	Average Silver Grade (Moz)	Contained Silver (g/t)
Proved	29.87	3.61	3.47	5.88	5.65
Probable	3.58	2.91	0.33	4.81	0.55
Total	**33.45**	**3.53**	**3.80**	**5.77**	**6.20**

Teren-Sai					
31 May 2019 Resource Classification	Tonnage (Mt)	Average gold grade (g/t)	Contained Gold (g/t)	Average Silver Grade (Moz)	Contained Silver (g/t)
Proved – open pit	6.29	1.71	0.35	2.94	0.59
Proved – underground	3.91	3.60	0.45	5.87	0.74
Sub-total	10.20	2.43	0.80	4.06	1.33
Probable	6.23	3.25	0.65	5.33	1.07
Total	**16.43**	**2.74**	**1.45**	**4.54**	**2.40**

For Teren-Sai the ore reserve calculation includes a dilution factor, mining loss and extraction factor. The average estimated losses and dilution are mining losses of 5% for the open pit and 2% for the underground and mining dilution of 10% for the open pit and 5% for the underground. An average mining extraction factor of 90% has been utilised for the Ore Reserve estimation.

Mineral asset valuation

The assumption of no selective mining was informed by both the mining method and by guidance included in the Kazakhstan mining legislation, which does not allow for the selective mining of blocks above the cut-off grade approved by the Committee of Geology of Kazakhstan. Therefore, no pay limit was used for mining selectivity and the definition of Ore Reserves.

The key modifying factors used are as follows: –

- long term prices for gold and silver of USD1,280/oz and USD17/oz, respectively; the current prices are above US$1,600/oz and the in the short-term the Company is using US$1,400 in modelling;
- a processing recovery of 83% for gold and 73% for silver, this is in line with the current production:
- an average underground mining cost of USD425/oz, this is based on a longer term projection based on an increased level of ore mined the current cash cost is in the range of US$850/oz.

EY estimated the preferred value of Sekisovskoye Mine as the average value between the Income-based approach and the Market-based approach. Therefore, the preferred value for Sekisovskoye Mine is estimated between US$383m to US$415m and that of Teran- Sai as estimated as between US$92m and US$104m.

Summary

JORC gold mineral resources total 6.68Moz (2014 CPR – 5.14Moz). In addition, a further 1.74Moz (2014 CPR-3.30Moz) have been identified as an Exploration Result below the – 800masl. While these will require further exploration drilling to be potentially upgraded to Mineral Resources, this result does highlight the potential for a larger Mineral Resource than is currently estimated. Assuming that this potential were to be realised, the current projects as developed would contain approximately 8.42Moz (2014 CPR – 8.4Moz) of gold.

In addition, the JORC gold resources at Teren-Sai total 1.48Moz with a further 1.03Moz as an exploration target.

Strategic report approved by the Board on 24 June 2022 and signed on its behalf by:

Mr Aidar Assaubayev
(Chief Executive Officer)
Director

CORPORATE GOVERNANCE STATEMENT

Our Corporate Governance Statement, which explains how AltynGold's governance framework supports the principles of integrity, strong ethical values and professionalism integral to our business. The Board recognises that we are accountable to shareholders for good corporate governance, and this report, together with the Reports of the Audit and Remuneration Committees, seeks to demonstrate our commitment to high standards of governance that are recognised and understood by all.

The Company is keenly aware of its obligations under the London Stock Exchange disclosure and transparency rules and is reviewing its corporate structure, given the size of the Company it has not adopted the 2018 UK Corporate Governance Code, however the Company believes that the policies in place ensures that there are high standards of accountability and corporate governance.

The Company reviewed the composition and structure of the Board and appointed two new Independent Non- Executive Directors on 24 January 2022, to compliment and expand on the existing skills of the current Board. Thomas Gallagher stepped down from his position as an independent Non-Executive in order to rebalance his work and leisure time. The Board are grateful for his services during his period as a Board member.

Full details in relation to the composition of the Board are given on pages 23 to 25. There are now in total four Non-Executive Directors on the Board, and two Executive Directors together with a Chairperson. The Company has appointed its first female Director and will continue to keep under review the composition of the Board and its committees to ensure that we have the right balance of skills, independence, experience and diversity. The Company is aware of the growing importance on climate change and appointed a new Board committee to monitor the Company's impact on the environment. The environmental social and governance committee is composed of Vladimir Shkolnik, a non-executive director on AltynGold's Board of Directors since 2017 and by Maryam Buribayeva. They will play an important role in assessing and reducing the Company's impact on the environment and reviewing the compliance with the relevant local laws.

In the opinion of the Directors these Annual Financial Statements present a fair, balanced and understandable assessment of the Group's position and prospects and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy. This is presented in more detail in the CEO review and review of financial performance on pages 3 to 6.

The respective responsibilities of the Directors and the Auditor in connection with the Financial Statements are explained in the Statement of Directors' Responsibilities and the Auditor's Report.

The Board delegates specific responsibilities to the Audit and Remuneration Committees, full details of their responsibilities are detailed below. The Company currently does not have a Nomination Committee, and given its stage of development does not believe it is appropriate.Full details of the responsibilities of the committees are detailed below.

Day-to-day management and the implementation of strategies agreed by the Board are delegated to the Executive Directors. The Group's reporting structure below Board level is designed so that decisions are made by the most appropriate people in a timely manner. Management teams report to members of the Executive Committee. The Executive Directors and other managers give regular briefings to the Board in relation to business issues and developments. Clear and measurable KPIs are in place to enable the Board to monitor progress. These policies and procedures enable the Board to make informed decisions on key issues including strategy and risk management.

The Chair leads the Board and is responsible for its overall effectiveness, ensuring adequate time is available for discussion of all agenda items, in particular strategic issues, promoting openness and debate, ensuring all Directors, particularly the Non-Executive Directors, are able to contribute, and facilitating a constructive relationship between the Executive and Non-Executive Directors. The current Chair is not independent as he together with the two Executive Directors are the controlling shareholders of the Company. Their conduct is controlled by a relationship agreement that will ensure that they act in a way for the benefit of shareholders as a whole. The Non-Executive Directors will also ensure that the principals of the agreement are adhered to.

The Chief Executive Officer has responsibility for all operational matters which include the implementation of strategy and policies approved by the Board. The senior Independent Non Executive Directors provides a sounding board for the Chair and also acts as an intermediary for other Directors and shareholders.

In terms of culture and engagement the Executive Directors liaise on a regular basis with the workforce and key suppliers and customer and reports back to the Board. The human resources department has a framework to improve the way in which employee views are communicated to the Board, how employees engage with values and culture, and how we align strategy with our workforce development and reward policies. Details in relation to the Company's corporate social responsibility are given on pages 12 to 15, and engagement with other stakeholders in the Directors S172 Statement on page 11.

The Board has adopted procedures for the identification, authorisation (where appropriate) and monitoring of situations which may give rise to a conflict of interest. There is a relationship agreement with the major shareholder which defines their responsibility if a situation arises.The Board has reviewed the procedures and is satisfied that they are operating effectively.

The Company's Articles of Association contain powers of removal, appointment, election and re-election of Directors and provide that at least one-third of the Board must retire at each Annual General Meeting and each Director must retire by rotation every 3 years.

There is a no formal induction programme for new Directors, however they are given a full briefing and familiarised with all aspects of the Company's operations.

The Company maintains directors' and officers' liability insurance to cover legal proceedings against Directors and Officers acting in that capacity.

The Group has a comprehensive financial review process, including detailed annual budgets, business plans and regular forecasting. There are a range of performance indicators which are tracked by management on a daily, weekly and monthly basis, and addressed through a programme of operational meetings and action plans. All Directors receive regular and timely information to enable them to perform their duties, including information on the Group's operational and financial performance, customer service, health and safety performance and forward trends.At each regular Board meeting the financial results are reviewed, taking account of performance indicators and the detailed annual business plan and budget. The Board also considers forward trends and performance against other key indicators, including areas where performance departs from forecasts, and contingency plans. The Board reviews medium and long-term strategy on a regular basis. In this way, the Board assesses the prospects of the Group using all the information at its disposal, and considering historical performance, forecast performance for the current year and longer-term forecasts over the 3-year business planning cycle as appropriate. Details of the Company's strategy and business model are given on page 8 of the Annual Report.

The Board has responsibility for determining the nature and extent of the principal risks the Company is willing to take to achieve its strategic objectives, and for the Group's internal control framework. The Board has a well-established procedure to identify, monitor and manage risk, and has carried out reviews of the Group's risk management and internal control systems and the effectiveness of all material controls, including financial, operational and compliance controls. The principal risks facing the Group are detailed on pages 9 to 10.

The Board places great emphasis on communication and engagement with the Company's shareholders. It is an area of focus that the Board wishes to strengthen in the future. The principal forum at present to engage with the shareholders given the stage of development of the Company is at the Annual General Meeting details of which are on page 75.

In relation to engaging with our stakeholders the Board recognises the importance of our wider stakeholders in delivering our strategy and business sustainability and are conscientious on the responsibilities and duties to the stakeholders under section 172 of the Companies Act 2006.

We believe that effective corporate governance is critical to delivering our strategy and creating long-term value for our shareholders.

Board structure

The Board is comprised of the Executive Chairman, the CEO an Executive Director and four Non-Executive Directors, one of which is not independent as he holds shares in the Company. Their details appear on pages 23 to 25, which lists their experience and expertise. Although none of the Directors other than the currently employed Director Maryam Buribayeva have had any formal training in finance they have all had a great deal of experience operating at the top level of management in a number of companies dealing with all aspects of operating a business and will call in experts as and when required.

The Board is responsible to shareholders for the proper management of the Company. The statement of Directors' responsibilities in respect of the accounts is set out on page 29.

The Non-Executive Directors have a particular responsibility to ensure that the strategies proposed by the Executive Directors are fully considered. To enable the Board to discharge its duties, all Directors have full and timely access to all relevant information and there is a procedure for all Directors, in furtherance of their duties, to take independent professional advice, if necessary, at the expense of the Company. The Board has a formal schedule of matters reserved and meets on a regular basis.

The Board is responsible for overall Group strategy, approval of major capital expenditure projects and consideration of significant financing matters.

Audit Committee

The Audit Committee is comprised of, Ashar Qureshi and Vladimir Shkolnik. The Board reviews the composition of the Audit Committee on a regular basis, and will make changes as appropriate.

Audit Committee's prime tasks are to review the scope of the external audit, to receive regular reports from the Company's auditor and to review the half-yearly and annual accounts before they are presented to the Board, focusing in particular on accounting policies and areas of management judgement and estimation. The Committee is responsible for monitoring the controls which are in force to ensure the integrity of the information reported to the shareholders. The Committee acts as a forum for discussion of internal control issues and contributes to the Board's review of the effectiveness of the Company's internal control and risk management systems and processes.

The Audit Committee also undertakes a formal assessment of the auditors' independence each year which includes:

- a review of non-audit services provided to the Company and related fees;
- discussion with the auditors of a written report detailing all relationships with the Company and any other parties that could affect independence or the perception of independence;
- a review of the auditors' own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and
- obtaining written confirmation from the auditors that, in their professional judgement, they are independent.

An analysis of the fees payable to the external audit firm in respect of both audit and non-audit services during the year is set out in Note 10 on page 58 of the financial statements.

Remuneration Committee

The Remuneration Committee currently comprises of two Directors – Ashar Qureshi and Vladimir Shkolnik, which meets as required, it is responsible for determining the contract terms, remuneration and other benefits of the Executive Directors. The remuneration of the Non-Executive Directors is determined by the Board within the limits set out in the articles of association. None of the Committee members has any personal financial interest in the matters to be decided (other than as shareholders), potential conflicts of interest arising from cross-Directorships, or any day-to-day involvement in running the business. The Committee has access to professional advice from inside and outside the Company at the Company's expense. The Remuneration Committee considered and recommended the payment of the remuneration of the Executive Directors Kanat Assaubayev and Sanzhar Assauabayev, there were no other changes in the remuneration of the Executive Directors from the prior year.

CORPORATE GOVERNANCE STATEMENT continued

Company Secretary

The Company Secretary is responsible for the scheduling and administration of Company meetings, updating of the statutory information, filing requirements at Companies House, and liaising with the relevant authorities at the FCA and London stock exchange as directed by the Board .

Board and Board committee meetings

The number of meetings during 2021 and attendance at regular Board meetings and Board committees was as follows:

	Meeting	Number held	Number attended
Kanat Assaubayev	Board	7	7
Aidar Assaubayev	Board	7	7
Sanzhar Assaubayev	Board	7	7
Ashar Qureshi	Board	7	7
	Audit Committee	2	2
Vladimir Shkolnik	Board	7	7
	Audit Committee	2	2
Maryam Buribayeva*	Board	n/a	n/a
Andrew Terry*	Board	n/a	n/a
Thomas Gallagher**	Board	7	3

*Appointed to the Board on 24 January 2022.

** Resigned from the Board on 24 January 2022.

Kanat Assuabayev
Chairman
24 June 2022

BOARD OF DIRECTORS

Non-independent Chairman

Kanat Assaubayev

Appointment
Kanat Assaubayev was appointed to the Board as Chairman on 23 October 2013.

Experience
Kanat Assaubayev is one of Kazakhstan's leading entrepreneurs in the natural resources sector. Mr Assaubayev was the first Kazakh to get a doctorate in metallurgy. His early career was in academia where he was the Chairman of the Metallurgy and Mining Department of Kazakh National Polytechnic University. He subsequently began his business career in the 1990s and has led a number of natural resources enterprises to national and international success.

Non-Independent Executive Director

Aidar Assaubayev

Appointment
Aidar Assaubayev was appointed to the Board as Chief Executive Officer on 20 February 2013.

Experience
Aidar Assaubayev was formerly Executive Vice Chairman of KazakhGold Limited, the gold mining corporation, and he was also formerly Vice-President and a director of JSC MMC Kazakhaltyn. Mr. Assaubayev graduated from the Kazakh National Technical University in Almaty and he also holds a degree in Economics from the Institute of Systemic Analysis in Moscow.

Non-Independent Executive Director

Sanzhar Assaubayev

Appointment
Sanzhar Assaubayev was appointed to the Board as Executive Director on 29 February 2016.

Experience
Sanzhar Assaubayev was formerly Director of International Affairs of JSC MMC Kazakhaltyn and an Executive Director of KazakhGold Group Limited, the gold mining corporation. He was educated at the Leysin American School in Switzerland, where he specialised in management, and the American University in the United Kingdom. Sanzhar Assaubayev is the son of Kanat Assaubayev.

BOARD OF DIRECTORS continued

Non-Independent Non-Executive Director

Ashar Qureshi

Appointment

Ashar Qureshi was appointed to the Board as Non-Executive Director on 7 December 2012.

Experience

Ashar Qureshi is a London based US-qualified lawyer. He was formerly the Vice Chairman of Renaissance Group, where his position was a senior investment-banking role, and prior to that he worked with international firm Cleary Gottlieb Steen & Hamilton LLP. He is currently a partner at Fried, Frank, Harris. Shriver & Jacobson LLP. Mr. Qureshi holds a Juris Doctorate and is a graduate of Harvard Law School and Harvard College.

Independent Non-Executive Director

Vladimir Shkolnik

Appointment

Vladimir Shkolnik was appointed to the Board as Non-Executive Director on 22 November 2017.

Experience

Vladimir Shkolnik has held a number of high profile positions in the Kazakhstan government, and is currently advising the Kazakhstan government on industrial and energy matters.His previous positions included the office of Minister of Energy, Minister of Trade and Industry, and also Deputy Head of Presidential administration, reporting directly to the President.He is an academic with a doctorate in physics and has written a number of papers and books in the field of energy, natural resources and other scientific fields. He has been influential in setting up academic institutions, in the areas of mineral processing and also nuclear power in Kazakhstan, working with a number of leading Companies from Japan, France and Russia in setting up joint enterprises.

Independent Non-Executive Director

Maryam Buribayeva

Appointment

Maryam Buribayeva was appointed to the Board as Non-Executive Director on 24 January 2022

Experience

Maryam Buribayeva is a finance professional with extensive experience and industry expertise gained while working for such companies as North Caspian Operating Company, KazMunayGaz and Mercury Properties. A graduate of KIMEP University in Almaty, Maryam also holds an MSc in International Accounting and Finance from Cass Business School in London.

Independent Non-Executive Director

Andrew Terry

Appointment

Andrew Terry was appointed to the Board as Non-Executive Director on 24 January 2022

Experience

Andrew Terry is an English-qualified solicitor specialising in international corporate and personal taxation issues with a focus on clients from Kazakhstan, Russia, Ukraine, Georgia and Kyrgyzstan. He has extensive experience in setting up international holdings ahead of IPOs, debt finance transactions, private equity investments and trade sales. Andrew Terry currently practices as a tax partner at Keystone Law in London and is a member of the advisory board at Amber Lion Partners in Zurich.

Independent Non-Executive Director

Thomas Gallagher

Appointment and resignation

Thomas Gallagher was appointed to the Board as Non-Executive Director on 9 December 2020 he resigned from the Company on 24 January 2022 to pursue other interests.

Experience

Mr. Gallagher brings a wealth of knowledge experience to the Company, and a brief resume of his experience is given below.

He received an LL M from the Law School of Yale University, and also is a graduate of Villanova University, and of Loyola University School of Law (New Orleans). In addition, he is a member of the Bar Associations of Washington D.C., New York, New Jersey, & Pennsylvania.Working extensively in the legal and finance sector for a number of years, including as Legislation Attorney for the Joint Committee on Taxation of the Congress of the United States, he has built up an extensive knowledge in the sector and a has large number of contacts.

He currently is a Member of the Board of Trident Acquisition Corporation, quoted on the NASDAQ, a position he has held since 2016.

During the past five years he has served on the Boards of Exchequer Capital based in Switzerland, and the Exchequer Trust Company Limited based in New Zealand.He has worked with banks and other financial institutions organising all aspects of fund raising, and has an extensive knowledge of banking products.

DIRECTORS' REPORT

for the Year Ended 31 December 2021

The directors present their report and the consolidated financial statements for the year ended 31 December 2021.

Principal activity and business review

The principal activity of the Company is that of a holding company and a provider of support and management services to its operating subsidiaries. Together with its subsidiaries, it is involved in the production of gold and other precious metals from its mine sites in Kazakhstan, together with the development of further suitable investment opportunities.

A review of the activities of the business throughout the year and up to June 2022 is set out in the Strategic report on pages 1 to 19 which includes information on the Company's risks, uncertainties and performance indicators. The Company accounts are prepared on a going concern basis.

Results and dividends

The Group's profit for the year after taxation amounts to US$18.3m (2020: US$2.9m). The results of the year are set out on page 38 in the consolidated income statement.

The Directors do not recommend the payment of a dividend for the year (2020: nil).

Financial instruments

Details in relation to the Company's borrowings are as disclosed in note 22. The principal loan held by the Company are borrowings from JSC Bank Center Credit, the total borrowings at 31 December 2021 US$ 17.4m (2020: US$ for US$16.8m), at rates ranging initially at 6% and subsequently rising to 7%. The Company has also issued US$10m 9% bonds on the Astana International Exchange in Kazakhstan repayable in December 2022. Other bond liabilities totalling US$2.3m were repaid in the year.

The total Company borrowings as at 31 December 2021, including accrued interest is US$27.1m (2020: US$29.1m).

The main risks arising from the Company's financial instruments are liquidity risk, credit risk, foreign exchange risk and interest rate risk. Further details are provided in note 25 on pages 71 to 73 of the Company's financial statements.

Share capital details of the Company's issued share capital, are set out in note 23 on page 68.

The Company has one class of ordinary share and they carry no right to fixed income. Each ordinary share carries the right to one vote at the general meetings of the Company. All issued ordinary shares are fully paid. There are no specific restrictions on the size of the holding or on the transfer of the ordinary shares, which are both governed by the general provisions of the articles of association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's ordinary shares that may result in restrictions on the transfer of securities or on voting rights. Certain Directors have an interest in the ordinary shares in the Company and these are disclosed below.

Qualifying indemnity provision

The Company has entered into an insurance policy to indemnify the Directors of the Company against any liability when acting for the Company.

Charitable donations

During the year Company assisted with the funding of the building of new wing of a college in Kazakhstan at a cost of US$550,000 and provided support to the local community as detailed on page 13 of the annual report. It has made no other charitable or political donations during the year (2020: Nil).

Annual General Meeting

The Annual General Meeting of the Company will be held at Langham Court Hotel, 31-35 Langham Street, London W1W 6BU, United Kingdom on Thursday 30 June 2022 at 11.00am.

The details of the resolutions are given on page 80. The Directors consider that all of the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. The Board recommends that shareholders vote in favour of all resolutions.

Takeover directive

The Company has one class of share capital, which are ordinary shares. Each ordinary share carries one vote. All the ordinary shares rank pari passu. There are no securities issued in the Company which carry special rights with regard to control of the Company. The identity of all substantial direct or indirect holders of securities in the Company and the size and nature of their holdings is shown under the "Substantial interests" section of this report above.

A relationship agreement (the "Relationship Agreement") that controls the conduct and voting restrictions was entered into between the Company and African Resources Limited in regard to the arrangements between them whilst African Resources Limited is a controlling shareholder of the Company.

There are no restrictions on voting rights or on the transfer of ordinary shares in the Company. The rules governing the appointment and replacement of Directors,alteration of the articles of association of the Company and the powers of the Company's Directors accord with usual English company law provisions. The Directors are re-elected on a rotational basis each year. The Company is not party to any significant agreements that take effect, alter or terminate upon a change of control of the Company following a takeover bid. The Company is not aware of any agreements between holders of its ordinary shares that may result in restrictions on the transfer of its ordinary shares or on voting rights.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

Directors' Section 172 statement

Information on the Directors' Section 172 statement is given on page 11.

Environmental matters

Information on greenhouse emissions is shown on page 15.

Social and community issues

The Corporate Social Responsibility performance of the Company is detailed on pages 12 to 15.

Future developments and post balance sheet events

The Company's future plans are detailed in the Chief Executive Officer's review on pages 3 to 5.

Details of events after the end of the financial year are set out in note 27 on page 74 of the financial statements.

Communication with shareholders

Communications with shareholders are considered important by the Directors. The Directors regularly speak to investors and analysts during the year. Press releases have been issued throughout the year; the Company's website www.altyngold.uk is regularly updated and contains a wide range of information about the Company. Enquiries from individuals on matters relating to their shareholdings and the business of the Company are dealt with informatively and promptly. The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Internal control

The Directors are responsible for the Group's system of internal control and review of its effectiveness annually. The Board has designed the Group's system of internal control in order to provide the Directors with reasonable assurance that its assets are safeguarded, that transactions are authorised and properly recorded and that material errors and irregularities are either prevented or would be detected within a timely period.

The key elements of the control system in operation are:

- The Board meets regularly with a formal schedule of matters reserved to it for decision and has put in place an organisational structure with clearly defined lines of responsibility and with appropriate delegation of authority;
- There are established procedures for planning, approval and monitoring of capital expenditure and information systems for monitoring the Group's financial performance against approved budgets and forecasts;
- UK Financial reporting is closely monitored by members of the Board to enable them to assess risk and address the adequacy of measures in place for its monitoring and control. The Kazakh operations are closely supervised by the Board reviewing monthly, half yearly and annual financial reports from the Directors and senior officers in Kazakhstan. This is normally supplemented by regular visits of the UK based finance officer to Kazakh operations which include checking the integrity of financial information supplied to the UK. During the current year this process was performed remotely by teleconference calls with the accounts teams based in Kazakhstan.The financial officer is ultimately responsible for the preparation of the consolidated financial statements that are then reviewed by the Directors.

During the period, the Audit Committee has reviewed the effectiveness of internal controls as described above.

There are no significant issues disclosed in the Annual Report for the year ended 31 December 2021 (and up to the date of approval of the report) concerning material internal control issues. The Directors confirm that the Board has reviewed the effectiveness of the system of internal control as described during the period.

Going concern

The Group had a successful year increasing revenues by 67% from the prior year to US$50m, resulting in an increase of adjusted EBITDA to an amount in excess of US$26m. The Group did enter into some further short term financing at the start of the year from the Bank Center Credit in order to smooth the working capital of the Group. The majority of this is repayable by September 2022. This provided positive funding to the Group in the year, the adjusted EBITDA is expected to continue at increasing levels in the future as production grows, coupled with a strong gold price and the devaluation of the Kazakh Tenge.

At the year-end the Group had cash resources of US$3.6m (2020: US$7.2m) available. The decrease in funds from the prior year is principally due to prepayments made to secure the services of subcontractors in relation to future mine development and ore extraction, as well as the repayment of loans in the year.

DIRECTORS' REPORT continued

The Board have reviewed the Group's forecast cash flows for the period to September 2023, which include the capital and interest repayments to be made in relation to the Group's borrowings. The principal loan that is due for repayment is the bond raised on the Kazakhstan Stock exchange of US$10m which is repayable in December 2022. Capital and operating costs are based on approved budgets and latest forecasts in the case of 2022 and current development plans in the case of 2023. There are significant judgements inherent in the cash forecast model, the significant assumptions are the anticipated level of production to be achieved and the gold price. In the case of planned production profiles these are based on a planned increase from current levels being achieved and in the latter the consensus view of the anticipated gold price in the short/medium term. Based on the Group's cash flow forecasts, the Directors believe that the combination of its current cash balances, net cash flows from operations, and increased production based on projections of future growth, are sufficient for the Company to achieve its current plans and cash requirements including the repayment of loans which are due for repayment in the period.

The Group's adapted well to the impact of COVID-19, and there was little impact on the operations of the Group from COVID-19, the Ukraine conflict or the civil unrest that occurred in Kazakhstan in the early part of the year. However, the Board have considered possible stress case scenarios that they consider may be likely to impact on the Group's operations, financial position and forecasts. Factors considered are operational disruptions that may lower the production at the mine and possible impact of the price of gold if this was to fall. From the analysis undertaken the Board have concluded that the Group will be able to continue to trade by the careful management of its existing resources. The stress tests included the following scenarios amongst others, a fall in the gold price to US$1,561oz, a drop in budgeted production by 20% or a combination of both factors together. In each case the Group would not experience a cash shortfall in either scenario. If required the Group would manage its resources, reducing investment and managing its payables in order to maintain liquidity.

The Board therefore considers it is appropriate to adopt the going concern basis of accounting in preparing these financial statements.

Directors interest in shares and substantial shareholdings

The following information in relation to shareholdings has been audited.

The interests of the Directors in the shares of the Company are shown below:

	Number	% owned
Ashar Qureshi	78,800	0.30

Neither Vladimir Shkolnik or Thomas Gallagher hold any interests in the shares of the Company.

The following have advised that they have an interest in 3% or more of the issued share capital of the Company as at 24 June 2022.

	Number	% owned
African Resources Limited	17,911,400	65.5
JSC Freedom Finance	1,540,290	5.9

Kanat, Aidar and Sanzhar Assaubayev are Directors and shareholders of African Resources Limited.

Reappointment of auditors

All Directors that are in office at the date of this report being approved have confirmed that they are aware that there is no relevant audit information of which the auditor is unaware. Each of the Directors has confirmed they have taken all reasonable steps they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor. BDO LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed in the forthcoming Annual General Meeting. As the current auditors have been in office for a term of 10 years there is a mandatory tender requirement that the Company has to apply in relation to the appointment of auditors.

Approved by the Board on 24 June 2022 and signed on its behalf by:

Mr Aidar Assaubayev
(Chief Executive Officer)
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements and have elected to prepare the Company financial statements in accordance with UK adopted international accounting standards which give a true and fair view of the state of affairs and profit or loss, of the Group and the Company.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business;
- prepare a directors' report, a strategic report and directors' remuneration report which comply with the requirements of the Companies Act 2006.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the annual report and accounts, taken as a whole, are fair, balanced, and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy.

Website publication

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

Directors' responsibilities pursuant to DTR4

The directors confirm to the best of their knowledge:

- The financial statements have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit and loss of the group and company[2].
- The annual report includes a fair review of the development and performance of the business and the financial position of the group and company, together with a description of the principal risks and uncertainties that they face.

AUDIT COMMITTEE REPORT

The Committee's terms of reference have been approved by the Board and follow published guidelines, which are available from the Company Secretary. The Audit Committee comprises the Non-Executive Directors, Ashar Qureshi and Vladimir Shkolnik.

The Audit Committee's prime tasks are to:

- the Audit Committee is responsible for organising a mandatory tender in relation to the appointment of auditors, (a statutory requirement after the auditor has held office for ten years).
- review the scope of external audit, to receive regular reports from the auditor and to review the half-yearly and annual accounts before they are presented to the Board, focusing in particular on accounting policies and areas of management judgement and estimation;
- review key areas of the financial statements which are assessed as being the carrying values of the intangible and tangible assets.
- monitor the controls which are in force to ensure the integrity of the information reported to the shareholders;
- assess key risks and to act as a forum for discussion of risk issues and contribute to the Board's review of the effectiveness of the Group's risk management control and processes;
- act as a forum for discussion of internal control issues and contribute to the Board's review of the effectiveness of the Group's internal control and risk management systems and processes;
- consider each year the need for an internal audit function;
- advise the Board on the appointment of external auditors and rotation of the audit partner every five years, and on their remuneration for both audit and non audit work, and discuss the nature and scope of their audit work;
- participate in the selection of a new external audit partner and agree the appointment when required;
- undertake a formal assessment of the auditors' independence each year which includes:
  - a review of non-audit services provided to the Group and related fees;
  - discussion with the auditors of a written report detailing all relationships with the Company and any other parties that could affect independence or the perception of independence;
  - a review of the auditors' own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and
  - obtaining written confirmation from the auditors that, in their professional judgement, they are independent.

Meetings

The Committee meets prior to the annual audit with the external auditors to discuss the audit plan and again prior to the publication of the annual results. These meetings are attended by the external audit partner and Company Secretary. Prior to bi-monthly Board meetings the members of the Committee meet on an informal basis to discuss any relevant matters which may have arisen. Additional formal meetings are held as necessary.

During the past year the Committee:

- met with the external auditors, and discussed their report to the Audit Committee;
- approved the publication of annual and half-year financial results;
- considered and approved the annual review of internal controls;
- decided that due to the size and nature of operation there was not a current need for an internal audit function;
- agreed the independence of the auditors and approved their fees for both audit and non-audit services as set out in note 10 on page 58 of the financial statements.

External auditors

BDO LLP held office throughout the year, and are assisted by a local BDO office in Kazakhstan.

Ashar Qureshi
Chairman – Audit Committee
24 June 2022

REMUNERATION COMMITTEE – CHAIRMAN'S STATEMENT

The Remuneration Committee presents its report for the year ended 31 December 2021 which is presented in two parts.

The first part is the annual remuneration report which details remuneration awarded to Directors and Non-Executive Directors during the year. The shareholders will be asked to approve the annual remuneration report as an ordinary resolution (as in previous years) at the Annual General Meeting. Details in relation to voting at last years AGM in relation to approval of the remuneration report, the remuneration policy of the Company, (which is voted on tri-annually – was voted on in 2021) are detailed on page 33.

The second part is the remuneration policy report which details the remuneration policy for Directors.

The Remuneration Committee reviewed the existing policy and other than the remuneration awarded to Kanat Assaubyev and Sanzhar Assaubayev as noted on page 21, there were no further changes.

Both of the above reports have been prepared in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2018.

The Company's auditors, BDO LLP are required by law to audit certain disclosures and where disclosures have been audited they are indicated as such.

Ashar Qureshi
Chairman – Remuneration Committee
24 June 2022

ANNUAL REMUNERATION REPORT

Remuneration Committee
The Remuneration Committee currently comprises of two Directors – Ashar Qureshi, Vladimir Shkolnik. The Committee, which meets as required, is responsible for determining the contract terms, remuneration and other benefits of the Executive Directors. The remuneration of the Non-Executive Directors is determined by the Board within the limits set out in the articles of association. None of the Committee members has any personal financial interest in the matters to be decided (other than as shareholders), potential conflicts of interest arising from cross-Directorships, or any day-to-day involvement in running the business. The Committee has access to professional advice from inside and outside the Company at the Company's expense.

Details of the remuneration paid in the year are shown below.

Approach to recruitment remuneration
All appointments to the Board are made on merit. The components of a new Director's remuneration package (who is recruited within the life of the approved remuneration policy) would comprise at present a base salary. The Company will pay such levels of remuneration to new Directors that would enable the Company to attract appropriately skilled and experienced individuals that is not in the opinion of the Remuneration Committee excessive.

Service contracts
All Executive Directors have full-time contracts of employment with the Company. Non-Executive Directors have contracts of service. No Director has a contract of employment or contract of service with the Company, its joint venture or associated companies with a fixed term which exceeds three years. Directors' notice periods are set in line with market practice and of a length considered sufficient to ensure an effective handover of duties should a Director leave the Company.

All Directors' "contracts" as amended from time to time, have run from the date of appointment. Service contracts are kept at the registered office.

Summary of Directors' terms

	Date of contract	Unexpired term	Notice period months
Executive Directors			
Kanat Assaubayev	23 October 2017	Continuing	3
Aidar Assaubayev	20 February 2013	Continuing	3
Sanzhar Assaubayev	29 February 2017	Continuing	3
Non- Executive Directors			
Ashar Qureshi	7 December 2015	Continuing	3
Vladimir Shkolnik	21 November 2018	Continuing	3
Maryam Buribayeva	24 January 2022	Continuing	3
Andrew Terry	24 January 2022	Continuing	3
Thomas Gallagher (resigned 24 January 2022)	9 December 2020	n/a	n/a

Policy on payment for loss of office
There are no contractual provisions agreed that could impact on a termination payment. Termination payments will be calculated in accordance with the existing contract of employment or service contract. It is the policy of the Remuneration Committee to issue employment contracts to Executive Directors with normal commercial terms and without extended terms of notice which could give rise to extraordinary termination payments.

Consideration of employment conditions elsewhere in the Group
In setting this policy for Directors' remuneration the Remuneration Committee has been mindful of the Company's objective to reward all employees fairly according to their role, performance and market forces. In setting the policy for Directors' remuneration the Remuneration Committee has considered the pay and employment conditions of the other employees within the Group. No formal consultation has been undertaken with employees in drawing up the policy. The Remuneration Committee has not used formal comparison measures.

Consideration of shareholder views
Shareholder views have been taken into account when formulating this policy, and was approved at the Annual General Meeting in 2021.

Remuneration

The total Directors fees and salaries of US$235,980 (2020 US$111,406) shown in the table below has been audited.

Directors salaries and fees	2021 US$	2020 US$
Executive Directors		
Kanat Assaubayev	**41,400**	–
Aidar Assaubayev	**41,400**	38,400
Sanzhar Assaubayev	**41,400**	–
Non- Executive Directors		
Ashar Qureshi	**37,260**	34,560
Vladimir Shkolnik	**37,260**	34,560
Thomas Gallagher	**37,260**	3,886
Total	**235,980**	111,406

The total amount remaining unpaid with respect to Directors' remuneration amounted to US$122,000 (2020: US$52,000). The total directors' remuneration for 2021 and 2020 includes only salaries and fees.

The remuneration levels will be in the range of US$275,000 in the forthcoming year.

Statement of implementation of remuneration policy in the following year

The policy was approved at the Annual General Meeting in June 2021, the policy is reviewed tri-annually.

The vote on the remuneration policy is binding in nature. The Company may not then make a remuneration payment or payment for loss of office to a person who is, is to be, or has been a Director of the Company unless that payment is consistent with the approved remuneration policy, or has otherwise been approved by a resolution of members.

Consideration by the Directors of matters relating to Directors' remuneration

The Remuneration Committee considered the Executive Directors' remuneration and the Board considered the Non-Executive Directors' remuneration in the year ended 31 December 2021. No increases were awarded and no external advice was taken in reaching this decision. It was decided however that the Chairman Kanat Assaubayev and Executive Director Sanzhar Assaubayev should receive remuneration for their roles which are in line with that currently being paid to the Executive Director.

Shareholder voting

At the Annual General Meeting (AGM), in June 2021, there was a vote to approve the remuneration report and the Directors remuneration policy which is considered on a tri-annual basis with the next vote to be conducted in the year 2024. Details of the Directors remuneration policy can be found on the Companys website www.Altyn.uk. The results of shareholder voting at the AGM's on the 24 June 2021 and 26 June 2020 are shown below:

	Votes in favour No 2021	**Votes against No 2021**	**No Maximum votes**	Votes in favour No 000's 2020	Votes against No 000's 2020	No 000's Maximum votes*
Voting to approve the Directors' remuneration	**11,722,422**	**12,626**	**27,332,934**	1,794,393	278	2,579,264
Voting to approve the Directors' remuneration policy	**11,722,422**	**12,626**	**27,332,934**	n/a	n/a	n/a

* The Company shares were consolidated on a 100:1 basis in November 2020.

Members of the Remuneration Committee

The following Directors are members of the Remuneration Committee:

Ashar Qureshi and Vladimir Shkolnik.

Pension schemes and incentives

The Company does not operate a pension scheme.

Share option schemes

There are no share option schemes currently in the company.

Payments to past Directors

No payments were made to past Directors, except for the settlement of outstanding remuneration, that was satisfied by the issue of shares as noted in the remuneration table above.

Payments for loss of office

No payments for loss of office were made in the year ended 31 December 2021.

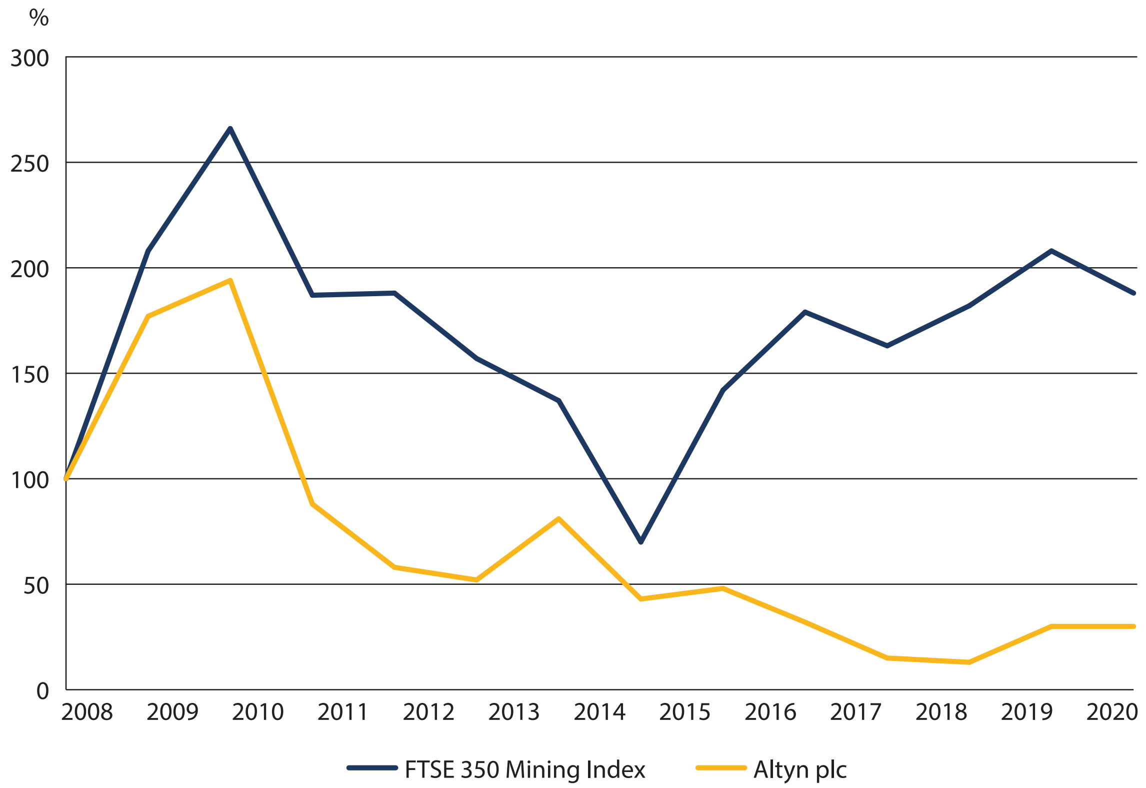
ANNUAL REMUNERATION REPORT continued

Statement of Directors' shareholding and share interest
The interests of the Directors in the shares of the Company, including family and trustee holdings are disclosed on page 28 of the Annual Report.

Performance targets
There are no performance measure targets associated with the Directors Remuneration.

Performance graph
The following information is unaudited.

Shown below is Altyn's performance against the FTSE 350 mining index, which the Directors believe is the most appropriate market measure to judge the performance of the Company against.



Directors interest in shares and substantial shareholdings
The information which has been audited is disclosed on page 28 of the Directors' Report.

Remuneration of the Chief Executive Officer over the last ten years
Aidar Assaubayev was appointed on 20 February 2013, replacing Timothy Daffern who was appointed on 5 November 2009. Included in the remuneration of Timothy Daffern for the year 2013 is an amount of US$307,432 relating to a payment in respect of a change of control of the Company.

The table below demonstrates the remuneration of the CEO for the last ten years

Year	Chief Executive Office	Total remuneration US$000
2021	Aidar Asaubayev	41
2020	Aidar Asaubayev	38
2019	Aidar Assaubayev	38
2018	Aidar Assaubayev	83
2017	Aidar Assaubayev	201
2016	Aidar Assaubayev	215
2015	Aidar Assaubayev	175
2014	Aidar Assaubayev	82
2013	Timothy Daffern	626
2012	Timothy Daffern	282
2011	Timothy Daffern	271

Annual change in compensation for members of the Board and the remuneration of average employees over the last five years

	2017 $	2018 $	2019 $	2020 $	2021 $
Remuneration fees Kanat Assaubayev					
– appointed 23 October 2013	–	–	–	–	41,400
– Year-on-year difference	–	–	–	–	41,400
– Year-on-year difference – %	–	–	–	–	100
Remuneration fees Aidar Assaubayev	201,240	83,952	38,400	38,400	41,400
– appointed 20 February 2013					
– Year-on-year difference	–	(117,288)	(45,552)	0	3,000
– Year-on-year difference – %	–	(58.28)	(54.26)	–	7.81
Remuneration fees Sanzhar Assaubayev					
– appointed 29 February 2016	–	–	–	–	41,400
– Year-on-year difference	–	–	–	–	41,400
– Year-on-year difference – %	–	–	–	–	100
Remuneration fees Ashar Qureshi					
– appointed 7 December 2012	34,830	35,899	34,560	34,560	37,260
– Year-on-year difference	–	1,069	(1,339)	0	2,700
– Year-on-year difference – %	–	3.07	(3.73)	–	7.81
Remuneration fees Vladimir Shkolnik					
– appointed 22 November 2017	34,830	35,899	34,560	34,560	37,260
– Year-on-year difference	–	1,069	(1,339)	0	2,700
– Year-on-year difference – %	–	3.07	(3.73)	–	7.81
Remuneration fees Thomas Gallagher					
– appointed 9 December 2020, resigned 24 January 2022	–	–	–	3,886	37,260
– Year-on-year difference	–	–	–	3,886	33,374
– Year-on-year difference – %	–	0	0	100.00	858.83
Remuneration of average employees	46,337	62,364	–	–	–
– Year-on-year difference	69,586	16,027	–	–	–
– Year-on-year difference – %	60.00	34.59	–	–	–

Relative importance of spend on pay

The total expenditure of the Company on remuneration to all employees in shown in note 7 to the financial statements and in the table below.

Remuneration	**2021 US$**	2020 US$
Directors emoluments	**236**	111
Employee salaries	**3,087**	1,909
Employer social tax and national insurance	**761**	528
Total	**4,084**	2,548

As the Company is currently not making distributions the relative importance of pay has been measured against debt repayments in the year. In 2021 the salaries represented 0.51 times the amount paid back in loan repayments in the year (2020:0.74 times).

REMUNERATION POLICY REPORT

The remuneration policy of the Company was approved by a binding vote at the Annual General Meeting held on 24 June 2021, see details on page 33. As the policy is determined tri-annually the next vote to determine the remuneration policy of Company will be in 2024.

At present the only remuneration payable to the Directors is that of a base salary, in setting the policy the Remuneration Committee has taken the following into account:

- the need to attract, retain and motivate individuals of a calibre who will ensure successful leadership and management of the Company;
- the Company's general aim of seeking to reward all employees fairly according to the nature of their role and their performance;
- remuneration packages offered by similar companies in the same sector;
- the need to align the interests of the shareholders with the long term growth and interests of the Company;
- the need to be flexible and adjust with operational changes throughout the term of the policy.

The remuneration of the Non-Executive Directors is determined by the Board, and takes into account additional remuneration for services outside the scope of the ordinary duties of the Non-Executive Directors.

The details in relation to the Directors remuneration policy are available on the website www.altyngold.uk

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALTYNGOLD PLC

Qualified opinion on the financial statements

In our opinion, except for the possible effects on the Group financial statements of the matter described in the Basis for qualified opinion paragraph below:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of AltynGold Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows, the company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for qualified opinion

As at 31 December 2021, the Group reports a prepayment of $14.5m (2020: £Nil) which relates to amounts paid to its sole subcontractor in advance, and in anticipation, of services being rendered and in advance of a service contract being offered for tender, awarded and signed.

This amount is reported within prepayments shown in note 18 with the details discussed in note 27. For the reasons set out below, we were unable to obtain sufficient appropriate audit evidence about the existence and valuation of the Group's prepayment or its validity or recoverability, nor were we able to establish whether the prepayment at the year end, or prepayments made during the year were made to individuals or organisations which represent related parties and therefore whether undisclosed related party transactions exist. Additionally, the information obtained during the course of our audit calls into question the validity and potential related party nature of the prepayment of $3.6m as at 31 December 2020 settled in the period as detailed below.

In respect of the Group's prepayment, we sought to obtain sufficient, appropriate evidence through the performance of the following procedures:

- made inquiries of management regarding the nature of the prepayments and reviewed the accounting entries.
- reviewed the primary supporting documentation: signed contract dated 21 April 2022 (which was signed after prepayments were made), correspondence with subcontractor, tender documentation, tender approvals, supplier confirmation of year-end balance, bank payments and request for payment from the subcontractor.
- reviewed the increased production achieved to date and forecast for 2022 which, as stated by management, motivated the request by the subcontractor for a prepayment to be made.
- reviewed a guarantee from the subcontractor to Management of DTOO Gornorudnoe Predpriatie Baurgold stating that the prepayments are recoverable.
- assessed whether the subcontractor and equipment supplier are potential undisclosed related parties to the Group and performed public source searches and verification checks.
- requested the Audit Committee to undertake independent checks into the validity and recoverability of the prepayments, and a review to identify any related parties relationships or transactions.
- reviewed the disclosures in relation to the prepayments including the subsequent events disclosures.

In the performance of our audit procedures, including a review of an investigation carried out by the Audit Committee, we noted the following:

- prepayments of varying amounts were made to the principal subcontractor during the year in advance of a contract being signed with inconclusive evidence provided as to the reasons for the prepaid amounts or the appropriateness of making such a prepayment.
- a prepayment as at 31 December 2020 for equipment was repaid to the Company in 2021 shortly after one of the prepayments to the principal sub-contractor for very similar sums.
- the contract signed on 21 April 2022 with the principal sub-contractor details that a 50% prepayment of the contract amount is required, but does not acknowledge the amounts already pre-paid to date.
- we were unable to substantiate the financial viability of the subcontractor to support the guarantee provided to management of DTOO Gornorudnoe Predpriatie Baurgold in a letter dated 28 April 2022.
- the prepayments to the subcontractor had been approved at the subsidiary level, but not at PLC Board level
- two current principals of the sole subcontractor, its owner and director, have been business associates of the Group's major shareholder but the existence (or otherwise) of a related party relationship or transaction could not be established.

We have been unable to obtain sufficient, appropriate evidence by performing alternative audit procedures and, therefore, were unable to determine whether any adjustments to the prepayments or the related accounts and disclosures, such as the Group's cost of sales and the Group's related party disclosure, were necessary. Were any adjustment to the Group's prepayments balance, or its related accounts and disclosures, in the financial statements to be required, the strategic report would also need to be amended.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALTYNGOLD PLC continued

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the Group financial statements and our unmodified opinion on the Parent Company financial statements. Our audit opinion is consistent with the additional report to the audit committee.

Independence
Following the recommendation of the audit committee, we were appointed by the Board of Directors on 26 March 2013 to audit the financial statements for the year ended 31 December 2012 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 10 years, covering the years ended 31 December 2012 to 31 December 2021. We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Testing the integrity of the forecast model checking the accuracy and completeness of the model, including challenging the appropriateness of estimates and assumptions with reference to empirical data and external evidence with specific focus on the following assumptions: gold price, production, costs, gold grade, recoveries and foreign exchange rates and assessed their consistency with approved budgets and the mine development plan, as applicable.
- Comparing budgets to actual figures achieved to assess the reliability of Director's forecasts.
- Discussing the potential impact of COVID-19 with management and the Audit Committee including their assessment of risks and uncertainties. We formed our own assessment of risks and uncertainties based on our understanding of the business and mining sector.
- Evaluating Director's sensitivity analysis and performing our own sensitivity analysis in respect of the key assumptions underpinning the forecasts. We assessed the validity of any mitigating actions identified by Directors.
- Confirming the terms of all borrowing facilities in place and that the terms are not breached and reviewing the repayments to check these are accurately reflected in the cash flow forecast.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Overview

Coverage	*100% (2020: 100%) of Group profit before tax* *100% (2020: 100%) of Group revenue* *99% (2020: 99%) of Group total assets*		
Key audit matters		2021	2020
	Carrying value of intangible assets	✓	✓
	Carrying value of property, plant & equipment	✓	✓
	Validity and recoverability of prepayments	✓	
	*Refer to the Basis for qualified opinion section of our report		
Materiality	*Group financial statements as a whole* $1.33m (2020: $1.07m) based on 1.4% (2020: 1.4%) of Total assets		

An overview of the scope of our audit
Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group consists of four components including the Parent Company. We identified three significant components which were subjected to full scope audits, being; the Parent Company, DTOO Gornorudnoe Predpriatie Baurgold, which holds Sekisovskoye mine, and TOO GMK Altyn MM, which holds the Teren-Sai exploration project and contracts the sale of the Group's gold. The audit of the Parent Company was conducted by the group audit team; the remaining significant components were audited by overseas component auditors, a BDO member firm in Kazakhstan, under the direction and supervision of the group audit team.

The remaining component of the Group, AltynGold Holdings Limited, was considered non-significant and the group audit team completed analytical procedures for this intermediate holding company to confirm there are no significant risks of material misstatements within this entity.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

- ▲ Detailed group reporting instructions were sent to the component auditor, which included the significant areas to be covered by the audit (including areas that were considered to be key audit matters as detailed above), and set out the information required to be reported to the group audit team.
- ▲ The Group audit team was actively involved in the direction of the audits performed by the component auditor for Group reporting purposes along with the consideration of findings and determination of conclusions drawn. The Group audit team performed additional procedures in respect of certain of the significant risk areas that represented Key Audit Matters in addition to the procedures performed by the component auditor.
- ▲ The Group audit team reviewed the component auditor's work papers remotely, including review of group reporting documents, attended clearance meetings virtually for the significant component and engaged with the component auditor regularly during their fieldwork and completion phases.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the basis for qualified opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report:

Key audit matter		**How the scope of our audit addressed the key audit matter**
Carrying value of intangible assets As detailed in note 4 and 14, the Group's intangible assets represent historical geological data of $3.7m and exploration and evaluation costs of $9.7m pertaining to the Teren-Sai ore fields, adjacent to the Group's current mining licence area and production facilities at Sekisovskoye, which are significant assets.	In accordance with the accounting standards, the Directors were required to assess whether there was any indication that these assets may be impaired. The Directors have carried out an assessment of impairment indicators during the year and concluded that there are no indicators of impairment. There are a number of estimates and judgements used by management in assessing the indicators of impairment including non-financial and financial data. Therefore, given the subjectivity involved in determining whether there is an indication of impairment, the carrying value of the intangible assets is considered to be a key audit matter.	Our procedures included the following: ▲ We obtained and examined management's assessment of impairment indicators, including their estimate of the present value of each project (the "economic model(s)") and the Competent Person's Report. ▲ We compared the reserves included in the economic models to the independent Competent Person's report. We assessed the independence and competence of the Competent Person. ▲ We read the correspondence, contracts and other documents regarding the subsoil exploration contract to confirm that the Group has a contractual right for exploration in the Teren-Sai area. We considered the appropriateness of management's judgement that the subsoil exploration contract would be extended upon expiry in May 2022. We made inquiries of management on the extension process and verified its consistency with the current subsoil use regulations. ▲ We considered other potential impairment triggers, such as the impact of COVID-19, noting that the exploration activities continued through the period. ▲ We obtained and examined the exploration and evaluation results to date and inspected that the drilling results indicated that the area remains prospective and supports the geological data expectation. ▲ We reviewed management's plans and budgets and inspected that the Group is committed to the development of the project and substantive expenditure on further exploration for and evaluation of mineral resources in the area is budgeted and planned. ▲ We compared the estimated present value of the project per the economic model, to the intangible assets carrying value to assess if any impairment is required.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALTYNGOLD PLC continued

Key audit matter		How the scope of our audit addressed the key audit matter
		▲ We undertook sensitivity analysis on the assumptions in the economic model, specifically over gold grade, production volume, mining and processing costs, gold prices and discount rate and tested that under each scenario there is headroom above the carrying value. **Key observations:** Our work did not indicate that management's assessment that there are no indicators of impairment in respect of the carrying value of intangible assets was unreasonable.
Carrying value of property, plant and equipment As detailed in note 4 and 15, the Group's property, plant and equipment represents its most significant assets and totals $35.4m at 31 December 2021.	Management was required to assess whether there was any indication that the assets may be impaired in accordance with accounting standards. Management have carried out an assessment of impairment indicators during the year and concluded that there are no indicators of impairment. Management's assessment of the impairment indicators contained a number of key assumptions that required estimation and judgements, including gold prices, gold reserves and production level, gold grade, exchange rates, cost assumptions and discount rates. Given the subjectivity involved, the carrying value of property, plant and equipment is considered to represent a key audit matter.	In respect of all the asset classes within property, plant and equipment, our procedures included the following: ▲ We obtained and examined management's assessment of impairment indicators, including their estimate of the present value of the property, plant and equipment ("economic model") and independent Competent Person's Report. ▲ We compared the proven and probable reserves included in the models to the independent Competent Person's report and performed procedures to assess their independence and competence. ▲ We compared the actual performance during 2021 to budgets in order to assess the quality of management's forecasting. ▲ We evaluated the operations, which included the operational results and mining processes through discussions with mine management and reviewed the mine plan for the changes in production and gold grade in 2021 to ensure that the production data and gold grade were in line with management's assumptions provided to us. ▲ We compared the estimated present value per the economic model, to the carrying value of the property, plant and equipment to assess if any impairment is required. ▲ We undertook a sensitivity analysis on assumptions in the economic model, specifically over gold grade, production volume, mining and processing costs, gold prices and discount rate and tested that under each scenario there is headroom above the carrying value.

Key audit matter		How the scope of our audit addressed the key audit matter
		▲ We assessed the reasonableness of the assumptions by performing a sensitivity analysis (as above). We also tested that for the ore bodies where there was sufficient targeting and drilling equipment in place, the operational results met the expectations and supported the model in place. We also tested the forecast gold prices to external sources. ▲ We considered other potential impairment triggers, such as the impact of COVID-19, noting the mine continued to operate during the period. In respect of the Mining properties we also considered whether the Group holds valid licences and its ability to meet the work programme requirements under those licences. We did this by reading the key licence agreements and obtaining evidence regarding the licence terms and minimum work programme requirements. We read correspondence with the authorities and discussed with management any instances of non-compliance that could impact on legal title. **Key observations:** Our work did not indicate that management's assessment that there are no indicators of impairment in respect of the carrying value of property, plant and equipment was unreasonable.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2021 $m	2020 $m	2021 $m	2020 $m
Materiality	1.33	1.07	0.86	0.80
Basis for determining materiality	1.4% of total assets		65% of group materiality (2020: 75% of group materiality)	
Rationale for the benchmark applied	We have determined an assets based measure is appropriate as the Group is currently developing an underground mining project that requires significant capital expenditure. It is consistent with our approach adopted in previous years.		We have capped the materiality for the parent company at 65% of Group materiality. This was decreased from the prior year in order reduce to aggregation risk.	
Performance materiality	0.80	0.64	0.52	0.48
Basis for determining performance materiality	65% of materiality (2020: 60%) considering the nature of activities and historic level of misstatements.			

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALTYNGOLD PLC continued

Component materiality
We set materiality for each component of the Group based on a percentage of between 43% and 65% (2020 53% to 75%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from $570,000 to $860,000 (2020: $565,000 to $800,000). In the audit of each component, we further applied performance materiality levels of 65% (2020: 60%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold
We agreed with the Audit Committee that we would report to them all individual audit differences in excess of $27,000 (2020: $21,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

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

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the validity, valuation and recoverability of the Group's prepayments shown at $14.5 million as at 31 December 2021. We have concluded that where the other information refers to the Group's prepayments balance or the related accounts and disclosures, such as the Group's cost of sales and the Group's related party disclosures, it may be materially misstated for the same reason.

Other Companies Act 2006 reporting
Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	Except for the possible effects on the Group financial statements of the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit: ▲ the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and ▲ the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. Except for the possible effects on the Group financial statements of the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	Arising solely from the limitation on our work on the Group financial statements relating to the prepayments described above: ▲ We have not obtained all the information and explanations that we considered necessary for the purpose of our audit. ▲ we were unable to determine whether adequate accounting records have been kept by the Parent Company We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: ▲ returns adequate for our audit have not been received from branches not visited by us; or ▲ the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or ▲ certain disclosures of Directors' remuneration specified by law are not made.

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We gained an understanding of the legal and regulatory framework applicable to the group and the industry in which it operates, and considered the risk of acts by the group that were contrary to applicable laws and regulations, including fraud. These included, but were not limited to compliance with Companies Act 2006 and UK adopted international accounting standards. We also considered the risk of material misstatement due to fraud and identified the areas in which fraud might occur related to management override of controls and the areas of estimation.
- We held discussions with management and the audit committee to understand the laws and regulations relevant to the Group and company. These included elements of the significant laws and regulations relating to the industry, financial reporting framework, listing rules, tax legislation and environmental regulations in the UK and Kazakhstan;
- We held discussions with management and the audit committee to determine any known or suspected instances of non-compliance with laws and regulations or fraud identified by them;
- We tested the appropriateness of journal entries made through the year by applying specific criteria to detect possible irregularities and fraud;
- We performed a detailed review of the Group's year-end adjusting entries and investigated any that appear unusual as to nature or amount and agreed to supporting documentation;
- For significant and unusual transactions, particularly those occurring at or near year-end, we obtained evidence for the rationale of these transactions and the sources of financial resources supporting the transactions;
- We assessed the judgements made by management when making key accounting estimates and judgements, and challenging management on the appropriateness of these judgements (refer to key audit matters and basis for qualified audit opinion above);
- We extended inquiries to individuals outside of management and the accounting department to corroborate management's ability and intent to carry out plans that are relevant to developing the estimate set out in the key audit matters section above;
- We reviewed minutes from board meetings of those charges with governance to identify any instances of non-compliance with laws and regulations;
- We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit; and
- We directed the auditors of the significant components to ensure an assessment is performed on the extent of the components compliance with the relevant local and regulatory framework.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

In addition, the extent to which the audit was capable of detecting irregularities, including fraud was limited by the matter described in the basis for qualified opinion section of our report.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Laura Pingree
(Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
29 April 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2021

	Note	2021 US$000	2020 US$000
Revenue	5	**50,290**	30,032
Cost of sales		**(22,496)**	(17,610)
Gross profit		**27,794**	12,422
Administrative expenses		**(5,138)**	(2,826)
Share based payment	23	**–**	(2,400)
Impairments	8	**(734)**	(34)
Operating profit		**21,922**	7,162
Foreign exchange		**(366)**	(1,508)
Finance expense		**(3,289)**	(2,324)
Total finance cost	9	**(3,655)**	(3,832)
Profit before tax	10	**18,267**	3,330
Taxation receipt/(expense)	11	**56**	(392)
Profit for the year attributable to the equity holders of the parent		**18,323**	2,938
Profit per ordinary share			
Basic		**67.04c**	11.27c
Diluted	12	**67.04c**	10.97c

The notes on pages 51 to 74 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

	Note	2021 US$000	2020 US$000
Profit for the year		**18,323**	2,938
Items that may be reclassified subsequently to the income statement			
Currency translation differences arising on translations of foreign operations		**(1,491)**	(3,846)
Currency translation differences on translation of foreign operations relating to tax		**3,038**	(1,011)
		1,547	(4,857)
Total comprehensive profit/(loss) for the year		**19,870**	(1,919)
Total comprehensive profit/(loss) attributable to:			
Equity holders of the parent		**19,870**	(1,919)

The notes on pages 51 to 74 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

(Registration number: 05048549)	Note	2021 US$000	2020 US$000
Assets			
Non-current assets			
Intangible assets	14	**13,346**	12,849
Property, plant and equipment	15	**35,350**	32,092
Deferred tax assets	11	**8,189**	5,311
Trade and other receivables	18	**3,925**	6,700
Restricted cash		**70**	13
		60,880	56,965
Current assets			
Inventories	17	**9,121**	5,468
Trade and other receivables	18	**21,530**	7,182
Cash and cash equivalents		**3,593**	7,154
		34,244	19,804
Total assets		**95,124**	76,769
Equity and liabilities			
Current liabilities			
Trade and other payables	19	**(5,684)**	(6,705)
Provisions	21	**(232)**	(151)
Loans and borrowings	22	**(15,087)**	(5,833)
		(21,003)	(12,689)
Non-current liabilities			
Vat payable	19	**(242)**	(230)
Other payables	19	**(1,000)**	(492)
Provisions	21	**(5,453)**	(4,763)
Loans and borrowings	22	**(12,221)**	(23,260)
		(18,916)	(28,745)
Total liabilities		**(39,919)**	(41,434)
Equity			
Share capital	23	**(4,267)**	(4,267)
Share premium		**(152,839)**	(152,839)
Merger reserve		**282**	282
Other reserves	22	**–**	(333)
Foreign currency translation reserve		**51,412**	52,959
Accumulated losses		**50,207**	68,863
Equity attributable to owners of the company		**(55,205)**	(35,335)
Total equity and liabilities		**(95,124)**	(76,769)

Approved by the Board on 24 June 2022 and signed on its behalf by:

Mr Aidar Assaubayev (Chief Executive Officer)
Director

Mr Sanzhar Assaubayev
Director

The notes on pages 51 to 74 form an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

(Registration number: 05048549)	Note	2021 US$000	2020 US$000
Assets			
Non-current assets			
Investments in subsidiaries	16	**50,339**	50,339
Loans due from subsidiaries	16	**63,795**	59,640
		114,134	109,979
Current assets			
Trade and other receivables	18	**95**	76
Cash and cash equivalents		**1,826**	6,316
		1,921	6,392
Total assets		**116,055**	116,371
Equity and liabilities			
Current liabilities			
Trade and other payables	19	**(989)**	(297)
Loans and borrowings	22	**(9,723)**	(2,917)
		(10,712)	(3,214)
Non-current liabilities			
Bonds	22	**–**	(9,317)
Loans due to subsidiary	22	**(29,110)**	(27,232)
		(29,110)	(36,549)
Total liabilities		**(39,822)**	(39,763)
Equity			
Share capital	23	**(4,267)**	(4,267)
Share premium		**(152,839)**	(152,839)
Other reserves	22	**–**	(333)
Foreign currency translation reserve		**16,338**	16,338
Accumulated losses		**64,535**	64,493
Total equity		**(76,233)**	(76,608)
Total equity and liabilities		**(116,055)**	(116,371)

The parent Company is claiming the exemption under the Companies Act 2006 s408 not to present its individual income statement. The Company made a loss of US$375,000 in the year (2020: US$120,000).

Approved by the Board on 24 June 2022 and signed on its behalf by:

Mr Aidar Assaubayev (Chief Executive Officer)
Director

Mr Sanzhar Assaubayev
Director

The notes on pages 51 to 74 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	Share capital US$000	Share premium US$000	Merger reserve US$000	Currency translation reserve US$000	Share based payment US$000	Other reserves US$000	Accumulated losses US$000	Total equity US$000
At 1 January 2020	4,055	151,476	(282)	(48,102)	–	333	(74,201)	33,279
Profit for the year	–	–	–	–	–	–	2,938	2,938
Other comprehensive loss	–	–	–	(4,857)	–	–	–	(4,857)
Total comprehensive loss	–	–	–	(4,857)	–	–	2,938	(1,919)
New share capital subscribed	13	62	–	–	–	–	–	75
Share based payment charge	–	–	–	–	2,400	–	–	2,400
Share options exercised	199	1,301	–	–	(2,400)	–	2,400	1,500
At 31 December 2020	4,267	152,839	(282)	(52,959)	–	333	(68,863)	35,335
At 1 January 2021	4,267	152,839	(282)	(52,959)	–	333	(68,863)	35,335
Profit for the year	–	–	–	–	–	–	18,323	18,323
Other comprehensive income	–	–	–	1,547	–	–	–	1,547
Total comprehensive income	–	–	–	1,547	–	–	18,323	19,870
Transfer to reserves	–	–	–	–	–	(333)	333	–
At 31 December 2021	**4,267**	**152,839**	**(282)**	**(51,412)**	**–**	**–**	**(50,207)**	**55,205**

Group Reserves

Share capital	Amount of the contributions made by shareholders in return for issue of shares at their nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Merger reserve	Reserve created on application of merger accounting under a previous GAAP.
Currency translation reserve	Gains/losses arising on re-translating the net assets of overseas operations into US Dollars.
Other reserve	Amount of proceeds on issue of convertible debt relating to the equity component.
Share based payment	Amount relating to fair value on grant of share options.

The notes on pages 51 to 74 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	Share capital US$000	Share premium US$000	Currency translation reserve US$000	Share based payment US$000	Other reserves US$000	Accumulated losses US$000	Total US$000
At 1 January 2020	4,055	151,476	(16,338)	–	333	(66,773)	72,753
Loss for the year	–	–	–	–	–	(120)	(120)
Total comprehensive income	–	–	–	–	–	(120)	(120)
New share capital subscribed	13	62	–	–	–	–	75
Share based payment charge	–	–	–	2,400	–	–	2,400
Share options exercised	199	1,301	–	(2,400)	–	2,400	1,500
At 31 December 2020	4,267	152,839	(16,338)	–	333	(64,493)	76,608
At 1 January 2021	4,267	152,839	(16,338)	–	333	(64,493)	76,608
Loss for the year	–	–	–	–	–	(375)	(375)
Total comprehensive income	–	–	–	–	–	(375)	(375)
Transfer to reserves	–	–	–	–	(333)	333	–
At 31 December 2021	**4,267**	**152,839**	**(16,338)**	**–**	**–**	**(64,535)**	**76,233**

Company reserves

Share capital	Amount of the contributions made by shareholders in return for the issue of shares at their nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Currency translation reserve	Gains/losses arising on re-translating the net assets of overseas operations into US Dollars.
Other reserve	Amount of proceeds on issue of convertible debt relating to the equity component.
Share based payment	Amount relating to fair value on grant of share options.

The notes on pages 51 to 74 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

	Note	2021 US$000	2020 US$000
Cash flows from operating activities			
Net cash flow from operating activities	24	**6,797**	4,245
Cash flows from investing activities			
Acquisitions of property plant and equipment		**(5,502)**	(8,559)
Acquisition of intangible assets	14	**(830)**	(1,271)
Proceeds from test production		**–**	165
Net cash flows from investing activities		**(6,332)**	(9,665)
Cash flows from financing activities			
Interest paid	24	**(2,411)**	(3,740)
Loans received		**6,356**	16,903
Loans repaid		**(7,985)**	(3,431)
Proceeds of share issue		**–**	1,500
Commission paid		**–**	(588)
Net cash flows from financing activities		**(4,040)**	10,644
Net (decrease)/increase in cash and cash equivalents		**(3,575)**	5,224
Cash and cash equivalents at 1 January		**7,154**	1,934
Effect of exchange rate fluctuations on cash held		**14**	(4)
Cash and cash equivalents at 31 December		**3,593**	7,154

The notes on pages 51 to 74 form an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

	Note	2021 US$000	2020 US$000
Cash flows from operating activities			
Net cash outflow from operating activities	24	**(1,219)**	(749)
Net cash flow from operating activities		**(1,219)**	(749)
Cash flows from investing activities			
Loans paid to subsidiaries		**–**	(700)
Loans repaid by subsidiaries		**–**	500
Net cash flows from investing activities		**–**	(200)
Cash flows from financing activities			
Proceeds from issue of ordinary shares, net of issue costs		**–**	1,500
Loans received		**–**	8,578
Interest repaid		**(992)**	(2,233)
Loans repaid		**(2,279)**	(1,779)
Commission paid		**–**	(588)
Net cash flows from financing activities		**(3,271)**	5,478
Net (decrease)/increase in cash and cash equivalents		**(4,490)**	4,529
Cash and cash equivalents at 1 January		**6,316**	1,787
Cash and cash equivalents at 31 December		**1,826**	6,316

The notes on pages 51 to 74 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

1 General information

AltynGold Plc (the "Company") is a Company incorporated in England and Wales under the Companies Act 2006. The address of its registered office, and place of business of the Company and its subsidiaries is set out within the Company information on page 81 of this annual report. The principal activities of the Company and subsidiaries are set out on page 26 and, the strategic review within this annual report.

2 Basis of preparation

The annual report is for the year ended 31 December 2021 and includes the consolidated and parent company's financial statements. The financial statements have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial statements have been prepared using accounting policies set out in note 4 which are consistent with all applicable IFRSs and with those parts of the Companies Act 2006 applicable to companies reporting under IFRSs. For these purposes, IFRSs comprises the standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee as adopted by the United Kingdom. The financial statements have been prepared under the historical cost convention, and on a going concern basis. On 31 December 2020, IFRS as adopted by the European Union at that date was brought into the UK law and became UK-adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. The group transitioned to UK-adopted international accounting standards in its financial statements on 1 January 2021. There was no impact or changes in accounting from the transition.

Going concern

The Group had a successful year increasing revenues by 67% from the prior year to US$50m, resulting in an increase of adjusted EBITDA to an amount in excess of US$26m. The Group did enter into some further short term financing at the start of the year from the Bank Center Credit in order to smooth the working capital of the Group. The majority of this is repayable by September 2022. This provided positive funding to the Group in the year, the adjusted EBITDA is expected to continue at increasing levels in the future as production grows, coupled with a strong gold price and the devaluation of the Kazakh Tenge.

At the year-end the Group had cash resources of US$3.6m (2020: US$7.2m) available. The decrease in funds from the prior year is principally due to prepayments made to secure the services of subcontractors in relation to future mine development and ore extraction, as well as the repayment of loans in the year.

The Board have reviewed the Group's forecast cash flows for the period to September 2023, which include the capital and interest repayments to be made in relation to the Group's borrowings. The principal loan that is due for repayment is the bond raised on the Kazakhstan Stock exchange of US$10m which is repayable in December 2022. Capital and operating costs are based on approved budgets and latest forecasts in the case of 2022 and current development plans in the case of 2023. There are significant judgements inherent in the cash forecast model, the significant assumptions are the anticipated level of production to be achieved and the gold price. In the case of planned production profiles these are based on a planned increase from current levels being achieved and in the latter the consensus view of the anticipated gold price in the short/medium term.

Based on the Group's cash flow forecasts, the Directors believe that the combination of its current cash balances, net cash flows from operations, and increased production based on projections of future growth, are sufficient for the Company to achieve its current plans and cash requirements including the repayment of loans which are due for repayment in the period.

The Group's adapted well to the impact of COVID-19, and there was little impact on the operations of the Group from COVID-19, the Ukraine conflict or the civil unrest that occurred in Kazakhstan in the early part of the year. However the Board have considered possible stress case scenarios that they consider may be likely to impact on the Group's operations, financial position and forecasts. Factors considered are operational disruptions that may lower the production at the mine and possible impact on the price of gold if this was to fall. From the analysis undertaken the Board have concluded that the Group will be able to continue to trade by the careful management of its existing resources. The stress tests included the following scenarios amongst others, a fall in the gold price to US$1,561oz, a drop in budgeted production by 20% or a combination of both factors together. In each case the Group would not experience a cash shortfall in either scenario. If required the Group would manage its resources, reducing investment and managing its payables in order to maintain liquidity.

The Board therefore considers it is appropriate to adopt the going concern basis of accounting in preparing these financial statements.

3 Adoption of new and revised standards

A number of new standards, amendments to standards and interpretations, are effective for annual periods beginning on or after 1 January 2021. They have been adopted and applied in preparing these financial statements.

The new standards include:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2
- Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions (applicable for annual periods beginning on or after 1 June 2020)

The adoption of the standards has not had an impact on the Company's financial statements.

Standards and interpretations published, but not yet applicable for the annual period beginning on 1 January 2021, and have not been applied in preparing these financial statements

- ▲ Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions beyond 30 June 2021 (applicable for annual periods beginning on or after 1 April 2021)
- ▲ Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (applicable for annual periods beginning on or after 1 January 2022)
- ▲ Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract (applicable for annual periods beginning on or after 1 January 2022)

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2021

3 Adoption of new and revised standards continued

- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (applicable for annual periods beginning on or after 1 January 2022)
- Annual Improvements to IFRS Standards 2018-2020 (applicable for annual periods beginning on or after 1 January 2022)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the UK)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the UK)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the UK)
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the UK)

The Company is reviewing the new standards, amendments to standards and interpretations as noted above to assess the potential impact on the financial statements they have not been applied in preparing these financial statements.

4 Accounting policies

Basis of consolidation

Where a company has control over an investee, the investee is classified as a subsidiary. A company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are de-consolidated from the date on which control ceases.

Revenue recognition

Revenue represents amounts received for goods provided in the normal course of business, net of VAT and any other sales related taxes.

The Company's revenue is generated entirely from the sale of the gold and silver ("Precious Metal") content of doré. The doré was delivered to a precious metal refiner, based in Kazakhstan during 2021 and 2020, which also purchased all precious metal that was refined. Title of the precious metal passes upon acceptance of the delivery from the Company to the refiner. Sales of precious metal are only recognised when the delivery has been accepted and title for the precious metal has accordingly been passed to the refiner. The Company does not hedge or otherwise enter into any derivatives in respect of its sales of doré. Sales are recorded at the actual selling price of the doré which is based on current market prices. The Company receives 90% less fees of the revenue on delivery of the dore to the refiner based on the spot dollar and gold and silver prices on the day of delivery. The balance is paid once the dore is refined into gold or silver and is usually paid with 14 days, based on the original gold price or silver price and spot price of the US dollar on the day of settlement.

Foreign currencies

The Company has prepared its financial statements in United States Dollars (US$). The functional currency of the companies in Kazakhstan is the Kazakhstan Tenge (KZT). The functional currency of the Company and AltynGold Holdings Limited (formerly Hambledon Mining Company Limited) is the United States Dollars (US$).

The rates used to convert Pound Sterling and Kazakhstan Tenge into United States Dollar in these financial statements are as follows:

US$ to Pound Sterling closing 1.35 (2020: 1.37), average 1.38 (2020:1.28),

US$ to Kazakh Tenge closing 431.67 (2020:420.91) average 426.03 (2020:412.95).

The year end and average rates used for the Kazakh Tenge have been obtained from the National Bank of Kazakhstan.

Transactions denominated in currencies other than the functional currency of each respective entity are recorded at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities are translated into the relevant functional currency at the closing rates of exchange at the reporting date. Exchange differences arising from the restatement of monetary assets and liabilities at the closing rate of exchange at the reporting date or from the settlement of monetary transactions at a rate different from that at which the asset or liability was recorded are dealt with through the statement of profit or loss.

On consolidation, the results of overseas operations are translated into US dollars, the presentation currency, at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at the opening rate and the results of overseas operations at the actual rate are recognised directly in the consolidated statement of other comprehensive income. The intercompany loans form a part of the Company's investment in a foreign operation. The exchange difference arising on the intercompany loans on translation in the company income statement is being recognised in other comprehensive income which on consolidation is recognised in a separate component of equity until disposal of the foreign operations.

In the individual Parent Company financial statements foreign exchange losses are recognised in the income statement.

4 Accounting policies continued

Intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their expected economic life. In the Directors' opinion of 10 years from May 2016 being the licenced period of the Teren-Sai exploration project, (including the optional 4 year extension period). There is no effect on the income statement as amortisation costs of the geological data are capitalised in line with the accounting policy on exploration and evaluation costs.

Exploration and evaluation costs

All costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on a project are written off as incurred. All costs associated with mineral exploration and investments are capitalised on a project by project basis, pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses. If an exploration project is successful and the project is determined to be commercially viable, the related costs will be transferred to mining assets and amortised over the estimated life of the mineral reserves on a unit of production basis. Where a project is relinquished, abandoned, or is considered to be of no further commercial value to the Group, the related costs are written off. Impairment reviews performed under IFRS 6 'Exploration for and evaluation of mineral resources' are carried out on a project by project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise; typically when one of the following circumstances applies:

- sufficient data exists that render the resource uneconomic and unlikely to be developed
- title to the asset is compromised
- budgeted or planned expenditure is not expected in the foreseeable future
- insufficient discovery of commercially viable resources leading to the discontinuation of activities.

Property, plant and equipment

Mining properties comprise previously capitalised exploration, evaluation and development expenditure incurred during the exploration and development stages of the Company's mining projects.

Other items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost include directly attributable costs and estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Assets under construction represent assets under development that are not at the stage that can be used commercially to generate revenues, no depreciation is applied to these assets.

Depreciation

Depreciation of property, plant and equipment is calculated on a straight line or units of production basis, as appropriate. Assets are fully depreciated over their economic lives, or over the remaining life of the mine if shorter.

Assets under construction and freehold land are not depreciated.

Asset class	Depreciation method and rate
Buildings	8-10 per cent per annum
Equipment, fixtures and fittings	10-40 percent per annum
Plant,machinery and vehicles	7-30 per cent. per annum
Mining properties	Unit of production based on the proven reserves

Impairment of non-current assets

Property, plant and equipment and intangible assets are assessed for impairment at each reporting date when events or a change in circumstances suggest that the carrying amount of an asset may exceed the recoverable amount.

Where there has been an indication of a possible impairment, management assesses the recoverability of the carrying value of the asset by comparing it with the estimated discounted future net cash flows generated by the asset based on management's expectation of future production and selling prices. Any identified impairment is charged to the statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount but such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss is recognised in the profit or loss immediately.

Inventories

Inventories are valued at the lower of cost or net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Spare parts and consumables	– Purchase costs on a first in, first out basis
Ore stockpiles, work in progress and finished gold	– Dependent on the current stage in the production cycle, the cost will reflect cost of direct materials, power, labour and a proportion of overhead, to bring the product to its current state

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2021

4 Accounting policies continued

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for by using the balance sheet liability method. 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. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures except where the Company 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 reduced to the extent that it is no longer probable that sufficient taxable profits 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. Deferred tax is charged or credited in the income statement, except when it relates to items charged to other comprehensive income or credited directly to equity, in which case the deferred tax is also dealt within equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and 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.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the group. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Financial Instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Trade and other receivables

Trade and other receivables are recognised initially at their transaction price in accordance with IFRS 9 and are subsequently measured at amortised cost. The Group applies the simplified approach to providing for expected credit losses (ECL) prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables measured on a collection basis. Expected credit losses are assessed on a forward looking basis, using information such as the expected future currency, commodity and inflation rates. The loss allowance is measured at initial recognition and throughout its life at an amount equal to lifetime ECL. Any impairment is recognised in the income statement.

If there is no reasonable expectation of recovery after assessing the ability of the debtor to repay the amount due it will be written off but further legal action may be taken to recover the amount due subject to a cost benefit assessment of the amounts involved. The Company will deem an amount to go into default if the terms of the contractual payment are breached and the subsequent follow up to remedy the breach and agree a revised repayment schedule is unsatisfactory.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, and other short-term highly liquid investments with original maturities of less than three months and which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value; for the purposes of statement of cash flow.

Investments

Investment in subsidiaries are included at cost less impairment.

Loans and receivables from subsidiaries

Loans to subsidiary undertakings are subject to IFRS 9's expected credit loss model. The intercompany loans are repayable on deferred basis, and a three year notice of repayment can only be given after full repayment of the Bank Center Credit loan, which is repayable on October 2026. The earliest the loans can be repaid is October 2029.

The intercompany loans at present are considered to be in stage 2, and have been assessed as indicated in the IFRS 9 ECL model, with extensions being made on the repayment terms of the original loans that were given. As the loans are considered to be in stage 2 a lifetime ECL is determined using all relevant, reasonable and supportable historical, current and forward-looking information that provides evidence about the risk that the subsidiaries will default on the loan and the amount of losses that would arise as a result of that default.

Financial liabilities

The Group classifies its financial liabilities into one of two categories discussed below, depending on the purpose for which the liability was acquired.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise only the conversion option related to $10m loan note classified as derivative financial liability. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated income statement. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any other financial liabilities as being at fair value through profit or loss.

4 Accounting policies continued

Other financial liabilities

Other financial liabilities comprise borrowings, trade payables and other short-term monetary liabilities. These are initially measured at fair value and subsequently recognised at amortised cost using effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Group's obligations are discharged, cancelled, or they expire.

Fair value measurement hierarchy

The Group classifies its financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2);
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3);
- the level in the fair value hierarchy within the financial asset or financial liability is determined on the basis of the lowest level input that is significant to the fair value measurement.

Compound instruments

The component parts of compound instruments (convertible notes and loans with detachable warrants) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non convertible instruments. This amount is subsequently recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option or detachable warrant classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently re-measured. Gains or losses are recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the compound instruments are allocated to the liability and equity components in proportion to the fair value of the debt and equity components. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the compound instruments using the effective interest method.

The Company repaid its convertible bond liabilities in the year, and currently has no compound instruments.

Share capital

Financial instruments used by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity instruments and are recorded at proceeds received, net of direct issue costs.

Provision for commitments and contingencies

Provisions are recognised when the Company has a present obligation at the reporting date, which occurred as a result of a past event, and it is probable that the Company will be required to settle that obligation and the amount of the obligation can be reliably estimated.

Possible obligations that are less than probable, and commitments to make purchases and incur expenditure in future periods, are not recognised as provisions but are disclosed as commitments and contingencies.

Provision for site rehabilitation and decommissioning costs and the associated asset is recorded at the present value of the expected expenditure required to settle the Company's future obligations. Actual outcomes may vary. Details regarding the provision for site rehabilitation and decommissioning costs are set out in note 21 to the financial statements.

Climate change

The Company has considered the impact of climate change and the transition to a lower carbon environment in the context of the legal requirements at subsidiary level with the Companies based in Kazakhstan, and at the group level with particular emphasis of the requirements of the task force for climate related disclosures (TCFD).

In relation to the legal requirements a review has been undertaken to ensure compliance with the new environmental legislation that came in to force in Kazakhstan in July 2021. The assessment considered the potential impacts on the impairment of assets, levels of rehabilitation provision as well as administrative delays in obtaining licences/permits that may result in longer lead times as certain environmental factors need to be considered. At this stage there appears to be limited impact on the Company in terms of additional costs.

In relation to TCFD, the Company set up a separate Board Committee to implement and monitor the requirements under the guidance, that becomes mandatory from January 2022. The Company is continuing to develop its assessment of the potential impacts and transition to develop a lower carbon foot print.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2021

4 Accounting policies continued

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors have made judgements and estimates that may have a significant effect on the amount recognised in the financial statements. These include:

- carrying value of property, plant and equipment, including estimates made in respect of reserves and resources, discount rate and future gold prices (note 14).

  Costs capitalised as mining assets in property, plant and equipment, and intangible assets are assessed for impairment when circumstances suggest that the carrying value may exceed its recoverable value. As part of this assessment, management has not carried out an impairment test, as no indicators of impairment have been identified. This test compares the carrying value of the assets at the reporting date with the expected discounted cash flows. For the discounted cash flows to be calculated, management has used a production profile based on its best estimate of proven and probable reserves of the assets and a range of assumptions, including an estimated price of gold and a discount rate which, taking into account other assumptions used in the calculation, management considers to be reflective of the risks. This assessment involves judgement as to (i) the likely commerciality of the asset, (ii) proven, probable reserves which are estimated, (iii) future revenues and estimated development costs pertaining to the asset, (iv) the discount rate to be applied for the purposes of deriving a recoverable value.

There were no impairment indicators identified, therefore a full impairment test was not carried out. As part of the review process the Company considered possible future increase in costs that may be incurred due to changes in legislation that will be required in order to reduce carbon emissions. The Kazakhstan government introduced legislation in July 2021 in order to tackle climate change and reduce carbon emissions, after careful review of the requirements at this stage the Company's current plans will cover the requirements as noted in the legislation.

- recoverability of inventories (note 17):

  The recoverability of inventories is dependent upon the future production of the Company, and future prices achievable, which will determine if any provision is required against inventories. The directors have assessed the impairment indicators, and made judgements in reflection to future prices achievable and production and make impairments as appropriate.

- carrying value of provisions (note 21):

  Estimates of the cost of future decommissioning and restoration of production facilities are based on current legal and constructive requirements, technology and price levels, while estimates of when decommissioning will occur depend on assumptions made regarding the economic life of fields which in turn depend on such factors as gold prices, decommissioning costs, discount rates, inflation rates and increasing costs due to the requirements to tackle climate change and changes in environmental legislation.

  The management reviewed the estimation process and the basis for the principal assumptions underlying the cost estimates, noting in particular the reasons for any major changes in estimates as compared with the previous year. This process took into account a range of possible outcomes in relation to the principal assumptions underlying the model such as inflation rates, discount rates and gold prices as well as other costs. The Company based the model to assess the provision required on the most likely scenario for the movement in prices and costs.

  The Company was satisfied that the approach applied was fair and reasonable. The Company was also satisfied that the discount and inflation rates used to calculate the provision were appropriate, taking into account changes such as the impact of the stricter requirements of the recently introduced environmental laws.

- recognition of deferred taxation assets (note 11):

  Deferred tax assets are recognised only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the level of deferred tax assets recognised that can result in a charge or credit in the period in which the change occurs.

- carrying value of intangible assets (note 14):

  The carrying value for intangible exploration and evaluation assets, represent the costs of active exploration projects the commerciality of which is unevaluated until reserves can be appraised. Where properties are appraised to have no commercial value, the associated costs are treated as an impairment loss in the period in which the determination is made. The recoverability of intangible exploration assets is assessed by comparing the carrying value to estimates of the present value of projects where indicators of impairment have been identified on an asset. The present values of intangible exploration assets are inherently judgemental. Exploration and evaluation costs will be written off to the income statement unless commercial reserves are established or the determination process is not completed and there are no indications of impairment. The outcome of ongoing exploration, and therefore whether the carrying value of exploration and evaluation assets will ultimately be recovered, is inherently uncertain.

There were no impairment indicators identified, therefore a full impairment test was not carried out.

- Provision for taxation (note 11 and 18):

  Management make judgements in relation to the recognition of various taxes payable by the Group and VAT recoverability for which the recoverability and timing of recovery is assessed. The Group operates in jurisdictions which necessarily require judgement to be applied when assessing the applicable tax treatment for transactions and the Group obtains professional advice where appropriate to ensure compliance with applicable legislation.

- Estimation of credit losses (note 16):

  The management make judgements in relation to the future recoverability of receivables, in relation to the parent Company there are substantial loans to the subsidiaries. The management has used the guidance as noted in IFRS9 to make judgements in relation to the future risk of default, the ability of the Company to achieve its production targets and achieve a sufficient level of profits to repay the loans, inherent in this model are a number of judgements. The management has estimated that a provision was required of US$33.6m at the year end (2020 US$31.7m); and

- Extension of Teren-Sai licence (note 14):

  The management will make an application to extend the exploration licence at Teren-Sai, which is to be extended from its current expiration date in May 2022, however the likelihood of the licence ultimately being extended is dependent on the Company satisfying the conditions required for renewal. Inherent in this process for the application for renewal and beyond are judgements of determining if the conditions can be satisfied.

5 Revenue

The analysis of the Group's revenue for the year from continuing operations is as follows:

	2021 US$000	2020 US$000
Sale of gold and silver	**50,031**	29,790
Other sales	**259**	242
	50,290	30,032

Included in revenues from sale of gold and silver are revenues of US$50,031,000 (2020: US$29,790,000) which arose from sales of precious metals to one customer based in Kazakhstan. Other sales amounted to US$259,000 (2020: US$242,000) and related to lease and rental income.

6 Segmental information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments and making strategic decision, has been identified as the Board of Directors.

The Board of Directors consider there to be two operating segments, the exploration and development of mineral resources at Sekisovskoye and at Teren-Sai, both based in one geographical segment, being Kazakhstan. All sales were made in Kazakhstan from the mine at Sekisovskoye. However in relation to Teren-Sai as there is discrete financial information available and the assets account for greater than 10% of the combined total assets of all segments it is considered to be a separate operating segment.

Teren-Sai is an exploration asset, details of the carrying value of the asset are shown in note 14, as such all costs are capitalised in line with the accounting policy. The income and costs relate entirely to the operation at Sekisovskoye.

7 Staff number and costs

Group

The aggregate remuneration comprised:

	2021 US$000	2020 US$000
Directors' emoluments	**236**	111
Employee wages and salaries	**3,087**	1,909
Employer social tax and national insurance	**761**	528
	4,084	2,548

The average number of employees (including Directors) was

	2021	2020
Production	**333**	301
Administration	**80**	88
	413	389

Company

The average number of employees (including Directors) was:

	2021	2020
Administration	**6**	6

The aggregate remuneration comprised:

	2021 US$000	2020 US$000
Directors' emoluments	**236**	111
Employee wages and salaries	**–**	–
Employer social tax and national insurance	**14**	2
	250	113

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2021

8 Impairments

	2021 US$000	2020 US$000
Impairments provided/(reversed) – ore	**24**	(32)
Impairment provided – other	**710**	66
	734	34

The other impairment relates to a provision for the estimated credit loss on advance payments made in the year for the provision of mining services.

9 Finance income and costs

	2021 US$000	2020 US$000
Finance costs		
Foreign exchange loss	**(366)**	(1,508)
Unwinding of discount on provisions	**(402)**	(390)
Interest expense	**(2,506)**	(1,620)
Unwinding of discount other financial liabilities	**(381)**	(314)
Total finance costs	**(3,655)**	(3,832)

10 Profit before taxation

The profit on ordinary activities before taxation is stated after (crediting/charging):

	2021 US$000	2020 US$000
Staff costs (note 7)	**4,084**	2,548
Depreciation of tangible assets	**4,486**	3,950
Share based payment	**–**	2,400
Cost of inventories recognised as an expense	**4,223**	2,449
Provision of impairment of receivables	**710**	66
Provision/(reversal) of impairment of inventory	**24**	(32)
Irrecoverable VAT written off	**1**	128
Penalties and fines	**347**	318
Fees payable to the Company's auditors for the audit of the Company	**56**	54
Fees payable to the Company's auditors for the audit of the Group financial statements	**149**	125
Fees payable to the auditors of the Company's Subsidiaries pursuant to legislation	**29**	29
Fees payable to the Company's auditors for the interim review of the Group financial statements	**69**	–

11 Income tax

Tax (credited)/charged in the income statement

	2021 US$000	2020 US$000
Deferred taxation		
Arising from origination and reversal of temporary differences	**(56)**	392

The tax on the profit for the year is based on the rate applicable in the UK of 19% (2020: 19%), and the rates applicable in Kazakhstan of 20% (2020: 20%).

11 Income tax continued

The differences are reconciled below:

	2021 US$000	2020 US$000
Profit before tax	**18,267**	3,330
Corporation tax at standard rate	**3,471**	633
Effect of different UK tax rates on some earnings	**146**	(83)
Effect of expenses not deductible in determining taxable profit	**297**	1,202
Current year tax losses and other temporary differences not recognised	**(196)**	914
Foreign exchange allowable losses in subsidiary	**(3,774)**	(2,274)
Total tax (credit)/charge	**(56)**	392

Deferred tax

Group

Deferred tax assets and liabilities are offset were they arise within the subsidiaries in Kazakhstan. The Group has recognised the deferred tax asset only to the extent that it is probable that the taxable profit will be available against which the deductible temporary difference can be utilised. The future tax profits are expected to derive from the gold mining operations in Kazakhstan. The tax losses arising in the prior periods will reduce the Company's and its subsidiaries' future tax liabilities. Deferred tax assets are recognised as the Directors believe that sufficient taxable profits will be made against which the carried forward losses can be utilised.

Unutilised taxation losses arising in Kazakhstan of US$44.6m (2020: US$61.5m) are available to carry forward for a maximum of 10 years. It is estimated that the tax losses available to carry forward will be utilised by 2030. Unutilised tax losses arising in the UK amount to US$7.7m (2020: US$6.4).

Expiry of tax losses in Kazakhstan

	2021 US$000	2022 US$000	2023 US$000	2024 US$000	2025 US$000	2026 US$000	2027 US$000	2028 US$000	2029 US$000	2030 US$000	Total US$000
Expiry	–	–	–	–	–	18,077	502	2,491	17,772	5,742	44,584

Unrecognised deferred taxation assets

	2021 US$000	2020 US$000
Taxation losses	**1,457**	7,454

Included within the unrecognised taxable losses above is an amount of US$1.457m (2020: US$1.2m) in relation to the Company, and US$nilm (2020: US$6.3m) in relation to the Kazakh subsidiaries. This amount has been carried forward as the Directors are uncertain if there will be sufficient taxable profits in the foreseeable future to offset the losses incurred.

	Taxation losses US$000	Accelerated taxation depreciation US$000	Other timing differences US$000	Total US$000
1 January 2020	7,758	(330)	(72)	7,356
Debit to income	–	(202)	(190)	(392)
Debit to other comprehensive income	(1,011)	–	–	(1,011)
Currency translation	(686)	33	11	(642)
31 December 2020 and 1 January 2021	6,061	(499)	(251)	5,311
Credit to income	–	306	(244)	62
Credit to other comprehensive income	3,038	–	–	3,038
Currency translation	(191)	(35)	4	(222)
31 December 2021	**8,908**	**(228)**	**(491)**	**8,189**

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2021

12 Profit per ordinary share

The calculation of basic and diluted earnings per share from continuing operations is based upon the retained profit from continuing operations for the financial year of US$18.3m (2020: US$2.9m).

The weighted average number of ordinary shares for calculating the basic earnings per share in 2021 and 2020 is shown below.

The diluted earnings per share in 2020 arose as the convertible loan notes had conversion rights, which would have resulted in an additional 702,650 shares being issued, the convertible loan notes were all redeemed in the year. There are currently no share options in issue that would result in diluted earnings per share.

	2021 No.	2020 No.
Basic	**27,332,933**	26,070,079
Diluted	**27,332,933**	26,772,729

13 Adjusted EBITDA

The Directors of the Company have presented the performance measure adjusted EBITDA (earnings before interest, tax, and depreciation) as they monitor this performance measure at a consolidated level, and the Directors believe it is relevant to measuring the Groups performance. Adjusted EBITDA is calculated by adjusting the net profit for interest, tax and depreciation.

Adjusted EBITDA is not a defined performance measure in IFRS. The Group's definition of adjusted EBITDA may not be comparable with similarly titled performance measures as disclosed by other entities.

Reconciliation of adjusted EBITDA to profit after tax	**2021 US$000**	2020 US$000
Profit after tax	**18,323**	2,938
Income tax (credit)/expense	**(56)**	392
Finance expense	**3,289**	2,324
Foreign exchange	**366**	1,508
Depreciation	**4,486**	3,950
Share based payment	**–**	2,400
Adjusted EBITDA	**26,408**	13,512

14 Intangible assets

Group

	Teren-Sai geological data US$000	Exploration and evaluation costs US$000	Total US$000
Cost or valuation			
At 1 January 2020	9,931	7,488	17,419
Additions	–	1,271	1,271
Amortisation capitalised	–	608	608
Currency translation	(905)	(717)	(1,622)
At 31 December 2020	9,026	8,650	17,676
At 1 January 2021	9,026	8,650	17,676
Additions	–	830	830
Amortisation capitalised	–	585	585
Currency translation	(225)	(240)	(465)
At 31 December 2021	**8,801**	**9,825**	**18,626**
Amortisation			
At 1 January 2020	4,476	–	4,476
Amortisation charge	608	–	608
Currency translation	(422)	–	(422)
Revenue relating to test production	–	165	165
At 31 December 2020	**4,662**	**165**	**4,827**
At 1 January 2021	4,662	165	4,827
Amortisation charge	585	–	585
Currency translation	(125)	(7)	(132)
At 31 December 2021	**5,122**	**158**	**5,280**
Carrying amount			
At 31 December 2021	**3,679**	**9,667**	**13,346**
At 31 December 2020	**4,364**	**8,485**	**12,849**
At 1 January 2020	**5,455**	**7,488**	**12,943**

The intangible assets relate to the historic geological information pertaining to the Teren-Sai ore fields. The ore fields are located in close proximity to the current mining operations of Sekisovskoye. The Company obtained a contract for exploration and evaluation on the site in May 2016 from the Kazakh authorities, the licence expired in May 2022. The Company has the right to extend the licence and has submitted the necessary paperwork to extend the exploration phase in the areas of interest within the Teren-Sai ore field with a view to moving area No. 2 to the production phase.

The value of the geological data purchased is in the opinion of the Directors the value that would have been incurred if the drilling had been undertaken by a third party (or internally). The Company has continued to develop the site with a CPR completed in 2019 on one of the fifteen target zones area 2, which includes 3 potential targets, and further exploration works in the other areas. Full details are given in the mineral resources statement included as part of the Annual Report.

The directors consider that no impairment is required taking into account the CPR results, exploration and planned production in the future. The write off of the geological data over the period of the licence to the end of the (optional) extended licence period May 2027 is appropriate. After that period the costs amortised are capitalised in line with the Company's accounting policy within the subsidiary TOO GMK Altyn MM LLP, there are no impairment indicators.

The bank loan from Bank Center Credit is secured in the assets of the Group see note 22.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2021

15 Property, plant and equipment

Group

	Mining properties US$000	Freehold Land and buildings US$000	Equipment, fixtures and fittings US$000	Plant, machinery and buildings US$000	Assets under construction US$000	Total US$000
Cost or valuation						
At 1 January 2020	13,949	24,786	9,945	7,501	1,067	57,248
Additions	1,622	166	2,838	2,717	1,246	8,589
Disposals	–	–	(70)	(180)	–	(250)
Transfers	(764)	1,383	(26)	18	(471)	140
Transfer from inventories	–	–	–	–	241	241
Currency translation	(1,543)	(2,285)	(907)	(734)	(110)	(5,579)
At 31 December 2020	13,264	24,050	11,780	9,322	1,973	60,389
At 1 January 2021	13,264	24,050	11,780	9,322	1,973	60,389
Additions	3,356	197	2,147	653	2,187	8,540
Disposals	–	–	(655)	(4)	–	(659)
Transfers	–	1,441	–	–	(1,441)	–
Transfer from inventories	–	–	–	–	170	170
Currency translation	(611)	(654)	(203)	(261)	(67)	(1,796)
At 31 December 2021	**16,009**	**25,034**	**13,069**	**9,710**	**2,822**	**66,644**
Depreciation						
At 1 January 2020	2,441	10,563	9,204	4,724	–	26,932
Charge for year	520	1,885	773	772	–	3,950
Eliminated on disposal	–	–	(70)	(180)	–	(250)
Currency translation	(232)	(997)	(805)	(441)	–	(2,475)
Transfers	140	(80)	80	–	–	140
At 31 December 2020	2,869	11,371	9,182	4,875	–	28,297
At 1 January 2021	2,869	11,371	9,182	4,875	–	28,297
Charge for the year	699	2,188	817	782	–	4,486
Eliminated on disposal	–	(2)	(655)	(4)	–	(661)
Currency translation	(218)	(238)	(239)	(133)	–	(828)
Transfers	–	–	–	–	–	–
At 31 December 2021	**3,350**	**13,319**	**9,105**	**5,520**	**–**	**31,294**
Carrying amount						
At 31 December 2021	**12,659**	**11,715**	**3,964**	**4,190**	**2,822**	**35,350**
At 31 December 2020	**10,395**	**12,679**	**2,598**	**4,447**	**1,973**	**32,092**
At 1 January 2020	**11,508**	**14,223**	**741**	**2,777**	**1,067**	**30,316**

Included within the additions to mining properties is an amount of US$430,000 relating to an increase in the abandonment and restoration provision, see note 21.

Capitalised cost of mining property are amortised over the life of the licence from commencement of production on a unit of production basis. This basis uses the ratio of production in the period compared to the mineral reserves at the end of the period. Mineral reserves estimates are based on a number of underlying assumptions, which are inherently uncertain. Mineral reserves estimates take into consideration estimates by independent geological consultants. However, the amount of mineral that will ultimately be recovered cannot be known until the end of the life of the mine.

Any changes in reserve estimates are, for amortisation purposes, treated on a prospective basis. The recovery of the capitalised cost of the Company's property, plant and equipment is dependent on the development of the underground mine.

The Directors are required to consider whether the non-current assets comprising, mineral properties, plant and equipment have suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. The directors considered entity specific factors such as available finance, cost of production, grades achievable, and sales price. The directors have concluded that no adjustment is required for impairment.

The bank loan from Bank Center Credit is secured on the assets of the Group see note 22.

15 Property, plant and equipment continued

Company

	Other property, plant and equipment US$000	Total US$000
Cost or valuation		
At 1 January 2020	467	467
At 31 December 2020	467	467
At 1 January 2021	467	467
Disposals	(467)	(467)
At 31 December 2021	–	–
Depreciation		
At 1 January 2020	400	400
Charge for year	67	67
At 31 December 2020	467	467
At 1 January 2021	467	467
Eliminated on disposal	(467)	(467)
At 31 December 2021	–	–
Carrying amount		
At 31 December 2021	–	–
At 31 December 2020	–	–
At 1 January 2020	67	67

16 Investments

Summary of the company investments

Name	Percentage held	Country of registration & operation
Directly held		
AltynGold Holdings Limited (formerly Hambledon Mining Company Limited)	100	British Virgin Islands
TOO GMK Altyn MM	100	Kazakhstan
Indirectly held		
DTOO Gornorudnoe Predpriatie Baurgold	100	Kazakhstan

The principal activity of all companies relates to gold mining and production with the exception of AltynGold Holdings Limited which is an investment holding Company and is currently dormant, its registered address is Palm Grove House, P O Box 438,Road Town, Tortola, British Virgin Islands.

Both Companies trade from 10 Novostroyevsaya Street, Glubokovskoye district, Sekisovka village East Kazakhstan.

	Shares US$000	Contribution to investment adjustment US$000	Subsidiaries loans US$000	Total US$000
1 January 2020	225	41,223	53,874	95,322
Net cash movements	–	–	200	200
Management charges and interest	–	–	5,685	5,685
Impairment reversal – IFRS9	–	–	279	279
Adjustment as a result of loan repayment terms	–	8,891	(398)	8,493
31 December 2020	225	50,114	59,640	109,979
Management charges and interest	–	–	6,059	6,059
Impairment – IFRS9	–	–	(1,904)	(1,904)
31 December 2021	225	50,114	63,795	114,134

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2021

16 Investments continued

	Total US$000
Movement of expected credit loss	
1 January 2020	31,955
Impairment reversal – IFRS9	(279)
31 December 2020	31,676
Impairment – IFRS9	1,904
31 December 2021	33,580

The investments together with the loans which are denominated in US Dollars represent the investments into the subsidiaries and in the opinion of the directors the aggregate value of the investments in the subsidiaries is not less than the amount shown in these financial statements. The directors review the intercompany borrowings on a regular basis, together with the associated cash flows of each company, and assess under the expected credit loss (ECL) model as required by IFRS 9.

The loans to subsidiaries are charged at a interest rates ranging from interest free to a range of 5-7%. The intercompany loans are repayable of US$134m (2020 US$131m) at the earliest October 2029 as the parent Company needs to give a three year formal request for repayment after the Bank Center Credit loan has been repaid which is due for payment in October 2026.

The Company has applied IFRS 9 in the current period and estimates that there is a charge of the ECL calculated of US$1,904,000 (2020: reversal US$279,000) on the receivables from the subsidiaries. The total ECL as at 31 December 2021 is US$33.6m (2020: US$31.7m).

The intercompany loans at present are considered to be in stage 2, and have been assessed as indicated in the IFRS 9 ECL model. As the loans are considered to be in stage 2 a lifetime ECL is determined using all relevant, reasonable and supportable historical, current and forward-looking information that provides evidence about the risk that the subsidiaries will default on the loan and the amount of losses that would arise as a result of that default. The Company applied a spread of sensitivities ranging from full recovery estimated at 10%, to a recovery of 80% of the loans at a 75% probability, based on a weighted average of the probabilities the Company estimated a total ECL to be provided of US$33.6m. If the probability of recoverability worsened by 10% the ECL would increase by US$9.3m.

The impairment is recognised in the income statement within administrative expenses.

17 Inventories

	Group	
	2021 US$000	2020 US$000
Ore	**5,014**	3,752
Raw materials and consumables	**2,017**	997
Work in progress	**372**	263
Finished goods and goods for resale	**1,718**	456
	9,121	5,468

The value of inventories above is stated net of a provision for low grade ore made in prior periods of US$1.1m (2020: US$1.1m). A provision was made in the year against spare parts and consumables that are assessed as being slow moving that may not be required for future repairs or production of US$333,000 (2020: US$327,000), resulting in a provision in the year of US$6,000. This together with impairments against low grade of ore of US$16,000 resulted in a total provision against inventories of US$24,000.

The movement in inventory recognised as an expense in the income statement is US$4.22m (2020: US$2.5m).

18 Trade and other receivables

Non-current

	Group 2021 US$000	Group 2020 US$000	Company 2021 US$000	Company 2020 US$000
Other receivables	**1,375**	1,705	**–**	–
Prepayments – advances for equipment	**2,550**	4,995	**–**	–
	3,925	6,700	**–**	–

Current

	Group		Company	
	2021 US$000	2020 US$000	2021 US$000	2020 US$000
Other debtors	**70**	–	**70**	–
Vat recoverable	**5,054**	3,549	**20**	71
Prepayments	**16,286**	2,929	**5**	5
Prepayments – provision	**(664)**	(103)	**–**	–
Other receivables – recoverable	**1,061**	934	**–**	–
Other receivables – provision	**(277)**	(127)	**–**	–
	21,530	7,182	**95**	76

The Directors consider that the carrying value of receivables approximates to their fair value. A provision has been assessed against receivables of $941,000 (2020 US$230,000), the increase of US$710,000 (see note 8) relates principally to an increase in the provision against advances paid to suppliers included in prepayments for the provision of mining services that have increased in the current period. A breakdown of the advances paid to suppliers included within prepayments are disclosed in note 27.

Other receivables included within non-current assets for 2021 and 2020 relate to an amount recoverable in relation to Value Added Tax, this is expected to be recovered by offset against VAT payable in future periods.

19 Trade and other payables

Non-current

	Group 2021 US$000	Group 2020 US$000	Company 2021 US$000	Company 2020 US$000
VAT payable	**242**	230	**–**	–
Other taxes payable	**1,000**	492	**–**	–
	1,242	722	**–**	–

Current

	Group		Company	
	2021 US$000	2020 US$000	2021 US$000	2020 US$000
Trade payables	**1,732**	2,161	**125**	100
Other taxes payable	**2,564**	2,050	**566**	1
Other payables and accruals	**630**	492	**298**	196
VAT payable	**758**	2,002	**–**	–
	5,684	6,705	**989**	297

Trade creditors and accruals principally comprise amounts outstanding for trade purchases of goods and services. The majority of the trade creditors relate to the Company's trading subsidiaries in Kazakhstan. For most suppliers, interest is not charged on trade payables. The Company regularly reviews all outstanding payables to ensure they are paid within the appropriate time frame.

VAT payable relates to amounts due and payable and scheduled for payment with the Kazakh tax authorities.

The Company has agreed a payment plan with the Kazakh authorities in relation to the payment of royalties which are due. The portion agreed to be paid within one year is US$1,870,000 (2020:US$1,899,000) the balance due of US$1,000,000 (2020 US$492,000) is payable in more than one year, of this amount US$586,000 is payable in 2023 and US$414,000 in 2024.

Included with in other taxes payable by the parent Company is an amount of US$545,000 for withholding taxes.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2021

20 Related party transactions

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Company, is set out below in aggregate for each of the categories specified in IAS 24 – "Related Party Disclosures". The total amount remaining unpaid with respect to remuneration of key management personnel amounted to US$122,000 in the current year (2020: US$52,000). Further information about the remuneration of the individual directors is set out in the audited section of the report on directors' remuneration on page 33.

	Group 2021 US$000	Group 2020 US$000	**Company 2021 US$000**	Company 2020 US$000
Short term employee benefits	**236**	111	**236**	111
Social security costs	**14**	2	**14**	2
	250	113	**250**	113

Related party transactions

The transactions between the Company and the subsidiaries are disclosed in Note 16. These relate to management and interest charges on services/loans from the parent to the subsidiaries in Kazakhstan.

During the year the following transactions were connected with the Company's controlled by the Assaubayev family:

- Asia Mining Group (AMG), a company controlled by the Assaubayev family supplied equipment and spares to the Company in prior years. At the year end an amount of US$83,850 was due to AMG (2020 US$85,982);
- Amounts due by the Group to Amrita Investments Limited a company controlled by the Assaubayev family, total US$12,000 (US$45,000) this includes interest repayable of US$10,000 (2020: US$nil) this is repayable on demand;
- The Company repaid the bond (that was assumed by Amrita Investments Limited in 2020) amounting to US$2m together with the interest owed in May 2021, see note 22;
- In 2016 the Company issued US$10m of convertible bonds to African Resources Limited which is an immediate controlling party (see note 25), a company controlled by the Assaubayev family. The bonds carry a coupon of 10% per annum, payable semi-annually in arrears on 29 July and 28 February each year, see note 22. The balance of the principal on the bond was repaid in March 2021, and equity component previously recognised of US$333,000 has been transferred to reserves;
- Altyn MM made sales of services to Altyn Group Qazaqstan LLP of US$131,000 (Kzt65m) in the year, of this amount US$151,400 (Kzt56m) was outstanding at 31 December 2021.

21 Provisions

	Abandonment & restoration US$000	Holiday pay US$000	Total US$000
Group			
I January 2020	5,007	130	5,137
Change in estimate of provision	(171)	119	(52)
Unwinding of discount	390	–	390
Paid during the year	–	(87)	(87)
Currency translation adjustment	(463)	(11)	(474)
31 December 2020 & 1 January 2021	4,763	151	4,914
Change in estimate of provision	430	196	626
Unwinding of discount	383	–	383
Paid during the year	–	(111)	(111)
Currency translation adjustment	(123)	(4)	(127)
31 December 2021	5,453	232	5,685
31 December 2021			
Current	–	232	232
Non-current	5,453	–	5,453
	5,453	232	5,685
31 December 2020			
Current	–	151	151
Non-current	4,763	–	4,763
	4,763	151	4,914

21 Provisions continued

Abandonment and restoration costs

In accordance with the provisions of the subsoil use contract (the "Contract"), DTOO GRP Baurgold is liable for site restoration costs upon completion of production activities. It is not possible to predict accurately the amount which might ultimately be payable for site restoration as it includes assumptions such as inflation in Kazakhstan over the life of the Contract which are inherently uncertain. An estimate of the future cost of restoration has been discounted and a provision recognised. The discounted amount for cost of restoration has been capitalised as a tangible fixed asset (note 15) and will be amortised using the unit of production method over the life of the mine.

In accordance with the subsoil use agreement, DTOO GRP Baurgold has established a cash fund to pay for the cost of restoration. The cash fund is maintained in a separate bank account in the name of DTOO GRP Baurgold. DTOO GRP Baurgold is required to contribute each year an amount equal to 1% of its operating expenses, (being the cost of sales of DTOO GRP Baurgold in extracting the ore) to this fund. Any transfers from the bank account require the authorisation of the Government of Kazakhstan. This fund will be used to pay for the costs of restoration as and when they become due. If the funds in the account are insufficient to pay for the costs, DTOO GRP Baurgold will be required to pay any deficit. If there are funds surplus to those required for restoration these will be returned to DTOO GRP Baurgold.

At the year end the amount in the fund amounted to US$70,000 (2020: US$13,000). The Company has an obligation to contribute to the restricted cash fund as stipulated in its licence, and has been in communication with the relevant authorities to restore the fund to the required level in future periods. The failure to comply in the year with certain administrative requirements of the licence including the maintenance of the cash fund may result in a penalty estimated to be less than US$2,000.

22 Loans and borrowings

	Group 2021 US$000	Group 2020 US$000	**Company 2021 US$000**	Company 2020 US$000
Current loans and borrowings				
Bonds	**9,723**	2,882	**9,723**	2,882
Bank loans	**5,298**	2,906	**–**	–
Related party loans (see note 20)	**12**	45	**–**	35
Other borrowings	**54**	–	**–**	–
	15,087	5,833	**9,723**	2,917
Due one – two years				
Bonds	**–**	9,317	**–**	9,317
Bank loans	**3,546**	2,997	**–**	–
	3,546	12,314	**–**	9,317
Due two – five years				
Bank loans	**8,675**	8,990	**–**	–
	8,675	8,990	**–**	–
Due more than five years				
Bank loans	**–**	1,956	**–**	–
Amount due to subsidiary Company	**–**	–	**29,110**	27,232
Total non-current loans and borrowings	**12,221**	23,260	**29,110**	36,549

Convertible bonds – related party

US$10m convertible bond

In 2016 the Company secured a total of US$10m proceeds from a convertible loan with the major shareholder, African Resources Limited. The loan bears a coupon of 10% per annum, payable semi-annually. In January 2018 the bond holders elected to convert US$9.72m of the bond into ordinary shares of the Company at the conversion price of 3p per share, resulting in the issue of 233,333,333 new ordinary shares being issued to African Resources Limited. The balance of US$279,000 that was outstanding was repaid in March 2021.

US$2m convertible bond

In 2016 the Company entered into US$2m convertible loans with institutional investors. The loans bear a coupon rate of 10% per annum, payable semi-annually. Of this amount in February 2020 Amrita Investments Limited made a payment to assume US$1.5m of the convertible bonds from the previous institutional bondholders who went into liquidation.

The conversion option met the fixed-for-fixed criteria and therefore the loan was classified as an equity instrument in the other reserves. On initial recognition Management have assessed the value of the contractual cash flows discounted at the interest rate of 15% being the market interest rate for the similar instruments without a conversion feature at US$0.3m. This amount has now been transferred to reserves as the bond was repaid in May 2021in line with the contract terms.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2021

22 Loans and borrowings continued

Other bonds

Bond Listed on Astana International Exchange

In December 2019 the Company issued bonds to the value of US$2,340,000, net of expenses amounting to US$263,000. In March and July 2020 the balance of the bonds were issued raising US$6.8m after expenses US$588,000. The total number of bonds at the year end amounts to US$10m at a coupon rate of 9% repayable in December 2022. At the year end the carrying value of US$9.7m approximates to their fair value.

Other loans

Related party loans

The total payable comprises amounts that are payable to Amrita Investments Limited amounting to US$12,000 (2020:US$45,000) this includes accrued interest of US$11,000, this amount is repayable on demand. An amount of US$1.5m, together with accrued interest of US$59,000 was repaid to Amrita in May 2021 in relation to the bond (see note 22 above).

During the year a loan was entered in to by Altyn MM for US$116,000 (KZT50.4m) at 27.9%, a short term loan over 12 months to finance the purchase of a vehicle.

Bank loans

In September 2019 the Company agreed a facility with JSC Bank Center Credit (BCC) for an amount of US$17m. The amount was divided into US$7m relating to a general working capital loan and US$10m to be used specifically for capital expenditure. The bank loan is repayable in instalments over a term of 7 years and bears interest at 6%-7%, with the final instalment due in 2026 on this credit line.

In December 2020 the Company agreed a new facility with BCC of US$5.5m (2.3bln Tenge), of this amount US$3.6m has to be utilised to purchase equipment and the balance of US1.9m for working capital purposes. US$1m was drawn down in December 2020. The balance of the loan was drawn down by April 2021 of US$4.5m (1.9bln Tenge) The loan is denominated in Kazakh Tenge with interest at 15.5% repayable in instalments over 5 years with a 6 month capital repayment holiday.

New loans were entered into in 2021 to provide additional working capital all at an interest rate of 15.5%. The short term loans were taken out in August/September 2021 of US$1.6m (690m KZT) repayable in August/September 2022.

The Company repaid bank loans in order to reduce its exposure to loans denominated in US Dollars. The total repayments in the year were US$8.0m, of which US$5.3m were against US Dollar loans, of this amount US$2.9m was paid in excess of the Company's contractual obligations.

The bank loans are secured over the assets of the Company.

The total borrowings of the Group disclosing the scheduled repayments of capital and interest are disclosed in note 25.

Amount owed to subsidiary

The amount due by the Company to the subsidiary is repayable in 2026 and incurs interest at a fixed rate of 5% per annum.

23 Share capital

Issued and fully paid

	Number	US$000
At 31 December 2021 – Ordinary shares of £0.10 each	27,332,933	4,267
At 31 December 2020 – Ordinary shares of £0.10 each	27,332,933	4,267

The rights attaching to the shares are detailed in the Directors report on page 26.

24 Notes to the cash flow statement

	Group 2021 US$000	Group 2020 US$000	**Company 2021 US$000**	Company 2020 US$000
Profit/(loss) before taxation	**18,267**	3,330	**(375)**	(120)
Adjusted for:				
Finance income	**–**	–	**(2,771)**	(2,775)
Finance expenses	**2,506**	1,657	**2,620**	1,665
Unwinding of discount	**783**	667	**(2,601)**	(1,668)
Depreciation of tangible fixed assets	**4,486**	3,950	**–**	67
Provisions/(reversal)	**626**	(52)	**1,904**	(279)
Impairments against receivables/inventories	**734**	66	**–**	–
(Increase) in inventories	**(3,998)**	(2,409)	**–**	–
(Increase) in trade and other receivables	**(15,075)**	(4,901)	**(110)**	(156)
Share based payment transaction	**–**	2,400	**–**	2,400
Increase in other financial liabilities	**–**	–	**–**	82
(Decrease)/increase in trade and other payables	**(1,898)**	(1,971)	**114**	35
Foreign currency translation	**366**	1,508	**–**	–
Cash inflow/(outflow) from operations	**6,797**	4,245	**(1,219)**	(749)

24 Notes to the cash flow statement continued

Group

		Cashflow			Cash changes	Non-Cash changes			
	1 January 2021 B/fwd US$000	New loans US$000	Commission US$000	Loans repaid US$000	Interest repaid US$000	Interest charges US$000	Foreign exchange US$000	Receivables net-off US$000	31 December 2021 C/fwd US$000
Loan element of US$10m convertible bond	651	–	–	(279)	(13)	17	–	(376)	–
Loan element of US$2m convertible bond*	2,173	–	–	(2,000)	(79)	75	–	(169)	–
Loan element of Kazakhstan listed bond	9,375	–	–		(900)	1,248	–	–	9,723
Other borrowings	16,849	6,356	–	(5,697)	(1,419)	1,397	87	–	17,573
Related party borrowings	45	–	–	(9)	–	11	–	(35)	12
Net cash outflow from financing activities	**29,093**	**6,356**	**–**	**(7,985)**	**(2,411)**	**2,748**	**87**	**(580)**	**27,308**
Due within one year	5,833								15,087
Due after one year	23,260								12,221
	29,093								**27,308**

* Of this US$1.56m was paid (including interest of $57,000) to Amrita Investments Limited a company controlled by the Assaubayev family see note 20.

Company

		Cashflow			Cash changes	Non-Cash changes			
	1 January 2021 B/fwd US$000	New loans US$000	Commission US$000	Loans repaid US$000	Interest repaid US$000	Interest charges and unwinding of discount US$000	Foreign exchange US$000	(Receivables)/ payables net-off US$000	31 December 2021 C/fwd US$000
Loan element of US$10m convertible bond	651	–	–	(279)	(13)	17	–	(376)	–
Loan element of US$2m convertible bond*	2,173	–	–	(2,000)	(79)	75	–	(169)	–
Loan element of Kazakhstan listed bond	9,375	–	–	–	(900)	1,248	–	–	9,723
Related party borrowings	35	–	–	–	–	–	–	(35)	–
Net cash outflow from financing activities	**12,234**	**–**	**–**	**(2,279)**	**(992)**	**1,340**	**–**	**(580)**	**9,723**
Due within one year	2,917								9,723
Due after one year	9,317								–
	12,234								**9,723**

* Of this US$1.56m was paid (including interest of $57,000) to Amrita Investments Limited a company controlled by the Assaubayev family see note 20.

Group

		Cashflow			Cash changes	Non-Cash changes			
	1 January 2020 B/fwd US$000	New loans US$000	Commission US$000	Loans repaid US$000	Interest repaid US$000	Interest charges US$000	Foreign exchange US$000	(Receivables)/ Payables net-off US$000	31 December 2020 C/fwd US$000
Loan element of US$10m convertible bond	2,111	–	–	–	(1,504)	44	–	–	**651**
Loan element of US$2m convertible bond*	2,060	–	–	–	(122)	235	–	–	**2,173**
Loan element of Kazakhstan listed bond	2,340	7,415	(588)	–	(607)	815	–	–	**9,375**
Other borrowings	9,265	8,325	–	(938)	(1,045)	860	382	–	**16,849**
Bolat Assauabyev	673	–	–	(673)	–	–	–	–	–
Chartmile Resources Inc	81	–	–	(81)	–	–	–	–	–
Amrita Investments Limited**	1,047	1,163	–	(1,739)	(461)	–	–	35	**45**
Net cash outflow from financing activities	**17,577**	**16,903**	**(588)**	**(3,431)**	**(3,739)**	**1,954**	**382**	**35**	**29,093**
Due within one year	2,550								5,833
Due after one year	15,027								23,260
	17,577								**29,093**

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2021

24 Notes to the cash flow statement continued

Company

	1 January 2020	Cashflow			Cash changes	Non-Cash changes			31 December 2020
	B/fwd US$000	New loans US$000	Commissions US$000	Loans repaid US$000	Interest repaid US$000	Interest charges and unwinding of discount US$000	Foreign exchange US$000	(Receivables)/ Payables net-off US$000	C/fwd US$000
Loan element of US$10m convertible bond	2,111	–	–	–	(1,504)	44	–	–	**651**
Loan element of US$2m convertible bond	2,060	–	–	–	(122)	235	–	–	**2,173**
Loan element of Kazakhstan listed bond	2,340	7,415	(588)	–	(607)	815	–	–	**9,375**
Chartmile Resources Inc.	81	–	–	(81)	–	–	–	–	**–**
Amrita Investments Limited	535	1,163	–	(1,698)	–	–	–	35	**35**
Net cash outflow from financing activities	**7,127**	**8,578**	**(588)**	**(1,779)**	**(2,233)**	**1,094**	**–**	**35**	**12,234**
Due within one year	616								2,917
Due after one year	6,511								9,317
	7,127								**12,234**

25 Financial instruments

Financial instruments by category

Financial assets	Group 2021 US$000	Group 2020 US$000	Company 2021 US$000	Company* 2020 US$000
Cash and cash equivalents	**3,593**	7,154	**1,826**	6,316
Other receivables and advance payments	**854**	779	**70**	–
Intercompany loans	**–**	–	**63,795**	59,640
	4,447	7,933	**65,691**	65,956

Financial instruments by category

Financial liabilities	Group 2021 US$000	Group 2020 US$000	Company 2021 US$000	Company* 2020 US$000
Trade and other payables	**2,362**	2,702	**423**	296
Loans and borrowings	**27,308**	29,093	**9,723**	12,234
Intercompany borrowings	**–**	–	**29,111**	27,232
	29,670	31,795	**39,257**	39,762

Financial assets and liabilities are measured at amortised cost.

*The amount above includes intercompany loans.

Policy on financial risk management

The Company's principal financial instruments comprise cash and cash equivalents, trade receivables, trade and other payables, other financial liabilities and borrowings. The Company's accounting policies and methods adopted, including the criteria for recognition, the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are set out in note 4 – "accounting policies". The Company does not use financial instruments for speculative purposes. The carrying value of all financial assets and liabilities approximates to their fair value.

Capital risk management

The Company's primary objective when managing risk is to ensure there is sufficient capital available to support the Company's funding requirements, including capital expenditure, in a way that optimises the cost of capital. Maximises shareholders' returns and ensures the Company's ability to continue as a going concern. There were no changes to the Company's capital management approach in the year.

The Company may make adjustments to the capital structure as opportunities arise, as and when borrowings mature or as and when funding is required. This may take the form of raising equity, debt finance, equipment supplier credit or a combination thereof.

The Company monitors capital on the basis of the gearing ratio, which is defined as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as equity as shown in the consolidated statement of financial position plus net debt. While the Company does not set absolute limits on the ratio, the Company believes that a ratio of 30%-40% is acceptable as the Company continues the development of the underground of the Sekisovskoye mine and the exploration site at Teren-Sai, and that optimally this should reduce to and remain below 25% thereafter. The Company's policy in respect of capital risk management is the same as that of the Group.

25 Financial instruments continued

	2021 US$000	2020 US$000
Group		
Total borrowings	**27,308**	29,093
Less: cash and cash equivalents	**(3,593)**	(7,154)
Net debt	**23,715**	21,939
Total equity	**55,205**	35,335
Total Capital	**78,920**	57,274
Gearing ratio	**30.05%**	38.30%

	2021 US$000	2020 US$000
Company		
Borrowings	**9,723**	12,234
Intercompany loans	**29,111**	27,232
Less: cash and cash equivalents	**(1,826)**	(6,316)
Net debt	**37,008**	33,150
Total equity	**76,233**	76,608
Total Capital	**113,241**	109,758
Gearing ratio	**32.68%**	30.20%

*The amount above includes intercompany loans.

Derivatives, financial instruments and risk management
The Company does not use derivative instruments or other financial instruments to manage its exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices.

Foreign currency risk management
The Company and its subsidiaries have transactional currency exposures. Such exposures arise from sales or purchases by the Company's two subsidiaries in Kazakhstan, in currencies other than the Company's functional currency. The functional currency of TOO GMK Altyn MM and DTOO Gornorudnoe Predpriatie Baurgold is the Kazakh Tenge. The currency transactions giving rise to this foreign currency risk are primarily USD denominated revenues, USD denominated borrowings and other financial liabilities and certain USD denominated trade payables. The Company and its subsidiaries do not enter into hedging positions in respect of its exposure to foreign currency risk.

The carrying amounts of the Groups foreign currency denominated net monetary assets and monetary liabilities at 31 December, are as follows:

Group

	2021 US$000			2020 US$000		
		Functional currency			Functional currency	
Currency of monetary asset/liability	**US$**	**KZT**	**Total**	US$	KZT	Total
US Dollar	**(7,953)**	**(11,005)**	**(18,958)**	(5,937)	(15,994)	(21,931)
British Pound	**1**	**–**	**1**	(274)	–	(274)
Kazakhstan Tenge	**–**	**(5,484)**	**(5,484)**	–	(1,540)	(1,540)
Russian Rouble	**–**	**(173)**	**(173)**	–	(71)	(71)
Net Monetary position			**(24,614)**			(23,816)
Company						
US Dollar		**26,732**	**26,732**		26,471	26,471
British Pound		**1**	**1**		(274)	(274)
Net Monetary position			**26,733**			26,197

*The amount above includes intercompany loans.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2021

25 Financial instruments continued

Sensitivity analysis

Since the year end due to the sanctions imposed on Russia, the Rouble and consequently the Kazakh Tenge which tends to mirror the Russian Rouble has suffered a devaluation of approximately 19%.

The analysis below shows the effect a 20% (2020:10%) strengthening, or weakening, of any one of the above currencies against the US Dollar. The Directors are of the opinion that the Kazakh Tenge may recover from this devaluation but not to any great extent. As the Company earns it revenues in US Dollars and incurs significant expenditure in KazakhTenge, the devaluation is seen as benefiting the overall financial position of the Company.

Group	**2021 US$000**	2020 US$000
20%/10% weakening/strengthening of Kazakh Tenge against the US Dollar	**(3,332)**	(1,760)

Commodity price risk

The Company is exposed to the effect of fluctuations in the price of gold and silver which are quoted in US Dollars on the international markets. The Company prepares annual budgets and periodic forecasts including sensitivity analyses in respect of various levels of prices of these metals.

The Company's only significant sales during the years ended 31 December 2021 and 2020 were sales of gold doré containing gold and silver. The sales proceeds for gold doré is fixed by reference to the gold and silver prices on the day of sale. The Company does not plan in the future to hedge its exposure to the risk of fluctuations in the price of gold or silver and therefore it held no financial instruments that are sensitive to commodity price changes at either reporting date.

Credit risk

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in a financial loss to the Company. The Group has adopted a policy of only dealing with creditworthy counter-parties. The Group's exposure and the credit ratings of its counter-parties are monitored by the Board of Directors to ensure that the aggregate value of transactions is spread amongst approved counter-parties. In the current climate due the COVID-19 pandemic and the developing situation regarding sanctions being imposed on Russia, the Company is aware that there may be issues in relation to recoverability and safe guarding of its assets and has built this into their assessments of the creditworthiness of counter-parties. The Company currently has minimal trading with Russia and there are not material assets at risk, the consumables purchased from Russian companies have been reassigned to new suppliers.

The Group's principal financial assets are cash and cash equivalents, trade debtors and other accounts receivables. Cash equivalents include amounts held on deposit with financial institutions.

The Group is mainly exposed to credit risk on its cash equivalents and trade and other receivables which include prepayments amounting to US$14.5m as per the balance sheet. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet which at the year end amounted to Cash and cash equivalents US$3.6m (2020: US$7.2m), and other receivables (excluding VAT and other taxes) of US$854,000 (2020: US$779,000).

Although the full scope tax audit which was completed in the prior year showed no material issues, there is always the possibility of fiscal change in the country. Kazakhstan is a relatively young country and there have been a number of fiscal changes in recent years, which in some cases related to the mining industry.

The credit risk on liquid funds held in current accounts and available on demand is limited because the Group's counter-parties are mainly banks with high credit ratings assigned by international credit-rating agencies.

In Kazakhstan significant contracts have to go through a tender process prior to the contract being awarded. As part of the tender application process credit and blacklist checks of the supplier are assessed. The Company made significant advance payments for mining works of US$16.5m, awarded to a contractor through the tender process. After an assessment of recoverability the Company has made a provision of US$664,000.

The Company's maximum exposure to credit risk is limited to the carrying amount of loans recorded in the financial statements, and the value of advance payments made to suppliers included in prepayments of US$14.5m (see note 27). The majority of the loans are on fixed repayment terms in relation to intercompany borrowings the Company has applied IFRS 9 which resulted in a significant impairment in the prior periods. The recoverability of the loans has been reassessed in the current year which resulted in a further increase in the provision by US$1.9m see note 16.

Liquidity risk

During the year ended 31 December 2021, the Company was financed by internally generated funds, and other borrowings principally from bank borrowings and the bond raised on the Astana Stock Exchange. The Company manages its liquidity risk. The Directors monitor cash flow and cash flow forecasts on a regular basis and ensure that the loan commitments and working capital commitments are adequately funded.

The following tables detail the Group and the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company and its subsidiaries can be required to pay. The table includes both interest and principal cash flows.

25 Financial instruments continued

Group	Borrowings US$000	Trade and other payables US$000	Total US$000
31 December 2021			
Due after more than five years	**–**	**–**	**–**
From two to five years	**9,769**	**–**	**9,769**
From one to two years	**4,593**	**–**	**4,593**
Due after more than one year	**14,362**	**–**	**14,362**
Due within one year	**17,551**	**1,732**	**19,283**
	31,913	**1,732**	**33,645**

Group	Borrowings US$000	Trade and other payables US$000	Total US$000
31 December 2020			
Due after more than five years	2,088	–	2,088
From two to five years	10,604	–	10,604
For one to two years	14,855	–	14,855
Due after more than one year	27,547	–	27,547
Due within one year	7,243	2,653	9,896
	34,790	2,653	37,443

Company	Intercompany loan US$000	Borrowings US$000	Trade and other payables US$000	Total US$000
31 December 2021				
Due after more than five years	**47,995**	**–**	**–**	**47,995**
For one to two years	**–**	**–**	**–**	**–**
Due after more than one year	**47,995**	**–**	**–**	**47,995**
Due within one year	**–**	**10,878**	**125**	**11,003**
	47,995	**10,878**	**125**	**58,998**

Company	Intercompany loan US$000	Borrowings US$000	Trade and other payables US$000	Total US$000
31 December 2020				
Due after more than five years	47,995	–	–	47,995
For one to two years	–	10,878	–	10,878
Due after more than one year	47,995	10,878	–	58,873
Due within one year	–	3,285	297	3,582
	47,995	14,163	297	62,455

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2021

25 Financial instruments continued

Borrowings and interest rate risk

There is no exposure to interest rate risk as the current principal borrowings in the Company and its subsidiaries are at fixed rates. The bonds at a fixed coupon rate of 9–10%, and the other borrowings are predominately at average interest rates of 6–7%, see note 22.

The significant commitments and contingencies in relation to the group are as noted below:

(a) Contractual liabilities

Subsoil use rights are not provided to the Company on an indefinite basis, and each renewal shall be approved before the current contract or license expires. These rights can be cancelled by the Government of the Republic of Kazakhstan (hereinafter referred to as "the Government") if the Company does not fulfil contractual liabilities.

Deposit development costs

In accordance with the subsoil use contract, the Company has an approved working programme which may be reviewed and reconsidered depending on the economic viability and operational conditions of the deposit. The management of the Company believes it has fulfilled the requirements of the Contract.

Training for Kazakhstani specialists

In accordance with the terms of the contract the Company is liable for the annual costs incurred in respect of the professional training of the Kazakhstani personnel involved in the work. The costs are estimated to be at least 1% of the operational costs during the development and operational process.

Development of the social sphere of the region

According to the terms of the contract, the Company is liable for supporting the development and ensuring social support for the activity of the communities near the area of operations of the Company. As at 31 December 2021, the Company has met all the conditions of the Contract.

Liabilities on the restoration of the mine

Within eighty calendar days upon the expiration of the contract the Company is liable for the development of the mine restoration programme and its inspection by the competent authority of the Government of the Republic of Kazakhstan. The Company is liable for implementation of the programme upon its approval.

(b) Taxation risks

The tax system of Kazakhstan, being relatively new, is characterised by frequent changes to the legal norms, official interpretations and court decisions, which are often not explicit and can be contradictory. This leads to differing interpretations by the tax authorities. The examination and investigations of the accounts to ensure that the tax payable is accurate are carried out by several regulatory bodies. These bodies have the power to impose heavy fines and penalties. The accuracy of the tax computation can be investigated five calendar years after the end of the accounting period. In certain circumstances this period can be increased.

(c) Insurance

In accordance with the subsoil use contract the Company is liable for the development of the insurance programme and its submission for approval by the competent authority. The Company has several contracts of obligatory insurance including insurance of the vehicle owners, the employer's liability and insurance of the subsoil users' liability where the activity of such subsoil users is connected to the damage to third parties.

(d) Court proceedings

The claims on the Company are periodically set out in the courts along with the Company's activities. As at the reporting date, there are no material claims against the Company.

As part of the settlement in relation to the tailings dam restoration programme a number of years ago, the Company has a memorandum signed with the local authorities, whereby the Company is liable for arranging the construction of the paste plant for US$1.4m (US$600m Tenge). It has been agreed that the Company will use its best endeavours to have this completed once all necessary permits are obtained, the necessary permits have not been obtained at the date of this report. Other than the paste plant as at the reporting date the Company has fulfilled all of its obligations in relation to the outstanding works which required in relation to the tailings dam restoration program. This matter is still ongoing.

26 Parent and ultimate parent undertaking

The controlling party and parent entity of the Company is African Resources Limited, by virtue of the fact that at the date of this report it owns 65.5% (2020: 65.5%) of the voting rights in the Company. There is no requirement to prepare consolidated accounts for African Resources Limited, which is registered in the British Virgin Islands.

The ultimate controlling party are the Assaubayev family, by virtue of the fact that they are the controlling party of African Resources Limited.

27 Non adjusting events after the financial period

In February 2022 the conflict in Ukraine started and sanctions were imposed on Russia, the Russian Rouble suffered a major devaluation which fed through to the Kazakh Tenge, which at one point was devalued by approximately 19% against the US Dollar from the year end rate of 430KZT to one US Dollar. The currency has since rebounded and is currently trading in the rate of 450KZT to one US Dollar. At the date of these financial statements the Company's operations have not been adversely affected, the Company has benefited to the extent that the revenues are earned in US Dollars at a higher average gold price since the conflict commenced and significant costs are payable in Kazakh Tenge.

In April 2022 a tender was completed with a supplier, being appointed for the provision of mining services for an amount of 12.3Bln KZT including VAT (US$28.6m), of this amount US$8.4m was prepaid as at 31 December 2021. In addition under a contract signed in 2021 with the same supplier a pre-paid amount of US$6.1m was carried forward as at 31 December 2021 to be utilised against the mining services provided in 2022. The total prepayment of US$14.5m as at 31 December 2021 is included within prepayments shown in note 18.

US$8.4m in relation to the prepayments has been utilised against mining services provided to May 2022.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the AltynGold Plc (the "Company") will be held at Langham Court Hotel, 31-35 Langham Street, London W1W 6BU, United Kingdom on 30 June 2022 at 11.00am in order to lay the financial statements before the Company and to consider if thought fit, pass resolutions 1 to 8 as ordinary resolutions and resolution 9 as a special resolution:

1. To approve the Directors' remuneration report.

2. To re-elect Aidar Assaubayev as a Director of the Company.

3. To re-elect Ashar Qureshi as a Director (Non-Executive) of the Company.

4. To confirm the appointment of Maryam Buribayeva as a Director (Non-Executive) of the Company.

5. To confirm the appointment of Andrew Terry as a Director (Non-Executive) of the Company.

6. To reappoint BDO LLP as the Company's auditors to hold office until the conclusion of the next general meeting at which the annual accounts are to be laid before the Company.

7. To authorise the Audit Committee of the Board to determine the auditors' remuneration.

8. That, in accordance with section 551 of the Companies Act 2006 (as amended) (the "Act") the directors be generally and unconditionally authorised to allot Relevant Securities (as defined in the notes to this Notice):

    a. comprising equity securities (as defined by section 560 of the Act) up to an aggregate nominal amount of £1,738,005 (such amount to be reduced by the nominal amount of any Relevant Securities allotted under paragraph 9b. below) in connection with an offer by way of a rights issue:

        i. to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

        ii. to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

    b. in any other case, up to an aggregate nominal amount of £869,003 (such amount to be reduced by the nominal amount of any equity securities allotted under paragraph 9a. above in excess of £869,003), provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the date which is 18 months after the date on which this resolution is passed or, if earlier, the date of the next annual general meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted and the directors may allot Relevant Securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This resolution revokes and replaces all unexercised authorities previously granted to the directors to allot Relevant Securities but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

NOTICE OF ANNUAL GENERAL MEETING continued

SPECIAL RESOLUTION

9. That, conditional on the passing of Resolution 8, the directors be given the general power to allot equity securities (as defined by section 560 of the Companies Act 2006 (as amended) (the "Act") for cash, either pursuant to the authority conferred by resolution 8 or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:
   a. the allotment of equity securities in connection with an offer of equity securities (but, in the case of the authority granted under 8b., by way of a rights issue only):
      i. to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
      ii. to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and
   b. the allotment (otherwise than pursuant to paragraph 8a. above) of equity securities up to an aggregate nominal amount of £260,700.

The power granted by this resolution will expire on the date which is 18 months after the date on which this resolution is passed or, if earlier, the conclusion of the Company's next annual general meeting (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

This resolution revokes and replaces all unexercised powers previously granted to the directors to allot equity securities as if section 561(1) of the Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities

By order of the Board

Rajinder Basra
Company Secretary

Registered Office:
28 Eccleston Square
London
SW1V 1NZ

3 June 2022

Company Number: 05048549

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

Relevant Securities means:

- Shares in the Company other than shares allotted pursuant to:
  - an employee share scheme (as defined by section 1166 of the Act);
  - a right to subscribe for shares in the Company where the grant of the right itself constituted a Relevant Security; or
  - a right to convert securities into shares in the Company where the grant of the right itself constituted a Relevant Security.

- Any right to subscribe for or to convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme (as defined by section 1166 of the Act). References to the allotment of Relevant Securities in the resolution include the grant of such rights.

Entitlement to attend and vote

1. Only those shareholders registered in the Company's register of members at:
   - 6.00 pm on Tuesday 28 June 2022; or,
   - if this meeting is adjourned, at 6.00 pm on the day two days prior to the adjourned meeting,shall be entitled to attend and vote at the meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Appointment of proxies

2. If you are a shareholder who is entitled to attend and vote at the meeting, you are entitled to appoint a proxy to exercise all or any of your rights to attend,speak and vote at the meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

3. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in this "Appointment of proxies" section. Please read the section "Nominated persons" below.

4. A proxy does not need to be a shareholder of the Company but must attend the meeting to represent you. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, each proxy must be appointed on a separate proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.

5. Shareholders can:
   - appoint a proxy and give proxy instructions by returning the enclosed proxy form by post (see note 7);
   - register their proxy appointment electronically (see note 8);
   - if a CREST member, register their proxy appointment by utilising the CREST electronic proxy appointment service (see note 9).

   Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting and vote in person, your proxy appointment will automatically be terminated.

6. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

Appointment of proxy by post

7. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

   To appoint a proxy using the proxy form, the form must be:
   - completed and signed;
   - sent or delivered to Neville Registrars (the "Registrar"), at Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD; and
   - received by the Registrar no later than 11.00am on 28 June 2022.

   In the case of a shareholder which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form. If you have not received a proxy form and believe that you should have one, or if you require additional proxy forms, please contact the Registrar on +44 (0) 121 585 1131.

Appointment of proxies electronically

8. As an alternative to completing the hard-copy proxy form, you can appoint a proxy electronically online at www.sharegateway.co.uk and completing the authentication requirements as set out on the proxy form. For an electronic proxy appointment to be valid, your appointment must be received by the Registrar no later than 11.00am on 28 June 2022.

Appointment of proxies through CREST

9. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available via www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING continued

described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Registrar ID 7RA11 no later than 11.00am on 28 June 2022, or, in the event of an adjournment of the meeting, 48 hours before the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member, or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Appointment of proxy by joint members

10. In the case of joint holders, where more than one of the joint holders completes a proxy appointment, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

11. Shareholders may change proxy instructions by submitting a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact the Registrar on +44 (0) 121 585 1131.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

12. A shareholder may change a proxy instruction but to do so you will need to inform the Company in writing by:

- Sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Neville Registrars, at Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD. In the case of a shareholder which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by the Registrar no later than 11.00am on 28 June 2022.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified, your original proxy appointment will remain valid unless you attend the meeting and vote in person.

Corporate representatives

13. A corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

Issued shares and total voting rights

14. As on 6pm on 3 June 2022 (the last practicable date prior to despatch), the Company's issued share capital comprised 27,332,934 ordinary shares of £ 0.10 each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company is 27,332,934.

The Company's website, www.altyngold.uk will include information on the number of shares and voting rights.

Notification of shareholdings

15. Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chairman of the Annual General Meeting as their proxy will need to ensure that both they, and their proxy, comply with their respective disclosure obligations under the Disclosure Rules and Transparency Rules.

Questions at the meeting

16. Any member attending the meeting has the right to ask questions. The Company must answer any question you ask relating to the business being dealt with at the meeting unless:

- answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; p the answer has already been given on a website in the form of an answer to a question; or p it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Nominated persons

17. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (**Nominated Person**):

- You may have a right under an agreement between you and the shareholder of the Company who has nominated you to have information rights (**Relevant Shareholder**) to be appointed or to have someone else appointed as a proxy for the meeting.
- If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Shareholder to give instructions to the Relevant Shareholder as to the exercise of voting rights.
- Your main point of contact in terms of your investment in the Company remains the Relevant Shareholder (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

Documents on display

18. Copies of the service contracts of the executive directors and the non-executive directors' contracts for services are available for inspection at the Company's registered office during normal business hours and at the place of the meeting from at least 15 minutes prior to the meeting until the end of the meeting.

Communication

19. Except as provided above, shareholders who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted):

- Contact the Company by e-mail to info@altyngold.uk.

EXPLANATION OF RESOLUTIONS

An explanation of each of the resolutions is set out below.

ORDINARY BUSINESS

Resolutions 1 to 8 will be proposed as ordinary resolutions and will be passed if more than 50% of shareholders' votes cast are in favour.

Resolution 1: Directors' remuneration report

The Directors' remuneration report is set out in the Annual Report. In accordance with the provisions of the Act the Directors' remuneration report is the Annual Report contains:

- a statement by the Chairman of the Remuneration Committee;
- the Directors' remuneration policy in relation to future payments to the Directors and former Directors'; and p the Annual Report on remuneration, which sets out payments made in the financial year ending 31 December 2021.

The statement by the Remuneration Committee Chairman and the Annual Report on remuneration will be put to an annual advisory shareholder vote by ordinary resolution. Accordingly, Resolution 2 is the ordinary resolution to approve the Directors' remuneration report. As it is an advisory vote it does not affect the actual remuneration paid to any Director.

Resolutions 2 to 5: To re-elect the Directors

Under the Company's articles of association, one third of the Directors or, if their number is not a multiple of three, then the number nearest to but not less than one-third must retire from office and then stand for re-election.

Biographical details of directors to be re-elected are set out in the Annual Report and are also available for viewing on the Company's website at www.altyngold.uk

Resolutions 6 to 7: To reappoint the auditors and authorise the Audit Committee of the Board to determine their remuneration

The Company is required to appoint auditors at each general meeting at which the annual accounts and report are to be laid before the Company, to hold office until the conclusion of the next such meeting. The Audit Committee has reviewed the effectiveness, independence and objectivity of the external auditors, BDO LLP, on behalf of the Board which now proposes their reappointment as auditors of the Company. Resolution 7 also authorises the Audit Committee of the Board, in accordance with standard practice, to negotiate and agree the remuneration of the auditors.

SPECIAL BUSINESS

As well as the ordinary business of the meeting outlined above, a number of special matters will be dealt with at the Annual General Meeting. Resolution 8 will be proposed as an ordinary resolution and will be passed if more than 50% of shareholders' votes cast are in favour. Resolution 9 will be proposed as a special resolution. For this resolution to be passed, at least 75% of shareholders' votes cast must be in favour.

Resolution 8: Directors' authority to allot shares

At the 2021 Annual General Meeting in June 2021 the Directors were given authority to allot shares in the Company, and Resolution 8 seeks to renew this authority for a period until the date which is 18 months after the date on which this resolution is passed or, if earlier, the date of the next annual general meeting of the Company.

This resolution would give the Directors authority to allot ordinary shares, and grant rights to subscribe for or convert any security into shares in the Company, up to an aggregate nominal value of £855,891.82. This amount represents approximately one-third (33.33%) of the issued ordinary share capital of the Company, as at 3 June 2022, the last practicable date prior to the publication of this document. The Company does not currently hold any shares in treasury. The extent of the authority follows the guidelines issued by institutional investors.

The Directors consider that it is appropriate for this authority and these powers to be granted to preserve maximum flexibility for the future.

Resolution 9: Disapplication of pre-emption rights

Section 561 of the Companies Act 2006 gives all shareholders the right to participate on a pro-rata basis in all issues of equity securities for cash, unless they agree that this right should be disapplied. The effect of this resolution is to empower the Directors, until the date which is 18 months after the date on which this resolution is passed or, if earlier, the date of the next annual general meeting of the Company, to allot equity securities for cash, without first offering them on a pro-rata basis to existing shareholders, but only up to a maximum nominal amount of £233,434.21 representing approximately 10% of the Company's issued ordinary share capital on 3 June 2022 (being the latest practicable date before the date of this document). In addition, the resolution empowers the Directors to deal with fractional entitlements and any practical problems arising in any overseas territory on any offer made on a pro-rata basis. The Directors consider that it is appropriate for this authority and these powers to be granted to preserve maximum flexibility for the future.

COMPANY INFORMATION

Directors

Mr Kanat Assaubayev	(Chairman)
Mr Aidar Assaubayev	(Chief Executive Officer)
Mr Sanzhar Assaubayev	
Mr Ashar Qureshi	(Non-Executive Director)
Mr Vladimir Shkolnik	(Non-Executive Director)
Mr Andrew Charles Terry	(Non-Executive Director appointed 24 January 2022)
Ms Maryam Buribayeva	(Non-Executive Director appointed 24 January 2022)
Mr Thomas Gallagher	(Non-Executive Director, resigned 24 January 2022)

Company secretary
Mr Rajinder Basra

Registered office & Company number
28 Eccleston Square
London
SW1V 1NZ
Company number :05048549

Kazakhstan office
11th Floor, Right Wing
2 Kunayev Street
Nur-Sultan
Kazakhstan

Solicitors
Wragge Lawrence Graham & co. LLP
54 More
London Riverside
London
SE1 2AU

Cleary Gottlieb Steen & Hamilton LLP
City Place House
London
EC2V 5EH

Auditors
BDO LLP
55 Baker Street
London
W1U 7EU

BDO Kazakhstan
6 Gabdullin St,
Almaty City, 050013
Kazakhstan

AltynGold plc

28 Eccleston Square
London
SW1V 1NZ

www.altyngold.uk