

# ALTYNGOLD PLC

## Chief Executive Review

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AltynGold Plc (“AltynGold” or the “Company”), the gold mining and development company, announces its unaudited results for the six months to 30 June 2021.

The financing raised in 2020 has been utilised to buy new underground mining equipment and improve the infrastructure at the mine. The resultant increase in production and improving grade as the orebody is being mined more efficiently is now translating into increased turnover and profitability for the Group. With the gold price at its current levels of around US\$1,800oz, the Group has improved its turnover from the prior period June 2020 by more than 100%.

### Highlights:

#### Mine development

- Transport decline No.1 was developed by 150 linear metres, on ore bodies 3-8 at 148masl, transport decline 2 by 144 linear metres, opening up reserves of 770,000 tons for extraction.
- Development of the shaft and tunneling amounted to 3,131 linear metres, (H12020:2,345 linear metres).
- Blast hole drilling amounted to 60,161 linear metres, (H1 2020: 22,500 linear metres).
- Ore was mined in the period principally from ore bodies 3-8 at 150 and the level of 178masl, and ore body 11 at the levels 131-174masl.
- Exploration drilling at Sekisovskoye amounted to 8,200 linear metres.
- Extensive maintenance and improvement works were carried out to maintain production safely and efficiently.
- Exploration work at Teren-Sai continued – 9,330 linear metres of exploratory drilling in Area No. 1, 3,860 core samples extracted in Area No.2.

#### Production

- Ore extracted in the period was 266,607t (H1 2020: 235,724t).
- The milled ore was 262,744t (H1 2020: 186,966t), in the current period, an increase of 41%.
- Average processed gold grade in the period was 1.88g/t (H1 2020: 1.53g/t).
- Gold recovery averaged 82.18% during the 6 month period (H1 2020: 79.79%).
- H1 2021 gold production from Sekisovskoye was 13,066oz, compared with H1 2020 of 6,990oz.

#### Financial

- The turnover has increased to US\$23m (H1 2020: US\$11.5m). The gold price achieved averaged US\$1,832oz during the period (H1 2020 US\$1,693oz).
- The Company made a gross profit of US\$14.0m (H1 2020: gross profit of US\$3.9m), with a net profit before taxation of US\$9.3m (H1 2020: loss of US\$1.2m).
- The total cash cost of production was US\$766oz (H1 2020: US\$963oz).
- Adjusted EBITDA achieved was positive at US\$13.4m (H1: 2020: US\$5.0m).
- Borrowings were reduced by US\$2.4m in the period. Cash balances at 30 June 2021 were US\$3.5m (H1 2020: US\$7.2m).



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### H1 2021 Review

#### Mine development

##### Sekisovskoye

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 3,131 linear metres, in the similar period last year it was 2,345 metres.
- Blast hole drilling of 60,161 linear metres (H1 2020: 22,500 metres).
- Exploration drilling was carried out and amounted to 8,200 linear metres
- Backfilling of voids was carried out in the period amounting to a volume of 38,177m.

During this period the Company has been concentrating on developing ore bodies 3-8 at horizons 150m-178m and ore body 11 at horizons 134m-174m. The transport decline No.2 was extended by 144 linear metres allowing the access of 640,000 tons of ore. Similarly transport decline No. 1 was extended by 150 linear metres opening up accessible reserves of 130,000 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 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.

In summary the Company has been operating in line with its budgeted mining plan, the operations at the mine have complied with all current government guidelines in relation to COVID-19. There has been minimal disruption to the production at the mine and the procedures and operations employed by the Company have ensured that the employees have been working in a safe environment.

##### Teren-Sai

In the current six month period the Company has been concentrating its efforts on the exploration of two particular areas within the 198km area of the prospective site.

In relation to Area No.1, 233 exploratory pneumatic wells were drilled, resulting in 9,330 linear metres of drilling. From this 4,665 core samples were extracted. The area is currently being mapped to outline the morphology of the ore body and calculate the reserves at this site. The work is ongoing, but good progress was made in the period.

With regards to Area no. 2 this is the most advanced project in the Teren-Sai block, with extensive drilling being undertaken in prior periods. The exploration program in this area is now complete with 15 core wells and 3,860 linear metres being drilled in the period, and 3,860 core samples being extracted. The reserves estimate is currently being calculated in accordance with the State Reserves Committee of Kazakhstan, once completed the analysis will be forwarded to the appropriate government department. This will enable the Company to start to move to the next phase of operations and plan for production from Area No. 2.

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**Chief Executive Review**

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**H1 2021 Operational Overview – Sekisovskoye**

<b>Underground mine</b>		<b>H1 2021</b>	<b>H1 2020</b>
Ore extracted	tons	266,607	235,724
Gold grade	g/t	1.85	1.49
Silver grade	g/t	1.80	1.10

<b>Mineral processing</b>		<b>H1 2021</b>	<b>H1 2020</b>
Milling	tons	262,774	186,966
Gold grade	g/t	1.88	1.53
Silver grade	g/t	1.83	1.05
Gold recovery	%	82.18%	79.79%
Silver recovery	%	73.19%	72.88%
Gold produced	ounces	13,066	6,990
Silver produced	ounces	11,315	4,555

During the period there was a significant amount of planned repair and restoration work carried out at the processing plant. To the extent it related to an upgrade/major overhaul the costs were capitalised, these works were in addition to normal planned repairs absorbed into the costs for the period. The work included the replacement of essential components in one of the grinding mills, as well as significant upgrades to the electrolysis section of the plant. The management see the upgrades and renewal of equipment as key to moving production up to the next level.

An advance payment was made in July 2021 for the following equipment which is due to be delivered for installation in Q3 2021, regeneration heater, KMD fine crusher, shaker screens for the crushing and grading complex. It is anticipated the improvements will lead to uninterrupted and more efficient production in future periods.

The ore milled in the period saw an increase from the prior period of 41%, and further increases are expected as the upgrades and maintenance programs progress. Significantly the grade achieved of 1.88g/t is higher than the grade that was budgeted at 1.81g/t. The effect of the new equipment reducing the dilution is having the desired effect in increasing the grade, the grade is budgeted to increase as the mine moves down to the lower levels.

The upgrades are also feeding into the increased recovery rates which have moved up from 79.8% to 82%, the Company expects to maintain recovery at these enhanced levels.

There has been a significant increase in production and sales of gold dore, increasing from 6,990oz in June 2020 to in excess of 13,000oz in June 2021, for the full year to 31 December 2020 the total gold poured was 17,000oz. The Company is pleased with the progress that has been made.

**H1 2021 Financial Review**

The Company has reported a gross profit of US\$14.0m for H1 2021, against US\$3.9m for H1 2020, with turnover of US\$23m (H1 2020 US\$11.5m).

The Company has seen a significant increase in its margin as revenue grows with increasing production from higher grade ore and a higher average gold price achieved of US\$1,832 (H1 2020 US\$1,693).

Sekisovskoye produced 13,066oz of gold in H1 2021 (H1 2020: 6,990oz). Gold sold during the period amounted to 12,560oz (H1 2020: 6,790oz).

The operating cash cost of production (cost of sales excluding depreciation and provisions) for the period was US\$546/oz (H1 2020 US\$828/oz). The total cash cost was US\$766/oz as compared to US\$963/oz in H1 2020. The directors monitor the cash cost closely and see it as a key indicator of the cost being incurred to extract the gold.

In terms of other costs there has been a significant increase in administrative costs these relate to three principal factors. An increase in travel expenses compared to the prior period. In the period to June 2020 there was restricted travel due to

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### **Chief Executive Review**

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COVID-19. An increase in administrative salaries, a number of additional staff at higher skill levels and remuneration were employed by the Company. The third factor related to the use of specialist consultants and advisors that were utilised on special projects and for the provision of strategic advice to the Company. In total these accounted for US\$1.3m of the total increase of US\$1.9m.

In terms of finance costs there is a significant increase in the period from 2020 of US\$0.9m to US\$1.7m. The principal factor was due to a full period charges on the loans drawn down from Bank Center Credit and the balance of the Bond that was raised on the Kazakh Stock exchange which amounted to US\$6.5m and was drawn down in June 2020.

The financial statements for June 2020 have been adjusted for the fair value of the share options granted on 30 June 2020 to Freedom Finance who were instrumental in raising the bonds on the Kazakh stock exchange, as disclosed in note 1. This has resulted in an additional charge in the 30 June 2020 income statement of US\$2.4m and a corresponding credit of US\$2.4m to the share based reserve. As the options were subsequently issued in October 2020 the share based reserve have since been credited to accumulated losses.

In terms of the financial position of the Company at 30 June 2021 the deferred tax asset has reduced with the Company moving into profit, resulting in a charge in the current period of US\$0.5m. At June 2020 no adjustment was made to deferred tax as the impact of the acquisition of new equipment driving up production and profitability was not clear. During the period the Company has made substantial advance payments for equipment, parts and mining services increasing by US\$2.6m from 31 December 2020.

Borrowings have reduced by US\$ 2.4m overall from December 2020 due principally to the repayment of bonds in line with the agreed terms of repayment.

As of 30 June 2021, the Company had cash balances of US\$3.5m. The Directors have assessed that with the current cash balances and cash forecast to be generated from operations sufficient cash will be available to meet its current budgeted medium term plans. The directors are forward looking and are aiming to develop further funding opportunities to grow the Company.

Aidar Assaubayev  
**Chief Executive Officer**

3 September 2021

## **ALTYNGOLD PLC**

### **Chief Executive Review**

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#### *Directors Responsibility Statement and Report on Principal Risks and Uncertainties*

##### Responsibility statement

The Board confirms to the best of their knowledge, that the condensed set of financial statements have been prepared in accordance with the UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim management report includes a fair review of the information required by:

DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

DTR 4.2.8R of the Disclosures and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during the period; and any changes in the related party transactions described in the last annual report that could do so.

The Company's management has analysed the risks and uncertainties and has in place control systems 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.

Risks and uncertainties identified by the Company are set out on page 8 and 9 of the 2020 Annual Report and Accounts and are reviewed on an ongoing basis. There have been no significant changes in the first half of 2021 to the principal risks and uncertainties as set out in the 2020 Annual Report and Accounts and these are as follows:

- Fiscal changes in Kazakhstan
- No access to capital
- Commodity price risk
- Currency risk
- Reliance on operating in one country
- Reliant on one operating mine
- Technical difficulties associated with developing the underground mine at Sekisovskoye and Teren-Sai
- Failure to achieve production estimates
- COVID -19 uncertainties
- Health, safety and environment

The Directors do not expect any changes in the principal risks for the remaining six months of the financial year.

Aidar Assaubayev  
**Chief Executive Officer**

3 September 2021

## INDEPENDENT REVIEW REPORT TO ALTYNGOLD PLC

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### Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2021 which comprises the consolidated income statement, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and notes to the financial information.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

### Directors' responsibilities

The half-yearly financial report is the responsibility of and has been approved by the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group will be prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this interim financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

### Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2021 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

### Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect of half-yearly financial reporting in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP  
Chartered Accountants  
London  
United Kingdom  
3 September 2021

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

**ALTYNGOLD PLC**  
**Consolidated income statement**

	<b>Six months ended 30 June 2021 Unaudited</b>	Six months ended 30 June 2020 Unaudited (restated)
	<b>US\$'000</b>	US\$'000
Revenue	23,009	11,495
Cost of sales	(9,037)	(7,571)
<b>Gross profit</b>	<b>13,972</b>	<b>3,924</b>
Administrative expenses	(2,757)	(918)
Share based payment	-	(2,400)
<b>Operating profit</b>	<b>11,215</b>	<b>606</b>
Foreign exchange	(278)	(890)
Finance expense	(1,676)	(867)
Profit/(loss) before taxation	9,261	(1,151)
Taxation	(510)	-
<b>Profit/(loss) attributable to equity shareholders</b>	<b>8,751</b>	<b>(1,151)</b>
<b>Profit/(loss) per ordinary share</b>	<b>Note</b>	
<b>Basic and diluted (US cent)</b>	<b>3</b>	
	<b>32.03c</b>	<b>(4.48c)</b>



**ALTYNGOLD PLC**  
**Consolidated statement of profit or loss and other comprehensive income**

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	Six months ended 30 June 2021	Six months ended 30 June 2020
	unaudited	unaudited (restated)
	US\$'000	US\$'000
Profit/(loss) for the period	8,751	(1,151)
Currency translation differences arising on translations of foreign operations items which will or may be reclassified to profit or loss	(1,493)	(1,649)
<b>Total comprehensive profit/(loss) for the period attributable to equity shareholders</b>	<b>7,258</b>	<b>(2,800)</b>

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**ALTYNGOLD PLC**  
**Consolidated statement of financial position**

Notes	Six months ended 30 June 2021  (unaudited) US\$'000	Year ended 31 December 2020  (audited) US\$'000
<b>Non-current assets</b>		
Intangible assets	5	13,016
Property, plant and equipment	6	12,849
Other receivables	7	32,092
Deferred tax asset		5,996
Restricted cash		4,026
		5,311
		13
	56,214	56,965
<b>Current assets</b>		
Inventories		8,522
Trade and other receivables	7	5,468
Cash and cash equivalents		12,874
		3,478
		7,182
		7,154
	24,874	19,804
<b>Total assets</b>	81,088	76,769
<b>Current liabilities</b>		
Trade and other payables		(6,111)
Provisions		(6,705)
Borrowings	10	(186)
		(3,238)
		(5,833)
		(9,535)
		(12,689)
<b>Net current assets</b>		15,339
<b>Non-current liabilities</b>		
Other financial liabilities & payables		(388)
Provisions		(722)
Borrowings	10	(5,082)
		(4,763)
		(23,490)
		(23,260)
		(28,960)
		(28,745)
<b>Total liabilities</b>		(38,495)
<b>Net assets</b>		(41,434)
		42,593
		35,335
<b>Equity</b>		
Called-up share capital		4,267
Share premium		4,267
Merger reserve		152,839
Other reserve		(282)
Currency translation reserve		(282)
Accumulated loss		333
		333
		(54,452)
		(52,959)
		(60,112)
		(68,863)
<b>Total equity</b>		42,593
		35,335

The financial information was approved and authorised for issue by the Board of Directors on 3 September 2021 and was signed on its behalf by:

Aidar Assaubayev – Chief Executive Officer

**ALTYNGOLD PLC**  
**Consolidated statement of changes of equity**

	Share capital	Share premium	Merger reserve	Currency translation reserve	Share based payment reserve	Other reserves	Accumulated losses	Total
Unaudited	US\$'000	US\$'000	US'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2021	4,267	152,839	(282)	(52,959)	-	333	(68,863)	35,335
Profit for the period	-	-	-	-	-	-	8,751	8,751
Exchange differences on translating foreign operations	-	-	-	(1,493)	-	-	-	(1,493)
Total comprehensive profit for the period	-	-	-	(1,493)	-	-	8,751	7,258
<b>At 30 June 2021</b>	<b>4,267</b>	<b>152,839</b>	<b>(282)</b>	<b>(54,452)</b>	<b>-</b>	<b>333</b>	<b>(60,112)</b>	<b>42,593</b>

  

Unaudited	US\$'000	US\$'000	US'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2020	4,055	151,476	(282)	(48,102)	-	333	(74,201)	33,279
Profit for the period	-	-	-	-	-	-	1,249	1,249
Other comprehensive loss	-	-	-	(1,649)	-	-	-	(1,649)
Total comprehensive loss for the period	-	-	-	(1,649)	-	-	1,249	(400)
New share capital subscribed	13	62	-	-	-	-	-	75
<b>At 30 June 2020 as previously reported</b>	<b>4,068</b>	<b>151,538</b>	<b>(282)</b>	<b>(49,751)</b>	<b>-</b>	<b>333</b>	<b>(72,952)</b>	<b>32,954</b>
Share based payment (see note 1)	-	-	-	-	2,400	-	(2,400)	-
Loss for the period restated	-	-	-	-	-	-	(1,151)	(1,151)
Total comprehensive loss for the period – as restated	-	-	-	-	-	-	(1,151)	(1,151)
<b>At 30 June 2020 as restated</b>	<b>4,068</b>	<b>151,538</b>	<b>(282)</b>	<b>(49,751)</b>	<b>2,400</b>	<b>333</b>	<b>(75,352)</b>	<b>32,954</b>

  

Audited	US\$'000	US\$'000	US'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2020	4,055	151,476	(282)	(48,102)	-	333	(74,201)	33,279
Loss for the year	-	-	-	-	-	-	2,938	2,938
Other comprehensive loss	-	-	-	(4,857)	-	-	-	(4,857)
Total comprehensive loss for the year	-	-	-	(4,857)	-	-	2,938	(1,919)
Share based payment charge	-	-	-	-	2,400	-	-	2,400
Share options exercised	199	1,301	-	-	(2,400)	-	2,400	1,500
New share capital subscribed	13	62	-	-	-	-	-	75
<b>At 31 December 2020</b>	<b>4,267</b>	<b>152,839</b>	<b>(282)</b>	<b>(52,959)</b>	<b>-</b>	<b>333</b>	<b>(68,863)</b>	<b>35,335</b>

**ALTYNGOLD PLC**  
**Consolidated statement of cash flows**

		<b>Six months ended 30 June 2021</b>	Six months ended 30 June 2020
	<b>Note</b>	<b>(unaudited) US\$'000</b>	(unaudited) US\$'000
<b>Net cash inflow from operating activities</b>	8	1,819	1,280
<hr/>			
<b>Investing activities</b>			
Purchase of property, plant and equipment		*(2,133)	(6,371)
Acquisition of intangible assets		(375)	(265)
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<b>Net cash used in investing activities</b>		(2,508)	(6,636)
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<b>Financing activities</b>			
Loans received		4,641	13,956
Loans repaid		(6,518)	(1,711)
Interest paid		(1,120)	(949)
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<b>Net cash flow (decrease)/increase from financing activities</b>		(2,997)	11,296
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<b>(Decrease)/increase in cash and cash equivalents</b>		(3,686)	5,940
<hr/>			
<b>Cash and cash equivalents at the beginning of the period</b>		7,154	105
Effect of exchange rate fluctuations on cash held		10	-
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<b>Cash and cash equivalents at end of the period/year</b>		3,478	7,874

\* Cash paid to purchase property, plant and equipment represents additions of US\$4.2m (note 6) plus a decrease in trade payables of \$0.3m less by a decrease in prepayments for equipment of \$2.4m (Note 7).

# ALTYNGOLD PLC

## Notes to the consolidated financial information

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### 1. Basis of preparation

#### *General*

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 at the end of this interim report

The Company is registered and domiciled in England and Wales, whose shares are publicly traded on the London Stock Exchange. The interim financial results for the period ended 30 June 2021 are unaudited. The financial information contained within this report does not constitute statutory accounts as defined by Section 434(3) of the Companies Act 2006.

This interim financial information of the Company and its subsidiaries (“the Group”) for the six months ended 30 June 2021 have been prepared, in accordance with the UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority, and on a basis consistent with the accounting policies set out in the Group's consolidated annual financial statements for the year ended 31 December 2020. It has not been audited, does not include all of the information required for full annual financial statements, and should be read in conjunction with the Group's consolidated annual financial statements for the year ended 31 December 2020, which has been prepared in accordance with both “international accounting standards in conformity with the requirements of the Companies Act 2006” and “international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union”.

These interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2020 were approved by the board of directors on 30 April 2021 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The financial statements have been reviewed, not audited.

The financial information is presented in US Dollars and has been prepared under the historical cost convention. On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. AltynGold Plc transitioned to UK-adopted international accounting standards in its consolidated financial statements on 1 January 2021. There was no impact or changes in accounting policies from the transition.

The same accounting policies, presentation and method of computation together with critical accounting estimates, assumptions and judgements are followed in this consolidated financial information as were applied in the Group's latest annual financial statements except that in the current financial year, the Group has adopted a number of revised Standards and Interpretations. However, none of these have had a material impact on the Group. In addition, the IASB has issued a number of IFRS and IFRIC amendments or interpretations since the last annual report was published. It is not expected that any of these will have a material impact on the Group.

#### **Prior period adjustments**

##### Share based payment

The prior period has been adjusted to account for the fair value of the grant of share options made on 30 June 2020, which was not accounted for in that period. This has resulted in a charge to the profit and loss account of US\$2.4m at 30 June 2020 with a corresponding credit entry to the share based payment reserve in the statement of changes in equity. There was no impact on the equity attributable to shareholders as at 30 June 2020 which remained unchanged at US\$32.9m

The share options were exercised in October 2020 resulting in the transfer of the share based payment reserve to accumulated losses.

**ALTYNGOLD PLC**  
**Notes to the consolidated financial information (continued)**

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**Going concern**

During the current period the Group has been able to grow its turnover and profitability, increasing production facilitated by the capital expenditure funded by the borrowings which the Group has been able to reduce by US\$2.4m, and which now stand at US\$26.7m. The resultant increase in cash flow and adjusted EBITDA which has moved up from US\$5m to US\$13.4m has enabled the Group to maintain cash reserves and repay the bonds during the year which amounted to US\$2.3m.

At the period end the Group had cash resources of US\$3.5m (31 December 2020: US\$7.2m). The Board have reviewed the Group's cash flow forecasts for the period to December 2022. The forecasts are based on the current approved budgets taking in to account any adjustments from current trading. The principal capital costs have now been made and the Directors are of the opinion that the current cash balances and cash generated from operations will be sufficient to for the Group to meet its cash flow requirements.

As reported in the 2020 Annual Report there has been minimal disruption at present from the effects of COVID-19 on the operations of the Group. However the Board are mindful that this is a constantly changing and evolving situation that needs to be kept under constant review. As such the existing arrangements in relation to all stakeholders to include employees, suppliers and customers are monitored to ensure there is no disruption in the operations.

The Board have considered as at the period end possible stress case scenarios that they consider may likely impact the Group's operations, financial; position and forecasts. As at the year-end these are seen as being, illness of the employees, disruption to supply chains in and out of the group, impacting the production and possible falls in gold prices. From the analysis undertaken the Board have concluded that the Group will be able to continue to trade based on its existing resources. The stress tests included a drop in the gold price of 10% from the current gold price and budgeted production by 20%, in both scenarios and combination of both together it was concluded that the Group had sufficient cash reserves to continue to operate. The Board therefore considers it appropriate to adopt the going concern basis of accounting in preparing these financial statements.

**2. 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 5.

**3. Profit/(loss) per ordinary share**

Basic profit/(loss) per share is calculated by dividing the profit/(loss) attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. The weighted average number of ordinary shares and retained profit/(loss) for the financial period for calculating the basic loss per share for the period are as follows:

	Six months ended 30 June 2021 (unaudited)	Six months ended 30 June 2020 (restated) (unaudited)
The basic weighted average number of ordinary shares in issue during the period	27,332,933	*25,697,036
The profit/(loss) for the period attributable to equity shareholders (US\$'000s)	8,751	(1,151)

**ALTYNGOLD PLC**  
**Notes to the consolidated financial information (continued)**

\*Restated to reflect the 100:1 consolidation of shares in October 2020.

**4. Alternative performance measures**

The Directors have presented the alternative performance measures adjusted EBITDA , operating cash cost and total cash cost as they monitor these performance measures at a consolidated level and the Directors believe it is relevant in measuring the Group's performance.

A reconciliation of the alternative performance measures is shown below.

Adjusted EBITDA, operating cash cost and total cash cost are not defined performance measures in IFRS. The Group's definition of adjusted these may not be comparable with similar titled performance measures as disclosed by other entities.

Adjusted EBITDA	Six months ended 30 June 2021 (unaudited) US\$000's	Six months ended 30 June 2020 (unaudited) (restated) US \$000's
Profit/(loss) before taxation	9,261	(1,151)
Adjusted for		
Finance expense	1,676	867
Depreciation of tangible fixed assets	2,167	1,947
Share based payment	-	2,400
Foreign currency translation	278	890
<b>Adjusted EBITDA</b>	<b>13,382</b>	<b>4,953</b>
Operating cash cost	US\$	US\$
Cost of sales	9,037	7,571
Adjusted for		
Depreciation of tangible fixed assets	(2,167)	(1,947)
	6,870	5,624
Gold sold in the period per oz	12,560	6,790
<b>Operating cash cost per oz</b>	<b>546</b>	<b>828</b>
Total cash cost		
Cost of sales	9,037	7,571
Adjusted for		
Administrative expenses	2,758	918
Depreciation of tangible fixed assets	(2,167)	(1,947)
	9,628	6,542
Gold sold in the period per oz	12,560	6,790
<b>Total cash cost per oz</b>	<b>766</b>	<b>963</b>

**ALTYNGOLD PLC**  
**Notes to the consolidated financial information (continued)**

5. Intangible assets	Teren-Sai geological data	Exploration and evaluation costs	US\$'000
<b>Cost</b>			
1 January 2020	9,931	7,488	17,419
Additions	-	1,271	1,271
Amortisation capitalised	-	608	608
Currency translation adjustment	(905)	(717)	(1,622)
December 2020	9,026	8,650	17,676
Additions	-	375	375
Amortisation capitalised	-	324	324
Transfer	-	(165)	(165)
Currency translation adjustment	(145)	(140)	(285)
<b>30 June 2021</b>	<b>8,881</b>	<b>9,044</b>	<b>17,925</b>
<b>Accumulated amortisation</b>			
1 January 2020	4,476	-	4,476
Charge for the period	608	-	608
Currency translation adjustment	(422)	-	(422)
Revenue relating to production		165	165
31 December 2020	4,662	165	4,827
Charge for the period	324	-	324
Transfer to cost	-	(165)	(165)
Currency translation adjustment	(77)		(77)
<b>30 June 2021</b>	<b>4,909</b>	<b>-</b>	<b>4,909</b>
<b>Net books values</b>			
30 June 2021	3,972	9,044	13,016
31 December 2020	4,364	8,485	12,849

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 open pit and underground mining operations of Sekisovskoye. In May 2016 the Company was awarded an exploration and evaluation contract, which is valid for six years, with a right to extend for a further 6 years, with the right to extend for another 5 years if there is a commercial discovery of resources. It is the intention of the Company to extend the licence and the necessary documentation is being prepared. Ongoing costs in relation to exploration and evaluation are capitalised.



**ALTYNGOLD PLC**  
Notes to the consolidated financial information (*continued*)

**6. Property, plant and equipment**

	Mining properties and leases	Freehold land and buildings	Plant, Equipment fixtures and fittings	Assets under construction	Total
	US\$000	US\$000	US\$000	US\$000	US\$000
<b>Cost</b>					
1 January 2020	13,949	24,786	17,446	1,067	57,248
Additions	1,622	166	5,555	1,246	8,589
Disposals	-	-	(250)	-	(250)
Transfers	(764)	1,383	(8)	(471)	140
Transfer from inventories	-	-	-	241	241
Currency translation adjustment	(1,543)	(2,285)	(1,641)	(110)	(5,579)
31 December 2020	13,264	24,050	21,102	1,973	60,389
Additions	1,761	103	1,633	745	4,242
Disposals	-	-	-	-	-
Transfers	161	652	67	(652)	228
Transfer to inventories	-	-	-	(365)	(365)
Currency translation adjustment	(325)	(410)	(346)	(29)	(1,110)
30 June 2021	14,861	24,395	22,456	1,672	63,384
<b>Accumulated depreciation</b>					
1 January 2020	2,441	10,563	13,928	-	26,932
Charge for the period	520	1,885	1,545	-	3,950
Disposals	-	-	(250)	-	(250)
Transfers	140	(80)	80	-	140
Currency translation adjustment	(232)	(997)	(1,246)	-	(2,475)
1 December 2020	2,869	11,371	14,057	-	28,297
Charge for the period	299	1,074	794	-	2,167
Transfers	161	-	67	-	228
Currency translation adjustment	(54)	(191)	(226)	-	(471)
30 June 2021	3,275	12,254	14,692	-	30,221
<b>Carrying amount</b>					
30 June 2021	11,586	12,141	7,764	1,672	33,163
31 December 2020	10,395	12,679	7,045	1,973	32,092

**ALTYNGOLD PLC**  
**Notes to the consolidated financial information (continued)**

**7. Trade and other receivables**  
**Non-current**

	30 June 2021 (unaudited) US\$000's	31 December 2020 (audited) US \$000's
VAT recoverable	3,436	1,705
Prepayments- advances to suppliers for equipment	2,560	4,995
	5,996	6,700

The amount recoverable in relation to Value Added Tax is expected to be recovered by offset against VAT payable in future periods.

**Current**

	30 June 2021 (unaudited) US\$000's	31 December 2020 (audited) US \$000's
Trade receivables	783	-
VAT recoverable	4,199	3,549
Prepayments- advances to suppliers	7,884	2,826
Other receivables – recoverable	23	823
Other receivables – provision	(15)	(16)
	12,874	7,182

Prepayments have increased as a result of advance payments to suppliers for parts and consumables.

**8. Notes to the cash flow statement**

	Six months ended 30 June 2021 (unaudited) US\$000's	Six months ended 30 June 2020 (unaudited) (restated) US \$000's
Profit/(loss) before taxation	9,261	(1,151)
Adjusted for		
Finance expense	1,676	867
Depreciation of tangible fixed assets	2,167	1,947
Increase in inventories	(2,689)	(2,424)
Increase in trade receivables	(7,641)	(102)
Decrease in trade and other payables	(1,233)	(1,147)
Share based payment	-	2,400
Foreign currency translation	278	890
<b>Cash inflow from operations</b>	1,819	1,280
Income taxes	-	-
	1,819	1,280

**ALTYNGOLD PLC**  
**Notes to the consolidated financial information (continued)**

**9. Related party transactions**

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, 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\$77,000 (31 December 2020 US\$52,000).

	Six months ended 30 June 2021 US\$000	Six months Ended 30 June 2020 US\$000
Short term employee benefits	66	35
	66	35
Social security costs	2	2
	68	37

During the period, the following transactions were connected with Company's in which the Assaubayev family have a controlling interest:

- An amount is owing to Asia Mining Group of US\$nil, (31 December 2020: US\$85,892) and is included within trade payables.
- Loan amounts due by the Group to Amrita Investments Limited a company controlled by the Assaubayev family, total US\$nil (31 December 2020 US\$45,000). The 10% convertible bond and interest due to Amrita Investments of US\$1,559,250 was repaid in May 2021 as per the terms of the bond, (31 December 2020 US\$1,525,747).
- The balance of the 10% convertible bond issued to African Resources Limited amounting to US\$297,000 (including accrued interest) was repaid in May 2021.

**10 . Borrowings**

	Six months ended 30 June 2021 (unaudited) US\$000's	Year ended 31 December 2020 (audited) US \$000's
<b>Current loans and borrowings</b>		
Bonds	-	2,882
Bank loans	3,238	2,906
Related party loans	-	45
	3,238	5,833
<b>Due one-two years</b>		
Bonds	9,458	9,317
Bank loans	5,348	2,997
	14,806	12,314
<b>Due two-five years</b>		
Bank loans	8,684	8,990
	8,684	8,990
<b>Due more than five years</b>		
Bank loans	-	1,956
	-	1,956
Total non-current loans and borrowings	23,490	23,260

**ALTYNGOLD PLC**  
**Notes to the consolidated financial information (continued)**

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**Bond Listed on Astana International Exchange**

The total number of bonds at the period end amounted to US\$10m at a coupon rate of 9%, the bonds are repayable in December 2022. At the year end the carrying value approximates to their fair value.

**Bank loans**

The Company has an agreed a facility with JSC Bank Center Credit (BCC) for an amount of US\$17m. The bank loan is repayable in instalments over a term of 7 years and bears interest at 6%-7%, capital repayments commenced in October 2020.

In addition on 30 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 US\$1.9m for working capital purposes. US\$973,000 was drawn down in December 2020, the balance of the loan was drawn down in 2021. 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.

The bank loan is secured over the assets of the Group.

**11. Reserves**

A description and purpose of reserves is given below:

<b>Reserve</b>	<b>Description and purpose</b>
Share capital	Amount of the contributions made by shareholders in return for the issue of shares.
Share premium	Amount subscribed for share capital in excess of nominal value.
Share based payment	Amount accrued in relation to the share based payment charge relating to the share options issued.
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.
Accumulated losses	Cumulative net gains and losses recognised in the consolidated statement of financial position.

**12. Events after the balance sheet date**

There were no significant post balance sheet events to report.

This report will be available on our website at [www.altyngold.uk](http://www.altyngold.uk)

# ALTYNGOLD PLC

## Company information

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Directors	Kanat Assaubayev Aidar Assaubayev Sanzhar Assaubayev Ashar Qureshi Thomas Gallagher Victor Shkolnik	Chairman Chief executive officer Executive director Non-executive director Non-executive director Non-executive director
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Secretary	Rajinder Basra
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Registered office and number	Company number: 05048549 28 Eccleston Square London SW1V 1NZ Telephone: +44 208 932 2455
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Company website	<a href="http://www.altyngold.uk">www.altyngold.uk</a>
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Auditor	BDO LLP, 55 Baker Street, London W1U 7EU
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Registrars	Neville Registrars Neville House Steelpark Road Halesowen West Midlands B62 8HD Telephone: +44 (0) 121 585 1131
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Bankers	NatWest Bank plc London City Commercial Business Centre 7th Floor, 280 Bishopsgate London EC2M 4RB  LTG Bank AG Herrengasse 12 FL-9490, Vaduz Principal of Liechtenstein
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