

Altyn plc
(“Altyn” or “Company”)
Operational Update for FY 2016

Altyn Plc, the gold mining and development company, is pleased to provide an operational update for the full year ended 31 December 2016.

Highlights

- 12,602oz of gold sold in 2016, (2015: 20,890oz)
- Gold production of 10,970oz in 2016, (2015 15,534oz) and silver of 16,520oz (2015 26,608oz).
- H2 2016 gold production of 7,276oz compared to production of 3,694oz in H1 2016 a direct result of increasing production from the underground mine.
- The company is continuing to increase its productive capacity and recently took delivery of an LHD (load-haul-dumper), these are used to fill the underground trucks with ore. Purchased from Fambition, PRC. This together with the existing two LHDs and the existing fleet of 30-ton trucks significantly increases the productive capacity. It is expected to be operational in early April 2017.
- Ongoing capital expenditure in 2017 is likely to be in the region of US\$15m increasing to US\$20m in 2018 after adjusting for deferrals from 2016.
- The increase in productive capacity is expected to result in a run rate of 40-45koz of gold production during 2017.
- In the prospective area Karasuyskoye, several promising areas for detailed geological exploration in 2017 have been identified. These include a plot with a high silver content (up to 980 g/t) and a structure containing industrial gold concentrations (from 0.73 to 6.38 g/t).

Key Metrics

Unaudited key operating statistics for the year ended 31 December 2016

		2016	2015
Mining – underground			
Ore Mined	tonnes	100,763	79,276
Average Gold Grade	g/t	2.70	2.55
Average Silver Grade	g/t	3.76	3.70
Mining processing			
Ore Milled	tonnes	262,546	566,664
Gold Recovery Rate	%	80.2%	76%
Silver Recovery Rate	%	73.5%	64.9%
Gold Produced	oz	10,970	15,534
Silver Produced	oz	16,520	26,608

Operational Update

The overall low production levels of 2016 have to be seen in the context of the continuing development of the mine, and are a direct consequence of the resources being used to build a platform to bring the underground mine into production.

On a positive note the significant growth in underground mining in the second half of the year was achieved primarily thanks to the acquisition of new equipment (LHD and underground dump trucks), as well as the launch of a second transport decline, which significantly reduced the haulage distance to the processing plant. In early 2017, the company acquired another LHD (3 m³) produced by Fambition, PRC, which is expected to be operational in April 2017. Further acquisitions of capital expenditure are anticipated in the near term to further enhance productive capacity including another 30-ton truck. The total capital expenditure in 2017 is expected to be in the region of about US\$15m, primarily for the purchase of underground equipment (ore handling equipment). Realisation of these investments will allow the production at a run rate of 40-45koz of gold in 2017.

The upgrade of the underground ore processing technology, as well as the reduction of the share of low-grade quarry ore, contributed to an improvement in the extraction rates in the factory in 2016 (+4% compared to 2015). In the second half of 2016, the company achieved a target of 82% in the gold recovery rate. The introduction of the gravity enrichment stage, planned for the second half of this year, will further increase this figure.

Based on the unaudited results for the year and given the low level of production the cash cost of production is estimated to be in the region of US\$900oz – US\$1050oz (2015 US\$837oz). The total cash cost including general and administrative expenses, is estimated to be in the region of US\$1,350 – US\$1,450oz (2016 US\$1,263oz). These figures are distorted due to the low level of production and are expected to reduce progressively each year as the production rises.

In May 2016 the Company acquired an exploration licence in Karasuyskoye, the preliminary results of operations of the exploration are very encouraging and are noted below:

- One prospective area within Karasuyskoye which has been tested has revealed silver deposits with grades as high as 980 g/t. In addition, there was a high probability of co-mineralisation represented by bismuth, zinc, and tellurium. The initial estimates are that the ore resources may be substantial and in particular, the silver resources may amount to in excess of 340 tons, with an average silver grade of 60 g/t, and indeed may be substantially higher. The Company has collected a large number of silver samples in order to perform further detailed scientific testing.
- In the prospective area known as Glyaden within Karasuyskoye we identified mineralisation containing economic gold grades from 0.73g/t to 6.38g/t. With further work exploration planned in this area the initial results are very encouraging.

Aidar Assaubayev, CEO of Altyn Plc, commented:

"We are pleased with the development of the underground mine in 2016 which has built a solid platform for the future growth of the Company, the results of which are now bearing fruit. The strong rate of growth of production in the second half of 2016 has been sustained in 2017, and will be further enhanced going forward as new capital equipment is acquired. We are confident in meeting the targeted forecast gold production figures going forward of 100,000oz in the future, with a forecast cash cost of US\$510. The Sekisovskoye mine project together with the added benefit of the development Karasuyskoye ore field, the exploration results of which are looking very encouraging are expected to generate substantial returns to the shareholders".

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About Altyn plc

Altyn is a gold mining, exploration and development group based in Kazakhstan. Whilst the Company was initially established to exclusively develop and operate the Sekisovskoye gold and silver mine in the East Kazakhstan Region, it is now actively targeting additional gold mining opportunities in Kazakhstan. This includes the adjacent prospective Karasuyskoye Ore Fields, on which Altyn was recently awarded the tender to perform further confirmatory testing in order to gain the sub-soil user licence.

The Company holds a 100 per cent shareholding in DTOO Gornorudnoe Predpriatie Sekisovskoye ("DGPS") which holds a subsoil use contract in relation to the Sekisovskoye deposit, covering a total area of 0.855km². The subsoil use contract for Sekisovskoye is valid until 2020 and the Company currently intends to seek to extend the contract in accordance with its terms. The Company also holds a 100 per cent shareholding in Altyn MM LLP (formerly Altai Ken-Bayitu LLP), which owns and operates the processing plant at the Sekisovskoye deposit. The Sekisovskoye deposit is located at the village of Sekisovskoye, approximately 40km north of the town of Ust-Kamenogorsk, the capital city of the East Kazakhstan Region. The current operation is focused on mining the near-vertical deposits which extend to the surface below the open pits which have been previously mined.

The Company intends that the Sekisovskoye deposit shall become a selective-mining underground operation. As at 31 May 2014, the Company's proven and probable reserves consisted of 2.3Moz of gold and 3.0Moz of silver and the Company's measured, indicated, inferred resources consisted of 5.1Moz of gold, and 3.5Moz of silver, in each case as classified in accordance with JORC.